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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or transferred** all your shares in North Asia Strategic Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer, other licensed corporation or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**North Asia Strategic Holdings Limited**  
**北亞策略控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8080)

**DISCLOSEABLE TRANSACTION**

**Financial adviser to North Asia Strategic Holdings Limited**



**SOMERLEY LIMITED**

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A letter from the board of directors of North Asia Strategic Holdings Limited is set out on pages 5 to 10 of this circular.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at [www.nasholdings.com](http://www.nasholdings.com).*

11th April 2007

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## CHARACTERISTICS OF GEM

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**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“Agreements”	collectively, the Development Agreement and the Franchise Agreement(s)
“Ajia Parties”	NASAC and Mr. Tsang
“API”	Ajia Partners Inc., a company incorporated in the Cayman Islands and the controlling company of NASA
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“BKAP”	BK ASIAPAC, PTE. LTD., a company incorporated in Singapore and a subsidiary of Burger King Holdings
“Board”	board of the Directors
“Burger King Group”	Burger King Holdings and its subsidiaries
“Burger King Holdings”	Burger King Holdings, Inc., a US-headquartered company listed on the New York Stock Exchange
“Commencement Date”	the earlier of the date of the execution of the relevant Franchise Agreement or the first date the relevant Restaurant opens for business
“Company”	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued ordinary shares are listed on GEM
“Convertible Bonds”	convertible bonds with total face value of HK\$20 million issued by the Company to the Ajia Parties, which are convertible into new Shares at an initial conversion price of HK\$0.1566 per Share (subject to adjustments). Details of the Convertible Bonds are set out in the circular of the Company dated 20th June 2005
“Developer”	Glory Ally Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Smart Tactic and an indirect wholly-owned subsidiary of the Company

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## DEFINITIONS

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“Development Agreement”	the agreement dated 15th March 2007 entered into among Smart Tactic, the Developer, the Company and BKAP in relation to the grant of the exclusive Operation Right
“Director(s)”	director(s) of the Company
“Franchise Agreement(s)”	the agreement(s) to be entered into among the Developer, Smart Tactic, the Company, BKAP and the Franchisee in respect of each of the Restaurants to be opened by a Franchisee in accordance with the terms of the Development Agreement
“Franchisee(s)”	wholly-owned subsidiary(ies) of the Developer as approved by BKAP
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huge Top”	Huge Top Industrial Ltd., a company incorporated in the British Virgin Islands
“Independent Third Parties”	third parties independent of the Company and its connected persons (which term has the meaning ascribed to it under the GEM Listing Rules)
“Latest Practicable Date”	4th April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Macau”	the Macao Special Administrative Region of the PRC
“Mr. Cho”	Mr. Henry Cho Kim, the Deputy Chairman and an executive Director of the Company
“Mr. Chow”	Mr. Savio Chow Sing Nam, the Chief Executive Officer and an executive Director of the Company
“Mr. Malm”	Mr. Göran Sture Malm, the Chairman and an executive Director of the Company

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## DEFINITIONS

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“Mr. Tsang”	Mr. Moses Tsang Kwok Tai, a substantial shareholder of the Company
“Mr. Yao”	Mr. Andrew Yao Cho Fai, an executive Director of the Company
“NASA”	North Asia Strategic Advisors, a company incorporated in the Cayman Islands and a subsidiary of API
“NASAC”	North Asia Strategic Acquisition Corp., a company incorporated in the Cayman Islands and the controlling shareholder of the Company. NASA controls 100% of the voting capital of NASAC
“Operation Right”	the right to develop and operate Burger King Restaurants in Hong Kong and Macau subject to the terms and conditions of the Development Agreement and the Franchise Agreement(s)
“Planned Advertising Expenditure”	the amount that the Franchisees shall spend on advertising and promotional activities for the Restaurants during the term of the Franchise Agreements
“PRC”	the People’s Republic of China
“Preference Share(s)”	the non-voting convertible preference share(s) of the Company
“Restaurant(s)” or “Burger King Restaurant(s)”	quick service restaurant(s) to be developed by the Developer pursuant to the Development Agreement and the Franchise Agreement(s)
“Royalty(ies)”	the royalty(ies) to be paid by the Franchisee(s) to BKAP in respect of each of the relevant Restaurants during the term of the relevant Franchise Agreements
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Smart Tactic”	Smart Tactic Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Timeless”	Timeless Enterprises Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Cho
“TN”	TN Development Limited
“USA” or “US”	the United States of America
“VSC”	Van Shung Chong Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1001)
“VSC BVI”	Van Shung Chong (B.V.I.) Limited, a wholly-owned subsidiary of VSC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the USA
“%”	per cent.

*For the purpose of illustration in this circular, figures in US\$ are translated into HK\$ at the rate of US\$1 to HK\$7.8.*

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## LETTER FROM THE BOARD

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# North Asia Strategic Holdings Limited 北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 8080)

*Executive Directors:*

Mr. Göran Sture Malm (*Chairman*)  
Mr. Henry Cho Kim (*Deputy Chairman*)  
Mr. Savio Chow Sing Nam (*Chief Executive Officer*)  
Mr. Andrew Yao Cho Fai

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Philip Ma King Huen  
Mr. Kenny Tam King Ching  
Mr. Edgar Kwan Chi Ping

*Head Office and Principal*

*Place of Business in Hong Kong:*  
78th Floor  
The Center  
99 Queen's Road Central  
Hong Kong

11th April 2007

*To the Shareholders and, for information only,  
the holders of the Preference Shares  
and the Convertible Bonds*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

#### INTRODUCTION

On 22nd March 2006, the Board announced that the Company, the Developer, Smart Tactic and BKAP have on 15th March 2007 entered into the Development Agreement in relation to the exclusive grant by BKAP of the Operation Right relating to Burger King Restaurants in Hong Kong and Macau to the Developer. Pursuant to the Development Agreement, the Developer, through the Franchisees, shall open and operate the Restaurants on the terms and conditions set out in the Franchise Agreements to be entered into among the Developer, the Franchisee, Smart Tactic, the Company and BKAP. The transactions contemplated under the Agreements constitute a discloseable transaction of the Company under the GEM Listing Rules.

The purpose of the circular is to provide you with information on the Agreements and further information of the Company.

\* *For identification purpose only*



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## LETTER FROM THE BOARD

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### THE DEVELOPMENT AGREEMENT

**Date:** 15th March 2007

**Parties:**

**Developer:** Glory Ally Limited, an indirect wholly-owned subsidiary of the Company

**Grantor:** BKAP

**Guarantors:** the Company and Smart Tactic, as guarantors for the obligations of the Developer under the Development Agreement

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, BKAP and its associates are Independent Third Parties. BKAP is a subsidiary of Burger King Holdings which is a company listed on the New York Stock Exchange. As stated in the 2006 annual report of Burger King Holdings, Burger King Holdings is the world's second largest fast food hamburger restaurant chain measured by the number of Burger King restaurants and system-wide sales.

**Operation Right:**

Pursuant to the Development Agreement, BKAP grants and the Developer accepts the grant of the exclusive Operation Right to develop and operate Burger King Restaurants in Hong Kong and Macau. The Developer may nominate its wholly-owned subsidiaries as may be approved by BKAP in its discretion to operate Restaurants as Franchisees subject to the terms of the Development Agreement. With respect to each Restaurant to be developed pursuant to the Development Agreement, the Developer must apply for and obtain franchise approval from BKAP and enter into a Franchise Agreement on terms described in the paragraph headed "The Franchise Agreement" below. The Developer shall develop, open for business and keep open a certain number of Restaurants within Hong Kong and Macau each year during the term of the Development Agreement.

The following three locations in Hong Kong are excluded from the Operation Right granted under the Development Agreement - Hong Kong International Airport, the Peak Tower and Hong Kong International Trade and Exhibition Centre. At present, there are three restaurants in the name of Burger King existing in the aforesaid locations.

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## LETTER FROM THE BOARD

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### **Term:**

The term of the Development Agreement shall be a period of ten years from the first day of the month following the date on which the Company notifies BKAP immediately upon the fulfilment of the condition precedent to the Development Agreement (as stated below), and may be extended subject to agreement between the Developer and BKAP.

### **Market development fee:**

The Developer has paid a one-off non-refundable market development fee of US\$250,000 (equivalent to approximately HK\$1,950,000) to BKAP on the date of the Development Agreement in consideration for the Operation Right. Such market development fee was determined after arm's length negotiations between the Company and BKAP, taking into account the prospects of quick service restaurant industry in Hong Kong and Macau in the next ten years, the performance and popularity of fast food restaurants of similar type, the established brand name of Burger King and the costs incurred or to be incurred by BKAP for the market development in Hong Kong and Macau. The Group financed the payment of such market development fee by its internal resources.

### **Condition precedent:**

Completion of the Development Agreement is subject to all necessary approvals for the transactions contemplated under the Development Agreement required by the GEM Listing Rules having been obtained by the Company within 75 days from the date of the Development Agreement (or such other date as the parties may agree in writing).

If the above condition cannot be fulfilled, BKAP or the Developer may terminate the Development Agreement and none of the parties shall have any further liability to the others.

As at the Latest Practicable Date, the aforesaid condition has been fulfilled and the term of the Development Agreement has commenced on 1st April 2007.

### **Termination:**

BKAP shall be entitled to terminate the Agreements with 60 days notice in the event that any competitors of BKAP become beneficially interested in more than 29% of the shares of the Developer. BKAP shall also be entitled to terminate the Development Agreement if the Developer shall be in default of the Development Agreement.

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## LETTER FROM THE BOARD

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### **THE FRANCHISE AGREEMENT(S)**

#### **Parties:**

The parties to the Development Agreement and the Franchisee shall enter into a Franchise Agreement, each in identical form, in respect of each Restaurant to be opened by the Franchisee.

#### **Subject matters:**

Pursuant to the Franchise Agreements, BKAP shall grant the Franchisees the licenses to use the unique system developed by the Burger King Group for the operation of the Restaurants, which includes proprietary designs for restaurant buildings, equipment and decor, a proprietary service format, standardised product and quality specifications; as well as trademarks, domain names, service marks and other marks for use in connection with the operation of Burger King Restaurants.

The grant of the licenses under the Franchise Agreements shall be subject to the compliance by the Franchisees of the operational and other requirements of BKAP set out in the Franchise Agreements on, among other things, construction and fitting out, equipment and machines used, menu and services, and the management and crew of the Restaurants. BKAP or its affiliates shall periodically advise and consult with the Franchisees in connection with the operation of the Restaurants and shall provide advice and assistance to the Franchisees on pre-opening training, marketing and advertising research, accounting, cost control and inventory control systems, and other techniques in food preparation, packaging and restaurant management which are relevant to the operation of Burger King Restaurants.

#### **Franchise term:**

The franchise granted under each of the Franchise Agreements shall be of a 10-year term and shall commence on the Commencement Date.

#### **Franchise fees, royalties and advertising expenditure:**

Pursuant to the terms of the Franchise Agreements, in respect of each Restaurant to be opened by the Franchisees, the Franchisees will pay to BKAP a one-off non-refundable initial franchise fee of US\$25,000 (equivalent to approximately HK\$195,000) at least seven days before the Commencement Date.

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## LETTER FROM THE BOARD

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During the term of the Franchise Agreements, the Franchisees shall also pay BKAP Royalties and spend certain level of direct expenditures upon advertising and promotional activities for the Restaurants. The amount of Royalties to be paid to BKAP and the amount of Planned Advertising Expenditure to be spent by the Franchisees are to be determined based on the annual gross sales of each of the relevant Restaurants. If the Planned Advertising Expenditure is not eventually spent by a Franchisee in a year, such Franchisee is required to remit the shortfall to BKAP as additional Royalties. Under the Franchise Agreements, BKAP has the discretion to take over promotional activities for the Restaurants and require the Franchisees to pay the Planned Advertising Expenditure directly to BKAP.

The amount of the one-off franchise fee for each of the Restaurants and the terms relating to the Royalties and Planned Advertising Expenditure are reached based on arm's length negotiations between the Company and BKAP, taking into account the industry practice of quick service restaurants operating under franchise arrangements. It is expected that the amount of Royalties and Planned Advertising Expenditure will vary according to the gross sales of each of the relevant Restaurants. Save for the one-off non-refundable initial franchise fee to be paid by the Franchisees for each of the Restaurants to be opened, the Group has not committed to pay any fixed, pre-determined sums to BKAP under the Franchise Agreements. The Group intends to fund the payment of franchise fee and other costs relating to the development of the Operation Right by internal resources of the Group.

### REASONS FOR THE AGREEMENTS

The Group is principally engaged in (i) the trading of surface mount technology ("SMT") assembly equipments, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipments; (ii) processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; (iii) trading of steel products, provision of procurement services for steel products and provision of procurement services for steel productions (including the operation of an e-commerce vertical portal for the provision of online steel trading services and ancillary services); and (iv) investment holding.

According to statistics released by the Census and Statistics Department in Hong Kong, the value of restaurant receipts in Hong Kong grew from approximately HK\$53.0 billion in 2004 to approximately HK\$61.6 billion in 2006, representing a compound annual growth of about 7.8% in terms of value or 6.6% in terms of volume. In particular, total receipts of fast food shops in 2006 increased by 7.1% in value or 5.5% in volume over 2005. A recent survey by ACNielsen also revealed that Hong Kong ranks the world's No. 1 in terms of frequency of fast food restaurant visits, and fast food shops account for about 20% of Hong Kong's total

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## LETTER FROM THE BOARD

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out of home dining market. Having considered the prevailing culture for fast food consumption in Hong Kong and that the consumer public is in general receptive to Western food, the Directors are positive about the prospects of the quick service restaurant industry in Hong Kong and Macau and believe that Burger King Restaurants are in a unique position to capture the market potentials. The Board expects that the Agreements will have no material effect on the assets and liabilities of the Group while the Restaurants will generate revenue and cashflows and broaden the earnings base of the Group when they commence operation. The Board considers that the entering into of the Agreements are in the interests of the Company and the Shareholders as a whole and the terms of the Agreements are fair and reasonable.

The Group intends to open at least four Restaurants in the first year of the Development Agreement, primarily in the business districts, shopping areas and tourist spots in Hong Kong and Macau. It is expected that the Group will open the first Restaurant by December 2007. Currently, the Group's core management team for the business of the Restaurants is being led by a veteran with over 25 years of experience in the quick service restaurant industry, who is responsible for overseeing and managing the operations of Burger King Restaurants. The Group will continue to employ more appropriate store personnel and provide trainings for them in accordance with the training standards and procedures prescribed by BKAP and shall staff the Restaurants with a sufficient number of trained employees and store managers to ensure that the operation of the Restaurants will be up to the standard of the unique system of operation developed by the Burger King Group. Subject to the consent of BKAP, the Group may also consider inviting strategic or financial investors to co-invest in the Developer if such alliances would bring synergies and add value to the development of the Operation Right. In such event, the Company shall comply with relevant GEM Listing Rules disclosure and, where necessary, shareholders' approval requirements.

### GENERAL

Your attention is drawn to the additional information set out in the appendix to this circular.

For and on behalf of  
**North Asia Strategic Holdings Limited**  
**Savio Chow Sing Nam**  
*Executive Director and Chief Executive Officer*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors, were as follows:

#### *Long positions in the shares and underlying shares<sup>(a)</sup> of the Company*

- (a) The underlying Shares referred to in note 2 arise as a result of the conversion rights attaching to the Preference Shares issued under the placements of the Preference Shares as disclosed in the circulars of the company dated 24th January 2006 and 17th August 2006 (the "Placements"). The Preference Shares shall be automatically converted into Shares, credited as fully paid, at the conversion ratio of one Preference Share for one Share in accordance with the terms of the Preference Shares.

- (b) The approximate percentage of shareholdings set out below is based on 95,794,716 Shares in issue as at the Latest Practicable Date, not on the total number of issued Shares upon full conversion of the Preference Shares and the Convertible Bonds.

Name of Director	Capacity	Number of Shares held	Number of underlying Shares held	Approximate		Note
				Total	% of shareholdings <sup>(b)</sup>	
Mr. Yao	Interest of controlled corporation	10,592,098	—	10,592,098	11.06%	1
Mr. Cho	Interest of controlled corporation	—	99,106,003	99,106,003	103.46%	2

*Notes:*

1. These interests represented:
  - (i) a deemed interest in 1,598,113 Shares owned by Huge Top. Mr. Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. (“Perfect Capital”) owns approximately 42.86% of the issued share capital of Huge Top. Mr. Yao owns the entire issued share capital of Perfect Capital and is one of the two directors of Huge Top. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these Shares held by Huge Top;
  - (ii) a deemed interest in 6,336,309 Shares owned by VSC BVI, a wholly-owned subsidiary of VSC. Huge Top owns approximately 47.05% of the issued share capital of VSC. Mr. Yao is one of the two directors of VSC BVI. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these Shares held by VSC BVI. These Shares are the same 6,336,309 Shares referred to in note 23 under (b) below;
  - (iii) a deemed interest in 1,633,676 Shares owned by TN. VSC BVI owns 54% of the issued share capital of TN and Mr. Yao owns 10% of the issued share capital of TN. Mr. Yao is one of the two directors of TN. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these Shares held by TN. These Shares were the same 1,633,676 Shares referred to in note 23 under (b) below; and
  - (iv) an interest in 1,024,000 Shares owned by Right Action Offshore Inc. (“Right Action”). Mr. Yao owns the entire issued share capital of Right Action and is also the sole director of that company.
2. These underlying Shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying Shares under the SFO by virtue of his interests in Timeless which was interested in 99,106,003 underlying Shares. These underlying Shares were the same underlying Shares referred to in note 18 under (b) below.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or taken to have under such provisions of the SFO, or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

**(b) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO**

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group together with particulars of any options in respect of such capital:

***Long positions in the shares and underlying shares<sup>(c)</sup> of the Company***

- (c) The underlying Shares referred to in the following table (other than those referred to in notes 1 and 4 below) arise as a result of the conversion rights attaching to the Preference Shares issued under the Placements. The Preference Shares shall be automatically converted into Shares, credited as fully paid, at the conversion ratio of one Preference Share for one Share in accordance with the terms of the Preference Shares. Those underlying Shares referred to in notes 1 and 4 below arise as a result of the conversion of the Convertible Bonds.
- (d) The approximate percentage of shareholdings set out below is based on 95,794,716 Shares in issue as at the Latest Practicable Date, not on the total number of issued Shares upon full conversion of the Preference Shares and the Convertible Bonds.



*Substantial Shareholders (interests related to Shareholders)*

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Mr. Tsang	Beneficial owner	19,693,486	39,386,973	59,080,459	61.68%	1
	Interest of controlled corporation	509,400	—	509,400	0.53%	2
	Interest of a discretionary trust	—	148,659,004	148,659,004	155.18%	3
				208,248,863	217.39%	
NASAC	Beneficial owner	44,163,474	88,326,947	132,490,421	138.31%	4
NASA	Interest of controlled corporation	44,163,474	88,326,947	132,490,421	138.31%	4 & 5
API	Interest of controlled corporation	44,163,474	88,326,947	132,490,421	138.31%	4 to 6

*Substantial Shareholders (interests related to preference shareholders)*

The Goldman Sachs Group, Inc. (“Goldman”)	Interest of controlled corporation	—	2,477,650,064	2,477,650,064	2,586.42%	7
ABN AMRO Asset Management Holding N.V.	Beneficial owner	—	1,238,825,032	1,238,825,032	1,293.21%	
Woori Bank (“Woori”)	Beneficial owner	—	792,848,020	792,848,020	827.65%	8
Woori Finance Holdings Co., Ltd.	Interest of controlled corporation	—	792,848,020	792,848,020	827.65%	8
United Overseas Bank Limited	Beneficial owner	—	743,295,019	743,295,019	775.92%	
Oikos Asia Fund (“Oikos”)	Beneficial owner	—	495,530,013	495,530,013	517.28%	9
Tiger International Management Inc. (“Tiger”)	Beneficial owner	—	297,318,008	297,318,008	310.37%	10
Mr. Chen Jong-Tai	Interest of controlled corporation	—	297,318,008	297,318,008	310.37%	10

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Ms. Chen Wu, Feng-Tsai	Interest of controlled corporation	—	297,318,008	297,318,008	310.37%	10
Banca Monte Dei Paschi Di Siena Spa	Beneficial owner	—	247,765,006	247,765,006	258.64%	
Grand Loyal (China) Limited (“Grand Loyal”)	Nominee	—	247,765,006	247,765,006	258.64%	11
Mr. Ho Yiu Wing	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	11
Grand Partners Group Limited (“Grand Partner”)	Nominee	—	247,765,006	247,765,006	258.64%	12
Mr. William Doo Wai Hoi	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	12
Fubon Bank (Hong Kong) Limited	Beneficial owner	—	199,233,717	199,233,717	207.98%	
Chevalier International Holdings Limited (“Chevalier”)	Beneficial owner	—	198,212,005	198,212,005	206.91%	13
Mr. Chow Yei Ching	Interest of controlled corporation	—	198,212,005	198,212,005	206.91%	13
Ms. Miyakawa Michiko	Family interest	—	198,212,005	198,212,005	206.91%	13
Asia Internet Capital Ventures LP (“AICV”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	14
Asia Internet Capital Management LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
EC.com Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Smart Channel Investments Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
MKT Holdings (Cayman Islands) LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
HSBC International Trustee Limited	Trustee	—	148,659,004	148,659,004	155.18%	14
Gentfull Investment Limited (“Gentfull”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	15
Ms. Vivien Chen Wai Wai	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	15
Doutdes S.P.A. (“Doutdes”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	16
UFI Filters SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	16
GGG SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	16
G.G.G. S.A.	Beneficial owner	—	99,106,003	99,106,003	103.46%	17
Mr. Giorgio Girondi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	16 & 17
Timeless	Beneficial owner	—	99,106,003	99,106,003	103.46%	18
Kenthomas Company Limited	Nominee	—	99,106,003	99,106,003	103.46%	18
KKR Group Investments II LLC (“KKR”)	Beneficial owner	—	89,080,460	89,080,460	92.99%	19
Mr. George Rosenberg Roberts	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	19
Mr. Henry Roberts Kravis	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	19

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Glint Delta II NV ("Glint")	Nominee	—	78,544,061	78,544,061	81.99%	20
Mr. Fentener Van Vlissingen Harold ("Mr. Van Vlissingen")	Beneficial owner	—	78,544,061	78,544,061	81.99%	20
Rawlco Capital Ltd. ("Rawlco")	Beneficial owner	—	49,553,001	49,553,001	51.73%	21
Mr. Gordon Stanley Rawlinson	Interests of controlled corporation	—	49,553,001	49,553,001	51.73%	21
UBS España, S.A. ("UBS")	Nominee	—	128,441,377	128,441,377	134.08%	22
Ms. Angeles González Garcia	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	22
Mr. Jorge Garcia Gonzalez	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	22
Spirantes	Nominee	—	49,553,001	49,553,001	51.73%	22
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	22
Kobrither, S.A.	Nominee	—	14,865,900	14,865,900	15.52%	22
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	22
Mr. Ramón Suarez Beltrán	Beneficial owner	—	9,910,600	9,910,600	10.35%	22
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	22
Mr. Miguel Orúe-Echeverria	Beneficial owner	—	9,910,600	9,910,600	10.35%	22
<i>Other persons (interests related to preference shareholders)</i>						
Arcosilo, S.L.	Nominee	—	7,432,950	7,432,950	7.76%	22
Mr. Blanca Rueda Sabater	Interest of controlled corporation	—	7,432,950	7,432,950	7.76%	22

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Mr. Fernando Rueda Sabater	Interest of controlled corporation	—	7,432,950	7,432,950	7.76%	22
Mr. Richardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	22
<i>Other persons (interests related to Shareholders)</i>						
VSC BVI	Beneficial owner	6,336,309	—	6,336,309	6.61%	23
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	23
				<u>7,969,985</u>	<u>8.32%</u>	
VSC	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
				<u>7,969,985</u>	<u>8.32%</u>	23 & 24
Huge Top	Beneficial owner	1,598,113	—	1,598,113	1.67%	
	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
				<u>9,568,098</u>	<u>9.99%</u>	23 to 25
Perfect Capital	Interest of controlled corporation	1,598,113	—	1,598,113	1.67%	
	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
				<u>9,568,098</u>	<u>9.99%</u>	23 to 25
Ms. Miriam Yao Che Li ("Ms. Yao")	Interest of controlled corporation	1,598,113	—	1,598,113	1.67%	
	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
				<u>9,568,098</u>	<u>9.99%</u>	23 to 26

*Notes:*

1. Mr. Tsang was directly interested in 19,693,486 Shares and a further 39,386,973 underlying Shares which may fall to be issued if the Convertible Bonds are converted at the initial conversion price of HK\$0.1566.
2. These 509,400 Shares were directly held by Oboe Development Trading Limited, which was wholly owned by Mr. Tsang.
3. Mr. Tsang was deemed to be interested in 148,659,004 underlying Shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited (“HSBC Trustee”). HSBC Trustee, through its controlling interests in Asia Internet Capital Management LLC which acted as the investment manager of AICV, was deemed to be interested in 148,659,004 underlying Shares. These 148,659,004 underlying Shares are the same underlying Shares referred to in note 14 below.

Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 208,248,863 Shares.

4. NASAC was directly interested in 44,163,474 Shares and a further 88,326,947 underlying Shares which may fall to be issued if the Convertible Bonds are converted at an initial conversion price of HK\$0.1566. Accordingly, NASAC was deemed to be interested in a total of 132,490,421 Shares.
5. NASA held the single voting participating share of NASAC and was therefore deemed to be interested in 132,490,421 Shares.
6. API is the controlling company of NASA which in turn controls 100% voting capital of NASAC. API was therefore deemed to be interested in 132,490,421 Shares.
7. These underlying Shares were held by Goldman Sachs (Asia) Finance, a company controlled by The Goldman Sachs (Asia) Finance Holdings L.L.C.. The Goldman Sachs Group, Inc. was deemed to have interests in these underlying Shares through its direct subsidiary, The Goldman Sachs Global Holdings L.L.C., and its indirect subsidiary, The Goldman Sachs & Co., which was in turn the controlling company of The Goldman Sachs (Asia) Finance Holdings L.L.C.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying Shares by virtue of their respective corporate interests in Goldman Sachs (Asia) Finance.
8. These underlying Shares were held by Woori, a company controlled by Woori Finance Holdings Co., Ltd..
9. These underlying Shares were held by Oikos, a company controlled by Walkers SPV Limited.
10. These underlying Shares were held by Tiger, a company controlled by Mr. Chen Jong-Tai and Ms. Chen Wu, Feng-Tsai. Accordingly, both were taken to be interested in these underlying Shares under the SFO by virtue of their interests in Tiger.
11. These underlying Shares were held by Grand Loyal, a company controlled by Mr. Ho Yiu Wing. Accordingly, Mr. Ho was taken to be interested in these underlying Shares under the SFO by virtue of his interests in Grand Loyal.
12. These underlying Shares were held by Grand Partners, a company controlled by Mr. William Doo Wai Hoi. Accordingly, Mr. Doo was taken to be interested in these underlying Shares under the SFO by virtue of his interests in Grand Partners.

13. These underlying Shares were held by Chevalier, a company 52.5% controlled by Mr. Chow Yei Ching and Ms. Miyakawa Michiko. Accordingly, both were taken to be interested in these underlying Shares under the SFO by virtue of their interests in Chevalier.
14. These underlying Shares were held by AICV which was managed by Asia Internet Capital Management LLC, a company 99% controlled by EC.com Inc.. HSBC International Trustee Limited was deemed to have interests in these underlying Shares through its direct wholly-owned subsidiary MKT Holdings (Cayman Islands) LLC and its indirect wholly-owned subsidiary Smart Channel Investments Inc.. Smart Channel Investments Inc. had 48.66% controlling interests in EC.com Inc.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying Shares by virtue of their respective corporate interests in AICV. These underlying Shares are the same underlying Shares referred to in note 3 above.
15. These underlying Shares were held by Gentfull, a company 100% controlled by Ms. Vivien Chen Wai Wai. Accordingly, Ms. Chen was taken to be interested in these underlying Shares under the SFO by virtue of her interests in Gentfull.
16. These underlying Shares were held by Doutdes, a company 83.98% controlled by UFI Filters SPA which was in turn controlled by GGG SPA, a company controlled by Mr. Giorgio Girondi. Accordingly, all these parties were taken to be interested in these underlying Shares under the SFO by virtue of their corporate interests in Doutdes.
17. These underlying Shares were held by G.G.G. S.A., a company 100% controlled by Mr. Giorgio Girondi. Accordingly, Mr. Girondi was taken to be interested in these underlying Shares under the SFO by virtue of his interests in G.G.G. S.A.
18. These underlying Shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying Shares under the SFO by virtue of his interests in Timeless. These underlying Shares are the same underlying Shares referred to in note 2 under (a) above.
19. These underlying Shares were held by KKR, a company controlled by Messrs. George Rosenberg Roberts and Henry Roberts Kravis. Accordingly, all these parties were taken to be interested in these underlying Shares under the SFO by virtue of their interests in KKR.
20. These underlying Shares were held by Glint, a company 99% controlled by Mr. Van Vlissingen. Accordingly, Mr. Van Vlissingen was taken to be interested in these underlying Shares under the SFO by virtue of his interests in Glint.
21. These underlying Shares were held by Rawlco, a company controlled by Mr. Gordon Stanley Rawlinson. Accordingly, he was taken to be interested in these underlying Shares under the SFO by virtue of his interests in Rawlco.
22. These underlying Shares were held by UBS. Of these underlying Shares, 49,553,001 underlying Shares were held by Sphirantes, a company controlled by Ms. Angeles González García and Mr. Jorge García González; 17,343,500 underlying Shares were held by Mr. Cesar Molinas Sanz; 14,865,900 underlying Shares were held by Kobrither, S.A., a company controlled by Mr. Antonio Del Cano Barbón; each of Messrs. Ramón Suarez Beltrán, Ricardo Sanz Ferrer and Miguel Orúe-Echeverría held 9,910,600 underlying Shares; 7,432,950 underlying Shares were held by Arcosilo, S.L., a company controlled by Messrs. Blanca Rueda Sabater and Fernando Rueda Sabater; and 5,946,360 underlying Shares were held by Mr. Richardo de Ponga Bianco.

23. VSC BVI owned 54% of the share capital of TN and was deemed to be interested in the 1,633,676 Shares held by TN. VSC BVI directly owned 6,336,309 Shares. VSC BVI was therefore directly and indirectly interested in an aggregate of 7,969,985 Shares.
24. VSC owned the entire issued share capital of VSC BVI, VSC was therefore deemed to be interested in an aggregate of 7,969,985 Shares.
25. Perfect Capital owned approximately 42.86% of the issued share capital of Huge Top. Huge Top was beneficially interested in approximately 47.05% of the issued share capital of VSC; Perfect Capital and Huge Top were therefore deemed to be interested in 1,633,676 Shares held by TN and 6,336,309 Shares held by VSC BVI. Huge Top also directly owned 1,598,113 Shares. Huge Top was therefore directly and indirectly interested in an aggregate of 9,568,098 Shares, and Perfect Capital was indirectly interested in the same aggregate interests.
26. Ms. Yao is one of the two directors for TN and Huge Top while the remaining director of these two companies is Mr. Yao who is the brother of Ms. Yao. Ms. Yao was therefore through Huge Top indirectly interested in an aggregate of 9,568,098 Shares.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who had an interest or short position in the Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

### 3. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

### 4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation). Also, their remuneration and benefit in kind receivable will not be directly varied in consequence of any acquisition by the Group.

### 5. COMPETING INTERESTS

Mr. Yao is an executive Director and also the chairman and chief executive officer of VSC. According to the interim report 2006/07 of VSC, Huge Top held 173,424,000 shares (approximately 47.05%) in VSC as at 30th September 2006 and Mr. Yao is one of the two directors of Huge Top. Mr. Yao directly held approximately 11.91% and indirectly held approximately 42.86% of the issued share capital of Huge Top. Mr. Yao also has personal interests in 1,614,000 shares (approximately 0.44%) in VSC as at 30th



September 2006. VSC is also engaged in steel trading business. The Directors believe that there is a risk that such business may compete with those of the Group. However, the Directors are also of the view that the invaluable experience of Mr. Yao in the steel industry will complement the development of the Group's business.

Save for aforesaid, none of the Directors, management Shareholders, substantial Shareholders and their respective associates compete or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group pursuant to the GEM Listing Rules.

## 6. AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants, which aligns with the code provisions set out in the Code on Corporate Governance contained in Appendix 15 of the GEM Listing Rules. The Audit Committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The Audit Committee comprises three independent non-executive Directors and is chaired by Mr. Kenny Tam King Ching who has appropriate professional qualifications and experience in financial matters. The biographies of members of the Audit Committee are set out below:

**Mr. Philip Ma King Huen**, joined the Company in March 2000. Mr. Ma is the Group Managing Director of The Sincere Company, Limited, a listed company on the Main Board of the Stock Exchange. Mr. Ma was the Chairman of the Hong Kong Retail Management Association from 1996-2000 and is very active in community service. He holds a Master degree in Business Administration from McMaster University.

**Mr. Kenny Tam King Ching**, joined the Company in September 2004. He is a practising Certified Public Accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Tam is serving as a member of the Ethics Committee, Practice Review Committee, Small and Medium Practitioners Committee and Insolvency Practitioners Committee in the Hong Kong Institute of Certified Public Accountants. He is also a Past President of The Society of Chinese Accountants and Auditors. Mr. Tam also serves as an independent non-executive director of six companies listed on the Main Board of the Stock Exchange, namely, CCT Telecom Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited, Swank International Manufacturing Company Limited and VSC.

**Mr. Edgar Kwan Chi Ping**, joined the Company in August 2005. Mr. Kwan, a Civil Engineer, has over 30 years of local and international experience in engineering, construction and project management. He is a Senior Consultant to the Chairman's Office, and was an Executive Director and Chief Operating Officer, of Paul Y. Engineering Group Limited, a company listed on the Main Board of the Stock Exchange. He holds both Bachelor and Master degrees in Civil Engineering from the University of Hong Kong and a Master degree in Business Administration from the Chinese University of Hong Kong. His major public services include acting as the Chairman of the Construction Industry Training Authority, Vice President of the Hong Kong Construction Association, and a member of a number of public bodies including the Independent Police Complaints Council, the Broadcasting Authority Complaints Committee, the Engineers Registration Board and the Appeal Tribunal (Building).

## 7. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and its head office and principal place of business in Hong Kong is at 78th Floor, The Center, 99 Queen's Road Central, Hong Kong.
- (b) The compliance officer of the Company is Mr. Chow. Prior to joining the Group and API, Mr. Chow served as a Consultant at E.M. Warburg Pincus & Co. Asia Ltd. He has had about 20 years experience in the information technology industry in the US and Asia Pacific. He was the Managing Director of Yahoo! Inc. responsible for Asia. Prior to joining Yahoo, Mr. Chow held various senior management positions at Netscape Communications Corporation, Lotus Development Corporation and International Business Machines Corporation. He holds a Master of Science degree in Engineering and a Master of Business Administration degree from the University of California, Berkeley.
- (c) The qualified accountant of the Company is Ms. Grace Luk Pui Yin. She has over 15 years of experience in auditing, accounting, financial management and private equity in Hong Kong and the Mainland China. Ms. Luk received a Bachelor degree in Business Administration from the Chinese University of Hong Kong. She is a Fellow of the UK Association of Chartered Certified Accountants, and an Associate of both the UK Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants.
- (d) The company secretary of the Company is Ms. Lam Yee Fan. She has over 10 years of company secretarial experience in listed companies in Hong Kong. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) The principal share register and transfer office of the Company in Bermuda is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (f) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) The English texts of this circular shall prevail over their respective Chinese texts.