
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in North Asia Strategic Holdings Limited, you should at once hand this circular with the accompanying form of proxy 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.

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

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

- (1) ISSUE OF NEW PREFERENCE SHARES TO INDEPENDENT PLACEES;
(2) CONNECTED TRANSACTIONS INVOLVING ISSUE OF
NEW PREFERENCE SHARES TO NASAC 2 AND NASAC 3;
(3) CONNECTED TRANSACTION INVOLVING WAIVER AGREEMENT;
(4) PROPOSED GRANT OF SHARE OPTIONS OF A SUBSIDIARY;
AND
(5) RE-ELECTION OF RETIRING DIRECTORS**

Financial adviser to North Asia Strategic Holdings Limited



**Independent financial adviser to the Independent Board Committee
and Independent Shareholders**



A letter from the board of directors of North Asia Strategic Holdings Limited is set out on pages 7 to 27 of this circular. A letter from the independent board committee of the Company and a letter from Access Capital Limited containing their recommendation and advice are set out on page 28 and pages 29 to 46 of this circular respectively.

A notice convening a special general meeting of North Asia Strategic Holdings Limited to be held at 78th Floor, The Center, 99 Queen's Road Central, Hong Kong at 10:00 a.m. on Friday, 14th December 2007 is set out on pages 67 to 70 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at 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.

* For identification purpose only

CHARACTERISTICS OF GEM

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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	7
Subscription Agreements	9
Fund raising activities in the past twelve months	17
Shareholding structure	18
Dilution effect on Shareholders	20
Reasons for the Second Round Placement	21
Waiver of adjustments of the conversion price of the Convertible Bonds and the conversion ratio of the Existing Preference Shares	22
GEM Listing Rules implication on the Second Round Placement and the Waiver Agreement	22
Independent Board Committee and independent financial adviser	23
The Grant of Options	24
Re-election of retiring Directors	26
Special General Meeting	26
Recommendation	27
General	27
Letter from the Independent Board Committee	28
Letter from Access Capital	29
Appendix I — Details of Directors proposed to be re-elected	47
Appendix II — General information	49
Notice of the Special General Meeting	67

DEFINITIONS

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

“Access Capital”	Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement, a licensed corporation under the SFO which engages in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities
“Anchor Investors”	such holders of the Preference Shares (a) as nominated by the Ajia Parties; and (b) who invest a very substantial amount (US\$50 million (equivalent to approximately HK\$390 million) in the case of the Second Round Placement) in the Preference Shares. As at the Latest Practicable Date, there are a total of 6 such Anchor Investors (including NNL)
“AIP”	American Tec Electronic India Private Limited, a wholly-owned subsidiary of the Company
“Ajia Parties”	NASAC and Mr. Tsang
“Amtec”	American Tec Company Limited, a wholly-owned subsidiary of the Company
“Amtec Group”	Amtec and its subsidiaries
“Announcement”	the announcement dated 2nd November 2007 issued by the Company in relation to the Batch 1 Placement
“API”	Ajia Partners Inc., a company incorporated in the Cayman Islands and the holding company of NASA
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Batch 1 Agreements”	a total of 14 subscription agreements entered into between the Company and each of the Batch 1 Placees in relation to the Batch 1 Placement
“Batch 1 Placees”	a total of 14 subscribers (including NASAC 2 and NASAC 3) of New Preference Shares under the Batch 1 Placement
“Batch 1 Placement”	the private placing of 2,868,335,640 New Preference Shares by the Company to the Batch 1 Placees pursuant to the Batch 1 Agreements as announced by the Company on 2nd November 2007

DEFINITIONS

“Batch 2 Agreements”	a total of 3 subscription agreements (including the NNL Agreement) entered into between the Company and each of the Batch 2 Placees in relation to the Batch 2 Placement
“Batch 2 Placees”	a total of 3 subscribers (including NNL) of the New Preference Shares pursuant under the Batch 2 Placement
“Batch 2 Placement”	the private placing of 2,328,904,398 New Preference Shares by the Company to the Batch 2 Placees pursuant to the Batch 2 Agreements
“Best Creation”	Best Creation Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Best Creation Group”	Best Creation and its subsidiaries
“Best Creation Share(s)”	share(s) of US\$1.00 each in the share capital of Best Creation
“Board”	the board of Directors
“Coland Group”	Coland Group Limited and its subsidiaries
“Company”	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Ordinary Shares are listed on GEM
“Completion”	the closing of the respective Subscription Agreements, which shall occur on such date conditional upon the satisfaction of the conditions precedent
“Completion Date”	the date of Completion
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Shares”	the Ordinary Shares to be issued upon conversion of the Preference Shares
“Convertible Bonds”	the convertible bonds, with total face value of HK\$20 million, held by the Ajia Parties which are convertible into new Ordinary Shares at an initial conversion price of HK\$0.1566 per Ordinary Share (subject to adjustments)

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Existing Preference Shares”	the 8,176,014,813 non-voting convertible preference shares in the issued share capital of the Company as at the Latest Practicable Date
“First Round Placement”	the placement of the Existing Preference Shares completed by the Company during the period from February to September 2006
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grant of Options”	the proposed grant of options to Mr. Wu to subscribe for 1,800,000 Best Creation Shares pursuant to the Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huge Top”	Huge Top Industrial Ltd., a company incorporated in the British Virgin Islands
“Independent Board Committee”	an independent committee of the Board (comprising all the independent non-executive Directors) constituted to give recommendations as regards the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options
“Independent Shareholders”	Shareholders other than the Ajia Parties and their respective associates
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Investment Committee”	the committee constituted by the Board from time to time for the purposes of evaluating potential acquisition and disposition of investments, which currently comprises 6 members
“Last Trading Day”	18th October 2007, being the last trading day of the Ordinary Shares prior to the suspension of the Ordinary Shares on 22nd October 2007 pending the release of the Announcement

DEFINITIONS

“Latest Practicable Date”	21st November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Main Board”	the main board of the Stock Exchange
“Mr. Cheng”	Mr. Cheng Wyman Paul, the managing director of NASA
“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
“Mr. Tsang”	Mr. Moses Tsang Kwok Tai, a substantial Shareholder holding approximately 21.1% of the existing issued Ordinary Shares who is also the chairman and managing partner of API and the manager of Asia Internet Capital Ventures LP
“Mr. Wu”	Mr. Wu Man Fan, a director and chief executive officer of Amtec
“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 holding approximately 46.1% of the existing issued Ordinary Shares. NASA controls 100% of the voting capital of NASAC
“NASAC 2”	North Asia Strategic Acquisition Corp. 2, a company incorporated in the Cayman Islands, of which Mr. Malm is beneficially interested in 82.9% of the ordinary non-voting share capital while NASA controls 100% of the ordinary voting share capital
“NASAC 2 Agreement”	the subscription agreement entered into between the Company and NASAC 2 on 18th October 2007 in relation to the Second Round Placement

DEFINITIONS

“NASAC 3”	North Asia Strategic Acquisition Corp. 3, a company incorporated in the Cayman Islands, of which Mr. Wu holds 60.1% of the ordinary non-voting share capital while NASA controls 100% of the ordinary voting share capital
“NASAC 3 Agreement”	the subscription agreement entered into between the Company and NASAC 3 on 18th October 2007 in relation to the Second Round Placement
“New Preference Shares”	a total of 5,197,240,038 non-voting convertible preference shares to be issued by the Company and subscribed by the Batch 1 Placees and Batch 2 Placees under the respective Subscription Agreements
“NNL”	National Nominees Limited, a company incorporated in Australia and a nominee for an Australian pension fund
“NNL Agreement”	the subscription agreement entered into between the Company and NNL dated 20th November 2007 in relation to the Second Round Placement
“Option(s)”	option(s) to subscribe for the Best Creation Shares granted or to be granted pursuant to the Scheme
“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Placees”	the Batch 1 Placees and the Batch 2 Placees
“Preference Shares”	the Existing Preference Shares and the New Preference Shares
“Preference Shares Waiver”	the proposed waiver by the holders of the Existing Preference Shares of any requirement to adjust the conversion ratio of the Existing Preference Shares arising from the Second Round Placement
“Scheme”	the share option scheme adopted by Best Creation on 31st October 2006
“Second Round Placement”	the private placing of the New Preference Shares pursuant to the Subscription Agreements

DEFINITIONS

“Services Agreement”	the services agreement dated 26th September 2005 (as amended and restated on 30th December 2005) entered into between the Company and NASA
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of Ordinary Share(s)
“Special General Meeting”	the special general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Second Round Placement, the Waiver Agreement, the Grant of Options and the re-election of the retiring Directors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	the Batch 1 Agreements and the Batch 2 Agreements
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Timeless”	Timeless Enterprises Limited, a company incorporated in the British Virgin Islands which is controlled by Mr. Cho
“TN”	TN Development Limited
“Waiver Agreement”	the agreement to be entered into between the Company and the Ajia Parties pursuant to which the Ajia Parties agree to waive any requirement to adjust the conversion price of the Convertible Bonds arising from the Second Round Placement, including subsequent conversion of the Existing Preferences Shares into Ordinary Shares
“VSC”	Van Shung Chong Holdings Limited, a company whose shares are listed on the Main Board (stock code: 1001)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

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

Non-executive Director:

Mr. Takeshi Kadota

Head Office and Principal

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

Independent non-executive Directors:

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

23rd November 2007

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

Dear Sir or Madam,

- (1) ISSUE OF NEW PREFERENCE SHARES TO INDEPENDENT PLACEES;
(2) CONNECTED TRANSACTIONS INVOLVING ISSUE OF
NEW PREFERENCE SHARES TO NASAC 2 AND NASAC 3;
(3) CONNECTED TRANSACTION INVOLVING WAIVER AGREEMENT;
(4) PROPOSED GRANT OF SHARE OPTIONS OF A SUBSIDIARY;
AND
(5) RE-ELECTION OF RETIRING DIRECTORS**

INTRODUCTION

As announced by the Board on 2nd November 2007 and 20th November 2007, the Company had entered into the Batch 1 Agreements and the Batch 2 Agreements with the Batch 1 Placees (including NASAC 2 and NASAC 3) and the Batch 2 Placees (including NNL) respectively, pursuant to which the Company has conditionally agreed to issue 5,197,240,038 New Preference Shares in aggregate to the Placees at an issue price of HK\$0.191 per New Preference Share.

* For identification purpose only

LETTER FROM THE BOARD

By virtue of the interest of NASA and the directors and chief executive of the Group in NASAC 2 and/or NASAC 3, the transactions contemplated under the NASAC 2 Agreement and the NASAC 3 Agreement constitute connected transactions for the Company under the GEM Listing Rules. Accordingly, the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall abstain from voting on the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting. The Subscription Agreements other than the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Shareholders. No Shareholders are required to abstain from voting on these Subscription Agreements.

Subject to the approval by Independent Shareholders and the approval of the Second Round Placement at the Special General Meeting, the Company and the Ajia Parties shall enter into the Waiver Agreement before completion of the Second Round Placement to waive any requirement to adjust the conversion price of the Convertible Bonds arising from the Second Round Placement, including any subsequent conversion of the Existing Preference Shares into Ordinary Shares. The transactions contemplated under the Waiver Agreement constitute a connected transaction for the Company under the GEM Listing Rules by virtue of Ajia Parties' controlling shareholding interest in the Company. The Waiver Agreement is subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall abstain from voting on the Waiver Agreement at the Special General Meeting. The Company had convened a separate meeting of the holders of the Existing Preference Shares to consider a resolution to approve the Preference Shares Waiver.

On 21st June 2007, the Board proposed to grant the Options to Mr. Wu to subscribe for an aggregate of 1,800,000 Best Creation Shares at a total subscription price of US\$1,800,000. Since the number of Best Creation Shares to be issued upon exercise of the Options proposed to be granted to Mr. Wu exceeds 1% of the total issued shares of Best Creation, the Grant of Options is subject to approval by Shareholders (other than Mr. Wu) in the Special General Meeting. As at the Latest Practicable Date, Mr. Wu was not a Shareholder.

The Board also proposed to seek Shareholders' approval for the re-election of the retiring Directors according to the Bye-laws of the Company.

The purpose of this circular is to provide you with, among other things, further details of the Second Round Placement, the Waiver Agreement, the Grant of Options and the re-election of the retiring Directors, and to give you notice of the Special General Meeting.

The Independent Board Committee, comprising Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak, has been constituted to give recommendations to the Independent Shareholders on the terms of the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options. Access Capital has been appointed as the independent financial adviser to the Independent Board Committee and Independent Shareholders regarding the NASAC 2 Agreement, the NASAC 3 Agreement

LETTER FROM THE BOARD

and the Waiver Agreement. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and the letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders are set out on page 28 and pages 29 to 46 of this circular respectively.

SUBSCRIPTION AGREEMENTS

The Company has entered into a total of 17 Subscription Agreements with 17 Placees for the subscription of the New Preference Shares. Set out below are the principal terms of the Subscription Agreements.

Date of the Subscription Agreements:

- (i) 9 Batch 1 Agreements (including those with NASAC 2 and NASAC 3) were entered into on 18th October 2007;
- (ii) the other 5 Batch 1 Agreements were entered into on 29th October 2007; and
- (iii) 3 Batch 2 Agreements were entered into on 20th November 2007.

Parties to the Subscription Agreements:

Issuer : the Company

Subscribers : 17 Placees (including NASAC 2 and NASAC 3)

Information about the Placees:

NASAC 2 is an investment holding company set up for the sole purpose of subscribing for and holding the New Preference Shares. The issued share capital of NASAC 2 comprises 1 ordinary voting share and 241,205,128 ordinary non-voting shares, all with par value of US\$0.0001 each. The shareholding structure of NASAC 2 as at the date of the NASAC 2 Agreement and the Latest Practicable Date is as follows:

Class of shares	Shareholder	No. of shares held	% to total issued shares within the same class
Ordinary voting	NASA (<i>Note 1</i>)	1	100.0
Ordinary non-voting	Windswept Inc. (<i>Notes 2 & 3</i>)	200,000,000	82.9
	Mr. Chow (<i>Note 3</i>)	10,000,000	4.2
	Mr. Cheng (<i>Note 3</i>)	1,282,051	0.5
	5 other management and consultants of the Group	29,923,077	12.4
		<u>241,205,128</u>	<u>100.0</u>

LETTER FROM THE BOARD

Notes:

1. NASA is a special purpose vehicle set up in 2004 for the sole purpose of holding NASAC and providing exclusive services to the Company pursuant to the Service Agreement, the scope of which covers fund raising, market and industry research, investor sourcing, investment sourcing, investment analysis and due diligence, and financial advisory under the overall control and supervision of the Board.
2. Windswept Inc. is an investment holding company controlled by Mr. Malm.
3. Mr. Malm, Mr. Chow and Mr. Cheng hold 9.4%, 18.8% and 3.8% respectively of the non-voting participating shares of NASAC in issue as at the Latest Practicable Date. In addition, Mr. Malm is interested in 5.0% of one of the holders of the Existing Preference Shares.

Apart from those disclosed in Note 3 above, none of the holders of the ordinary non-voting shares of NASAC 2 has any beneficial interest in the shares or other securities of the Company.

NASAC 3 is an investment holding company set up for the sole purpose of subscribing for and holding the New Preference Shares. The issued share capital of NASAC 3 comprises 1 ordinary voting share and 142,539,872 ordinary non-voting shares, all with par value of US\$0.0001 each. Each of the ordinary non-voting shareholders of NASAC 3 has no beneficial interest in the shares or other securities of the Company. The shareholding structure of NASAC 3 as at the date of the NASAC 3 Agreement and the Latest Practicable Date is as follows:

Class of shares	Shareholder	No. of shares held	% to total issued shares within the same class
Ordinary voting	NASA	1	100.0
Ordinary non-voting	Mr. Wu	85,705,128	60.1
	5 other management of the Amtec Group	56,834,744	39.9
		<u>142,539,872</u>	<u>100.0</u>

NNL is a nominee for the Australian Defence Forces' pension scheme established under the Military Superannuation and Benefits Act 1991 of Australia.

The other Placees comprise international financial institutions, Asia focused fund houses and professional investors. The Placees are chiefly solicited by NASA which has been providing various exclusive services, including fund raising and investor sourcing, to the Company pursuant to the Services Agreement.

Save as aforesaid and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placees, their respective associates and ultimate beneficial owners are Independent Third Parties; and apart from NASAC 2 and NASAC 3, none of the Placees and their respective associates has any beneficial interests in any shares or other securities in the Company prior to the Second Round Placement.

LETTER FROM THE BOARD

Securities to be subscribed:

The Second Round Placement comprises the Batch 1 Placement and the Batch 2 Placement. The New Preference Shares to be issued to the Batch 1 Placees and the Batch 2 Placees carry identical terms and are securities within the same class as the Existing Preference Shares. The number of New Preference Shares to be subscribed by the Placees are set out below:

Subscribers	No. of New Preference Shares	% to total New Preference Shares
<i>Batch 1 Placees</i>		
NASAC 2	98,502,618	1.9
NASAC 3	58,210,000	1.1
The other 12 independent Batch 1 Placees	<u>2,711,623,022</u>	<u>52.2</u>
	2,868,335,640	55.2
<i>Batch 2 Placees</i>		
The other 2 independent Batch 2 Placees	287,019,581	5.5
NNL	<u>2,041,884,817</u>	<u>39.3</u>
	2,328,904,398	44.8
<i>Total</i>	<u><u>5,197,240,038</u></u>	<u><u>100.0</u></u>

Principal terms of the New Preference Shares:

The New Preference Shares and the Existing Preference Shares are securities within the same class and shall have and enjoy the following rights and be subject to the following restrictions:

Redemption and Conversion:

The New Preference Shares are not redeemable.

Subject to the following paragraph, the New Preference Shares shall be automatically converted into Ordinary Shares on the listing of the Ordinary Shares on the Main Board, or on 28th February 2010, whichever occurs earlier, at the conversion ratio of one Preference Share to one Ordinary Share, subject to usual anti-dilution adjustments. The adjustment events will arise as a result of certain changes in the share capital of the Company including any capital reorganisation involving consolidation, sub-division or re-classification of shares, bonus issue by way of capitalisation of profits or reserves, capital distributions and subsequent issue of rights, options, warrants and other convertible securities in the Company.

In the event that the conversion of any holder's New Preference Shares would result in such holder holding 30% or more of the issued Ordinary Shares, or otherwise result in such holder being required to make a mandatory general offer for the Ordinary Shares under the Takeovers Code, the holder shall be entitled to elect to convert such number of New Preference Shares as will cause it to hold (a) 29% of

LETTER FROM THE BOARD

the issued Ordinary Shares; or (b) if applicable, the maximum whole number of percentage of the issued Ordinary Shares it could hold without being required to make a mandatory general offer for the Ordinary Shares under the Takeovers Code. Any remaining New Preference Shares held by such holder may be converted by such holder by giving not less than 45 days' prior notice to the Company.

The Conversion Shares, when issued, shall rank *pari passu* in all respects with all other Ordinary Shares in issue on the date of conversion including the right to any dividends or distributions declared, made or paid after the date of the conversion.

Transferability:

The New Preference Shares may only be transferred with the prior approval of the Board and in compliance with applicable law and regulatory requirements. Save as disclosed herein, there are no other provisions regarding transferability of the New Preference Shares.

The Company has undertaken to the Stock Exchange that it shall notify the Stock Exchange if it becomes aware of any dealings in the New Preference Shares by connected persons of the Company.

Voting:

Holder(s) of the New Preference Shares will have the right to receive notice of all general meetings of the Ordinary Shareholders but will not be entitled to vote at such meeting, except when the business of the meeting includes resolution(s) for (i) the winding up of the Company; (ii) renewing the Services Agreement, amending, modifying or supplementing its terms, or approving the settlement of any fees payable to NASA by way of an issue of Ordinary Shares; or (iii) varying or abrogating the rights or privileges of the holders of the New Preference Shares. Holders of the New Preference Shares are also entitled to vote on the election of a chairman of any general meeting at which they are entitled to vote or any motion for adjournment of such meeting.

When the holders of the New Preference Shares are entitled to vote at a general meeting, each New Preference Share shall confer on its holder one vote.

All or any of the rights or privileges attached to the New Preference Shares may be varied or abrogated only with the sanction of a resolution passed at a separate meeting of the holders of the Preference Shares by 75% votes cast at such meeting of the holders of the Preference Shares present and entitled to vote at such meeting.

The above voting rights of the holders of the New Preference Shares are applicable to partly paid New Preference Shares as if such shares were fully paid.

LETTER FROM THE BOARD

Listing: The New Preference Shares will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Ranking: The New Preference Shares will rank pari passu as to dividends with the Ordinary Shares and Existing Preference Shares. In the event of liquidation or winding up of the Company, the holders of the New Preference Shares, like the holders of Existing Preference Shares, will be entitled to receive an amount equal to 100% of the subscription monies, respectively, paid by them before a return of capital is made to the holders of the Ordinary Shares. Thereafter, the remaining assets of the Company will be distributed to the Ordinary Shareholders and holders of the Preference Shares pro-rata on an as-if-converted basis.

Subscription price:

HK\$0.191 per New Preference Share.

The subscription price shall be payable in cash by the Placees in three installments as follows:

- (a) the first installment, representing one-third of the total subscription price, will be payable on the Completion Date;
- (b) the second installment, representing one-third of the total subscription price, will be payable on 28th February 2008 (the “Second Installment Date”); and
- (c) the third installment, representing one-third of the total subscription price, will be payable on 28th February 2009 (the “Third Installment Date”),

provided that payment of either the second or third installment shall not be required unless and until at least 75% of the subscription monies previously paid by the Placees from time to time has been paid out for or committed to investments for the Company.

In the event that the subscription monies previously paid by the Placees from time to time for the New Preference Shares are insufficient to make any potential investments approved by the Board and/or to pay fees or expenses which are payable by the Company under the Services Agreement, the Company shall be entitled to require the relevant amount of the subscription price to be paid by the Placees before the relevant installment dates described above on a date specified by the Company but not earlier than 45 days from the date on which the payment notice is given by the Company. The schedule of capital calls for the subscription monies will take into account the investment plan of the Company.

LETTER FROM THE BOARD

Any unpaid balance of the subscription price remaining payable immediately prior to the Third Installment Date or, if earlier, the business day immediately preceding the date of conversion of the New Preference Shares, shall in any event be payable on the Third Installment Date or on such business day immediately preceding the date of conversion, as the case may be. In the event that any installment of the subscription price remains unpaid for a period of 30 days after the date such installment is due, the New Preference Shares and any previously paid amount of the subscription price shall be liable to forfeiture, sale or cancellation in accordance with the Bye-laws of the Company.

Any partly paid-up New Preference Shares shall confer on the holders thereof at all times all rights and benefits which would otherwise be conferred on such holders if such New Preference Shares were fully paid-up, except that, for the purpose of conversion of any partly paid-up New Preference Share into an Ordinary Share, such holder shall be required to pay the outstanding unpaid amount of such New Preference Share prior to being entitled to conversion.

The New Preference Shares will be issued and allotted to the respective Placees on Completion, which shall take place on a date before the Second Installment Date and the Third Installment Date. Having considered that (i) the proceeds from the Second Round Placement are chiefly intended for future investment uses; and (ii) the Company shall be entitled to require the relevant amount of the subscription monies to be paid by the Placees before the relevant installment dates should the needs as described above arise, the Directors are of the view that the installment arrangement of the payment for subscription monies is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The subscription price per New Preference Share represents:

- (i) a premium of approximately 28.3% over the audited net asset value per issued share of HK\$0.1489 as at 31st March 2007 (calculated based on the audited consolidated net assets of the Group of approximately HK\$1,231.3 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 31st March 2007);
- (ii) a premium of approximately 97.7% over the audited net tangible asset value per issued share of HK\$0.0966 as at 31st March 2007 (calculated based on the audited consolidated net tangible assets of the Group of approximately HK\$799.1 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 31st March 2007);
- (iii) a premium of approximately 30.9% over the unaudited net asset value per issued share of HK\$0.1459 as at 30th September 2007 (calculated based on the unaudited consolidated net assets of the Group of approximately HK\$1,206.9 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 30th September 2007);

LETTER FROM THE BOARD

- (iv) a premium of approximately 102.5% over the unaudited net tangible asset value per issued share of HK\$0.0943 as at 30th September 2007 (calculated based on the unaudited consolidated net tangible assets of the Group of approximately HK\$780.1 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 30th September 2007); and
- (v) a premium of approximately 22.0% over the subscription price of the Existing Preference Shares at HK\$0.1566 each under the First Round Placement.

The subscription price of the New Preference Shares was agreed following arm's length negotiations between the Company and the Placees with reference to the subscription price for the First Round Placement. The Directors consider that the premium represented by the subscription price of the New Preference Shares over the subscription price for the Existing Preference Shares under the First Round Placement reflects the shorter conversion period as well as the value of the investments undertaken by the Group since the First Round Placement as described under the paragraph headed "Reasons for the Second Round Placement" below. The subscription price of HK\$0.191 per New Preference Share represents discounts of approximately 86.4%, 85.4% and 85.9% to the closing price of HK\$1.4, HK\$1.31 and HK\$1.35 per Ordinary Share on the Last Trading Day, 20th November 2007 (being the date of the Batch 2 Agreements) and the Latest Practicable Date respectively. Notwithstanding that the Directors do not consider a formal valuation of the shares of the Company is necessary, the Directors consider that the current market price of the Ordinary Shares is not relevant in determining the subscription price of the New Preference Shares given the fact that the Preference Shares and the Ordinary Shares are two different classes of securities and the holders thereof enjoy different rights and are subject to different restrictions. By the time when the Preference Shares shall be converted into Ordinary Shares (i.e. on the listing of the Ordinary Shares on the Main Board or on 28th February 2010, whichever occurs earlier), the fundamentals and shareholding structure of the Company are expected to be different from the current status. Therefore, despite the discount represented by the subscription price to the prevailing market price of the Ordinary Shares, given the non-redeemable and unlisted features of the Preference Shares and the significant premium represented by the subscription price over the net asset value per share and net tangible asset per share, the Directors consider that the issue of the New Preference Shares at the subscription price of HK\$0.191 per New Preference Share to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions:

Completion of the Subscription Agreements is subject to the following conditions being fulfilled or waived on or before 31st January 2008 (for the NNL Agreement) and 31st December 2007 (for the other 16 Subscription Agreements):

- (i) receipt of all necessary approvals of applicable authorities (including the GEM Listing Division) and necessary resolutions having been passed by (a) the Shareholders authorising the Company to enter into the Subscription Agreements and the issue of the New Preference Shares; and (b) by the holders of the Existing Preference Shares approving the Preference Shares Waiver;
- (ii) the Company having received duly completed and executed application forms for the New Preference Shares together with such other documents as are required to be delivered by the Placees in connection with the Second Round Placement; and
- (iii) the Placees having received duly certified true copies of (a) the approvals specified in (i) above; and (b) the resolutions of the Directors approving the registration of the Placees as a member of the Company.

Completion:

Completion of the respective Subscription Agreements shall occur on such date conditional upon the satisfaction of their respective conditions precedent as set out above. Completion of any one of the Subscription Agreements is not conditional on completion of the other Subscription Agreements.

Further announcement(s) will be made by the Company as regards the status of Completion as appropriate.

Additional rights to NNL:

As disclosed in the announcements of the Company dated 30th December 2005 and 26th July 2006 and the circulars of the Company dated 24th January 2006 and 17th August 2006 in relation to the First Round Placement, the Company has entered into legally binding agreements with certain initial placees who agreed to subscribe for a very substantial amount of the Preference Shares (who are regarded as Anchor Investors) to set out a framework for strategic co-operation between the Company and the respective Anchor Investors. Pursuant to the agreements, the Company has agreed, for a term of ten years commencing on 28th February 2006, to give the Anchor Investors the rights, among other things, to co-invest in potential investment targets of the Company, to be offered deal referral opportunities on investment projects which are deemed to be outside the investment focus of or are not pursued by the Company, and to provide financing and investment banking or corporate finance services to the Company or its investment portfolio. Certain Anchor Investors have the right to nominate members or observers to the Investment Committee.

LETTER FROM THE BOARD

As the subscription made by NNL amounted to US\$50 million, NNL was nominated by the Ajia Parties as an Anchor Investor. Pursuant to the terms of the NNL Agreement, NNL shall have the right to designate an individual to attend meetings of the Investment Committee as a member. Save as aforesaid, the NNL Agreement does not provide for any right for NNL to appoint any representative to the Board or to the management team of the Group. Similar to the members of or observers to the Investment Committee appointed by the other Anchor Investors, NNL shall procure that the member gives reasonable undertakings to the Company to observe all internal guidelines of the Company, if any, applicable to the Directors in respect of maintaining confidentiality of information disclosed to them. The member is also required to observe the relevant provisions of Part XIII and Part XIV of the SFO in respect to insider dealing and market misconduct, and the applicable provisions contained in Chapter 5 of the GEM Listing Rules (or in the event that the Ordinary Shares become listed on the Main Board, the applicable provisions contained in the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules) in respect of restrictions on directors' transactions in securities of the Company while in possession of unpublished price-sensitive information. In the event of a breach of confidentiality by the member, the Company may bring legal action against NNL and/or the member including seeking a court order of specific performance to prevent the observe from any unauthorised disclosure of confidential information.

Should any transactions with NNL or the other Anchor Investors materialise in future as a result of them exercising their rights under the aforesaid agreements, the Company shall comply with the applicable requirements of the GEM Listing Rules in due course.

Provided that the additional rights to NNL shall expire no earlier than the date of the automatic conversion of the Preference Shares into Ordinary Shares or when NNL has ceased to hold any shares of the Company, such rights shall expire on the earliest of (i) the date five years after the Completion Date of the NNL Agreement; (ii) the date of the Service Agreement is terminated or expired; and (iii) the date on which NNL ceases to hold any shares of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 26th July 2006, the Company announced the issue of 792,848,020 Preference Shares to an Independent Third Party at a price of HK\$0.1566 each, raising approximately HK\$124.2 million for future investment use. The issue was completed in September 2006 as part of the First Round Placement and three quarters of the subscription monies (HK\$93.2 million) have been received by the Company in accordance with the terms of the issue of the Existing Preference Shares and used as intended.

The remaining quarter of the subscription monies from the aforesaid issue and the Existing Preference Shares issued under the First Round Placement which amounts to approximately HK\$320.1 million would be received by the Company on 28th February 2009 unless a call for payment is made by the Company on an earlier date in accordance with the terms of the Existing Preference Shares.

LETTER FROM THE BOARD

Apart from the above, the Company has not conducted any fund raising activities in the past twelve months.

SHAREHOLDING STRUCTURE

Details of the Company's Ordinary Share capital (including the individual holdings of the connected persons) (i) as at the Latest Practicable Date and immediately upon completion of the Second Round Placement; (ii) upon completion of the Second Round Placement and full conversion of the Existing Preference Shares at the 1-to-1 conversion ratio; and (iii) upon completion of the Second Round Placement and full conversion of the Existing Preference Shares and New Preference Shares at the 1-to-1 conversion ratio; and (iv) upon completion of the Second Round Placement and full conversion of the Existing Preference Shares and New Preference Shares at the 1-to-1 conversion ratio and the Convertible Bonds at the initial conversion price of HK\$0.1566 are shown below:

	As at the Latest Practicable Date and immediately upon completion of the Second Round Placement		Upon completion of the Second Round Placement and full conversion of the Existing Preference Shares		Upon completion of the Second Round Placement and full conversion of the Existing Preference Shares and the New Preference Shares		Upon completion of the Second Round Placement and full conversion of the Existing Preference Shares, the New Preference Shares and the Convertible Bonds	
	Ordinary Shares	%	Ordinary Shares	%	Ordinary Shares	%	Ordinary Shares	%
NASAC	44,163,474	46.1	44,163,474	0.5	44,163,474	0.3	132,490,421	1.0
Mr. Tsang	20,202,886	21.1	20,202,886	0.3	20,202,886	0.2	59,589,859	0.5
Huge Top (Note 1)	1,598,113	1.7	1,598,113	0.0	1,598,113	0.0	1,598,113	0.0
Right Action Offshore Inc. (Note 2)	1,024,000	1.0	1,024,000	0.0	1,024,000	0.0	1,024,000	0.0
TN (Note 3)	1,633,676	1.7	1,633,676	0.0	1,633,676	0.0	1,633,676	0.0
Asia Internet Capital Ventures LP (Note 4)	—	—	148,659,004	1.8	148,659,004	1.1	148,659,004	1.1
Timeless (Note 5)	—	—	99,106,003	1.2	99,106,003	0.8	99,106,003	0.8
NASAC 2	—	—	—	—	98,502,618	0.7	98,502,618	0.7
NASAC 3	—	—	—	—	58,210,000	0.4	58,210,000	0.4
ABN AMRO Asset Management Holding N.V.	—	—	1,238,825,032	15.0	1,238,825,032	9.2	1,238,825,032	9.1
Goldman Sachs (Asia) Finance (Note 6)	—	—	2,477,650,064	30.0	2,477,650,064	18.4	2,477,650,064	18.2
NNL	—	—	—	—	2,041,884,817	15.2	2,041,884,817	15.0
	68,622,149	71.6	4,032,862,252	48.8	6,231,459,687	46.3	6,359,173,607	46.8
Other holders of the Existing Preference Shares (Note 7)	—	—	4,211,774,710	50.9	4,211,774,710	31.3	4,211,774,710	31.0
Batch 1 Placees (excluding NASAC 2 and NASAC 3) (Note 7)	—	—	—	—	2,711,623,022	20.1	2,711,623,022	19.9
Batch 2 Placees (excluding NNL) (Note 7)	—	—	—	—	287,019,581	2.1	287,019,581	2.1
Other public Shareholders	27,172,567	28.4	27,172,567	0.3	27,172,567	0.2	27,172,567	0.2
Total public Shareholders	27,172,567	28.4	4,238,947,277	51.2	7,237,589,880	53.7	7,237,589,880	53.2
Total	95,794,716	100.0	8,271,809,529	100.0	13,469,049,567	100.0	13,596,763,487	100.0

LETTER FROM THE BOARD

Notes:

1. Mr. Yao holds approximately 11.9% direct and 42.9% indirect interests in the issued share capital of Huge Top and is entitled to exercise more than one-third of the voting rights at general meetings of Huge Top.
2. Mr. Yao is the registered holder of the entire issued share capital of Right Action Offshore Inc.
3. The issued share capital of TN is owned as to 54% by Van Shung Chong (B.V.I.) Limited (“VSC BVI”) and as to 10% by Mr. Yao. The issued share capital of VSC BVI is indirectly owned as to approximately 45.9% by Huge Top.
4. Asia Internet Capital Ventures LP is a venture capital fund with 10 limited partners organised for the object and purpose of making private equity investments in internet and technology-oriented companies and managed by Mr. Tsang.
5. Timeless is a company controlled by Mr. Cho.
6. Goldman Sachs (Asia) Finance is entitled to elect to convert such number of Preference Shares as will cause it to hold (a) 29% of the issued Ordinary Shares; or (b) if applicable, the maximum whole number of percentage of the issued Ordinary Shares it could hold without being required to make a mandatory general offer for the Ordinary Shares under the Takeovers Code.
7. None of the other holders of the Existing Preference Shares or the Placees will hold more than 10% of the issued Ordinary Shares upon full conversion of the Preference Shares (whether or not the Convertible Bonds are converted) and be treated as a connected person of the Company for the purposes of the GEM Listing Rules.

Save for the Existing Preference Shares and the Convertible Bonds, the Company does not have any other outstanding options, warrants or other securities in issue which carry rights to be convertible into Ordinary Shares as at the Latest Practicable Date.

Each of the Ajia Parties has previously undertaken to the Stock Exchange that for so long as it remains a connected person of the Company, it will not exercise the conversion rights attached to the Convertible Bonds if the public float of the Company falls below 15% upon exercise of the conversion rights of the Convertible Bonds. Based on the existing shareholding structure of the Company as set out above, there will be sufficient public float for the Ordinary Shares (being 15% if the Ordinary Shares remain listed on GEM or 25% if the Ordinary Shares then become listed on the Main Board of the Stock Exchange) immediately upon completion of the Second Round Placement (assuming no conversion of the Convertible Bonds) and after conversion of the Preference Shares (whether before or after the conversion of the Convertible Bonds).

The Stock Exchange has indicated that should the Second Round Placement be completed and the Preference Shares be converted, it will closely monitor trading in the Company’s shares if less than 15% of the Ordinary Shares (if the Ordinary Shares remain listed on GEM) or the requisite minimum percentage of the Ordinary Shares (as required under the Rules Governing the Listing of Securities on the Stock Exchange if the Ordinary Shares are then listed on the Main Board) are held by the public. If the Stock Exchange comes to believe that a false

LETTER FROM THE BOARD

market exists or may exist in the trading in the Ordinary Shares, or there are too few Ordinary Shares in public hands to maintain an orderly market, then it may consider exercising its discretion to suspend trading in the Ordinary Shares until a sufficient level of public float is attained.

DILUTION EFFECT ON SHAREHOLDERS

In view of the potential dilution effect on existing Shareholders on exercise of conversion rights attaching to the Preference Shares, for so long as any of the Preference Shares are outstanding, the Company will keep Shareholders informed of the level of dilution and details of conversion as follows:

- (i) the Company will make a monthly announcement (the “Monthly Announcement”) on the GEM website on the first issue of the Preference Shares. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Preference Shares during the relevant month. If yes, details of the conversion(s), including the conversion date and number of new Ordinary Shares issued. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the outstanding principal amount of the Preference Shares after the conversion, if any;
 - (c) the total number of new Ordinary Shares issued pursuant to other transactions during the relevant month;
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (ii) in addition to the Monthly Announcement, if the cumulative amount of new Ordinary Shares issued pursuant to the conversion of the Preference Shares reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Preference Shares (and thereafter in a multiple of such 5% threshold), the Company will as soon as practicable but in any event no later than the fifth business day thereafter make an announcement on the GEM website including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Preference Shares, up to the date on which the total amount of Ordinary Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Preference Shares.

LETTER FROM THE BOARD

REASONS FOR THE SECOND ROUND PLACEMENT

The Group is principally engaged in the trading of surface mount technology assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services; 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; and investment holding. The Group ceased its steel trading operations after August 2007.

Since the Ajia Parties became the new controlling Shareholders in August 2005, the Company has embarked on an active investment programme to broaden the business focus of the Group. New capital in the amount of approximately HK\$1,280.4 million was raised through the First Round Placement to fund such investment initiatives. So far, the Group has completed three investments: (i) the acquisition of the entire equity interests in Amtec Group and AIP, which are principally engaged in the business of trading of surface mount technology assembly equipment, machinery and spare parts and the provision of related installation, training, repair and maintenance services; (ii) the acquisition of a 40% interest in the Coland Group which is principally engaged in the processing and sale of fishmeal, refining and sale of fish oil, the manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; and (iii) the acquisition of the operation right to develop and operate Burger King restaurants in Hong Kong and Macau. These investments, together with the working capital requirements of the Group, have utilized approximately 54.0% of the fund raised from the First Round Placement. As the Company will continue to seek for investment targets in accordance with its investment strategy and policy, the Directors consider it appropriate to raise additional capital and strengthen its financial capability to meet its future investment needs by way of the Second Round Placement.

As disclosed in the announcement of the Company dated 24th July 2007, the Company had signed a letter of intent with an Independent Third Party relating to a potential acquisition of interest in an industrial conglomerate in North Asia. Since then, due diligence work on this investment target was commenced but was subsequently ceased and the letter of intent has expired. The Group will continue to seek investment opportunities in profitable companies in North Asia with the aim to acquire strategic or controlling stakes in these companies. As at the Latest Practicable Date, the Company has not entered into any definitive agreements for investment in any targets. Should any investments materialise, the Company will comply with the relevant requirements of the GEM Listing Rules.

The New Preference Shares will be accounted for as equity instruments of the Company in accordance with applicable accounting standards. The proceeds from the Second Round Placement, which amount to approximately HK\$992.7 million (or approximately HK\$984.7 million after deducting related expenses), are intended to be used for future investment and working capital purposes. The Company has not yet decided on the exact apportionment of the proceeds between future investment and working capital, but the Board expects that the bulk of the proceeds will be used for future investment.

LETTER FROM THE BOARD

WAIVER OF ADJUSTMENTS OF THE CONVERSION PRICE OF THE CONVERTIBLE BONDS AND THE CONVERSION RATIO OF THE EXISTING PREFERENCE SHARES

Pursuant to the instrument constituting the Convertible Bonds, the conversion price for the Convertible Bonds is subject to customary anti-dilution adjustments if certain events, which include, among other things, the issue by the Company of convertible securities, take place. Based on the terms of the Second Round Placement, the prevailing conversion price for the Convertible Bonds should be adjusted from HK\$0.1566 to HK\$0.0238 in accordance with the relevant provisions of the instrument constituting the Convertible Bonds as a result of the Second Round Placement. In order to avoid the potential dilution effect to the Independent Shareholders as a result of the downward adjustment to the conversion price of the Convertible Bonds and to have a consistent entry price for the investments in the Company by the Ajia Parties and the subscribers of the First Round Placement, the Ajia Parties and the Company will, subject to the approval by Independent Shareholders and the approval of the Second Round Placement at the Special General Meeting, enter into the Waiver Agreement before completion of the Second Round Placement to waive any requirement to adjust the conversion price of the Convertible Bonds arising from the Second Round Placement, including any subsequent conversion of the Existing Preference Shares into Ordinary Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Waiver Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the terms of the Existing Preference Shares, the conversion ratio for the Existing Preference Shares is also subject to customary anti-dilution adjustments if certain events, which include, among other things, the issue by the Company of convertible securities, take place. Based on the terms of the Second Round Placement, the prevailing conversion ratio for the Existing Preference Shares should be adjusted from one Existing Preference Share to one Ordinary Share to one Preference Share to 6.6 Ordinary Shares in accordance with the relevant terms of the Existing Preference Shares as a result of the Second Round Placement. In order to have a consistent conversion ratio for all the Preference Shares in issue and to be issued, the Company had convened a separate meeting of the holders of the Existing Preference Shares to consider a resolution to approve the Preference Shares Waiver. The Directors (including the independent non-executive Directors) consider that the terms of the Preference Shares Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION ON THE SECOND ROUND PLACEMENT AND THE WAIVER AGREEMENT

NASAC and Mr. Tsang hold approximately 46.1% and 21.1% respectively of the issued Ordinary Shares as at the Latest Practicable Date. The issued share capital of NASAC comprises 1 voting participating share and 49,999 non-voting participating shares, all with par value of US\$1 each. NASA holds the single voting participating share of NASAC. Mr. Malm, Mr.

LETTER FROM THE BOARD

Chow and Mr. Cheng hold 9.4%, 18.8% and 3.8% respectively of the non-voting participating shares of NASAC in issue as at the Latest Practicable Date. According to the memorandum of association of NASAC, the non-voting participating shareholders have no voting rights (save for matters affecting their class of shares only) and these shares cannot be converted into voting participating shares. NASA is a subsidiary of API. Mr. Tsang, Mr. Chow and their respective associates in aggregate hold controlling interest in API but none of the shareholders of API hold or control more than 30% of the equity interest in API.

By virtue of the interest of NASA and certain directors and chief executives of the Group in NASAC 2 and NASAC 3, the placement of New Preference Shares to NASAC 2 and NASAC 3 constitute connected transactions of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall also abstain from voting on the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting. Apart from them, no Shareholders or their respective associates have interests under the Subscription Agreements different from other Shareholders who should abstain from voting on the Subscription Agreements other than the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting.

The entering into the Waiver Agreement also constitutes a connected transaction for the Company under the GEM Listing Rules by virtue of Ajia Parties' controlling shareholding interest in the Company. Accordingly, the Waiver Agreement is subject to the approval of the Independent Shareholders by way of poll. Ajia Parties and their respective associates will abstain from voting on the resolution to be proposed at the Special General Meeting regarding the Waiver Agreement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak, has been constituted to give recommendations on the terms of the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options. Your attention is drawn to the recommendations of the Independent Board Committee set out in its letter on page 28 of this circular.

Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders on the terms of the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement. Your attention is drawn to the letter to the Independent Board Committee and Independent Shareholders from Access Capital set out on pages 29 to 46 of this circular.

LETTER FROM THE BOARD

THE GRANT OF OPTION

Reference is made to the circular of the Company dated 13th October 2006 in relation to, among other things, the adoption of the Scheme by Best Creation. On 21st June 2007, the Board proposed to, subject to Shareholders' approval, grant the Options to Mr. Wu to subscribe for an aggregate of 1,800,000 Best Creation Shares.

As at the Latest Practicable Date, there were a total of 60,000,000 Best Creation Shares in issue. The 1,800,000 Best Creation Shares to be allotted and issued upon the full exercise of the Options proposed to be granted to Mr. Wu represents 3.0% of the total issued share capital of Best Creation and 2.9% of the issued share capital of Best Creation as enlarged by the full exercise of the Options. Best Creation is a wholly-owned subsidiary of the Company and is an investment holding company holding 100% interest in Amtec and AIP. Mr. Wu is a director and the chief executive officer of Amtec. He has no shareholding interest in Best Creation as at the Latest Practicable Date.

Terms of the Grant of Options

(a) *Exercise price and basis and determination of the exercise price*

Under the terms of the Scheme, the exercise price of the Options will be a price determined by the board of directors of Best Creation (the "Best Creation Board"), provided that the exercise price in respect of a particular Option shall not be less than the nominal value of a Best Creation Share.

Based on the par value of the Best Creation Share of US\$1 each, the exercise price of each Option proposed to be granted to Mr. Wu is determined at US\$1 per Best Creation Share.

Should a separate listing of the Best Creation Shares on GEM, the Main Board or any other stock exchange be resolved by the Company and a formal application for such separate listing is lodged during the six-month period from the Grant of Options, the exercise price of the Options will be adjusted to a price not less than the issue price (if any) of Best Creation Shares in connection with such separate listing.

(b) *Vesting period and exercise period*

Upon acceptance of the Grant of Options by Mr. Wu, the Options will vest to Mr. Wu according to the following time schedule:

- (i) from 1st January 2008 to 31st December 2008, no Option will be vested;
- (ii) from 1st January 2009 to 31st December 2009, 50% of the Options will be vested;

LETTER FROM THE BOARD

- (iii) from 1st January 2010 to 31st December 2010, a further 25% of the Options will be vested; and
- (iv) from 1st January 2011 to 31st December 2011, the remaining 25% of the Options will be vested.

Vesting of Options will cease upon the termination of Mr. Wu's employment with the Group. The Options are exercisable upon vesting to Mr. Wu until they lapse pursuant to the Scheme. One Best Creation Share will be allotted to Mr. Wu for each one Option exercised by Mr. Wu pursuant to the Scheme.

(c) ***Performance targets***

There is no performance target that must be achieved before the Options can be exercised.

(d) ***Consideration***

A nominal consideration of HK\$1 is payable by Mr. Wu to Best Creation on the acceptance of the Grant of Options.

(e) ***Voting, dividend, transfer and other rights***

The Best Creation Shares to be allotted upon the exercise of the Options will not carry voting rights until completion of the registration of Mr. Wu as the holder thereof. Subject to the aforesaid, the Best Creation Shares allotted and issued on the exercise of the Options will be subject to the provisions of the articles of association of Best Creation and will rank *pari passu* with, and shall have the same voting right, dividend, transfer and other rights as the existing fully paid Best Creation Shares.

(f) ***Lapse of the Options***

If the employment of Mr. Wu with the Best Creation Group is ceased by reason of his death, ill-health or retirement in accordance with his employment contract, he (or his personal representative, as the case may be) may exercise the Options (to the extent they have become exercisable and have not already been exercised) in whole or in part in accordance with the Scheme within a period of 12 months following the date of such cessation.

If the employment of Mr. Wu with the Best Creation Group is ceased by reasons other than the aforesaid ones, the Options shall lapse on the date of such cessation and not be exercisable unless the Best Creation Board otherwise determines that the Options are still exercisable within a period as it may determine.

The Options will also lapse upon the occurrence of other circumstances as set out Scheme.

LETTER FROM THE BOARD

Reasons for the Grant of Options

Best Creation is the holding company of Amtec and AIP which are the major subsidiaries of the Group operating in the business of trading of surface mount technology assembly equipment, machinery and spare parts and the provision of related installation, training, repair and maintenance services. Mr. Wu possesses extensive experience in the surface mount technology related business and has been a director of Amtec since 1986. He is responsible for the management and business development of Amtec. The Board considers that the Grant of Options to Mr. Wu would serve as a recognition of and reward to Mr. Wu's contribution to the development and growth of the Best Creation Group and as incentive for his continuing contribution to the business of the Best Creation Group.

Listing Rules implications in respect of the Grant of Options

Since Mr. Wu will be entitled to subscribe for an aggregate of 1,800,000 Best Creation Shares (representing approximately 3% of the total issued share capital of Best Creation) pursuant to the Grant of Options according to the terms of the Scheme and Rule 23.03(4) of the GEM Listing Rules, the Grant of Options is subject to the approval by the Shareholders in the Special General Meeting. As at the Latest Practicable Date, Mr. Wu and his associates did not hold any Ordinary Shares. Unless Mr. Wu holds any Ordinary Shares at the date of the Special General Meeting, no Shareholder is required to abstain from voting on the resolution approving the Grant of Options at the Special General Meeting.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Bye-law 86(2) of the Bye-laws of the Company, the Directors have the power at any time and from time to time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board. Any Directors so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Messrs. Takeshi Kadota and Yu Wang Tak, who were appointed as Directors by the Board on 15th September 2007 and 1st November 2007 respectively, will retire at the Special General Meeting and will offer themselves for re-election.

Details of the above Directors that are required to be disclosed under the GEM Listing Rules are set out in Appendix I to this circular.

SPECIAL GENERAL MEETING

Set out in this circular is a notice convening the Special General Meeting to be held at 78th Floor, The Center, 99 Queen's Road Central, Hong Kong at 10:00 a.m. on Friday, 14th December 2007 at which resolutions will be proposed to approve the Second Round Placement, the Waiver Agreement, the Grant of Options and the re-election of the retiring Directors. The resolutions to approve the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement will be conducted by way of poll.

LETTER FROM THE BOARD

A form of proxy for use at the Special General Meeting is accompanying this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy and return it in accordance with the instructions printed thereon to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Second Round Placement, the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options are fair and reasonable and are on normal commercial terms, and that the Second Round Placement, the Waiver Agreement, the Grant of Options, and the re-election of the retiring Directors are in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of all the resolutions set out in the notice of the Special General Meeting contained in this circular.

Your attention is drawn to the letter of advice from Access Capital which contains its advice to the Independent Board Committee and the Independent Shareholders as regards the NASAC 2 Agreement, the NASAC 3 Agreement, and the Waiver Agreement set out on page 29 to 46 of this circular.

The Independent Board Committee, after considering the letter of advice from Access Capital, considers that the terms of the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the terms of the Grant of Options are fair and reasonable and the Grant of Options are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the Special General Meeting to approve the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options. Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on page 28 of this circular.

GENERAL

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

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

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

23rd November 2007

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 23rd November 2007 (the “Circular”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the terms of the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options, and to advise you as to whether, in our opinion, such terms are fair and reasonable so far as the Independent Shareholders are concerned, and whether the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options are in the interests of the Company and the Shareholders as a whole.

Access Capital has been appointed as the independent financial adviser to advise us and you regarding the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out in its letter on pages 29 to 46 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

Having considered the terms of the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement, the independent advice of Access Capital in relation thereto, we consider that the terms of the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement are in the interests of the Company and the Shareholders as a whole. We have also considered the terms of the Grant of Options and are of the view that the Grant of Options is fair and reasonable and the Grant of Options is in the interests of the Company and the Shareholders as a whole. On this basis, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Special General Meeting to approve the NASAC 2 Agreement, the NASAC 3 Agreement, the Waiver Agreement and the Grant of Options.

Yours faithfully,

Independent Board Committee

Philip Ma King Huen

Kenny Tam King Ching

Edgar Kwan Chi Ping

Yu Wang Tak

* *For identification purpose only*

LETTER FROM ACCESS CAPITAL

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Access Capital prepared for incorporation in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

23rd November 2007

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONNECTED TRANSACTIONS INVOLVING
(1) ISSUE OF NEW PREFERENCE SHARES TO NASAC 2 AND NASAC 3
AND
(2) THE WAIVER AGREEMENT**

I. INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders with regard to (i) the terms of NASAC 2 Agreement and NASAC 3 Agreement for the Second Round Placement pursuant to which, the Company has conditionally agreed to issue and NASAC 2 and NASAC 3 have conditionally agreed to subscribe for 98,502,618 and 58,210,000 New Preference Shares respectively at a subscription price of HK\$0.191 per New Preference Share (the “Subscription Price”); and (ii) the terms of the Waiver Agreement to be entered into between the Company and Ajia Parties, pursuant to which Ajia Parties shall agree to waive any requirement to adjust the conversion price of the Convertible Bonds, arising from the Second Round Placement, including any subsequent conversion of the Existing Preference Shares into Ordinary Shares.

LETTER FROM ACCESS CAPITAL

By virtue of the interest of NASA and the directors and chief executive of the Group in NASAC 2 and by virtue of the interest of NASA and the directors and management of Amtec Group (an investee company and a subsidiary of the Group) in NASAC 3, the transactions contemplated under the NASAC 2 Agreement and NASAC 3 Agreement constitute connected transactions for the Company under the GEM Listing Rules. Accordingly, the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall abstain from voting on the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting.

Apart from NASAC 2 and NASAC 3, no Shareholders or their respective associates have interests in the Second Round Placement different from other Shareholders who should abstain from voting on the Subscription Agreements at the Special General Meeting. The Subscription Agreements other than the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Shareholders.

Subject to the approval by the Independent Shareholders and the approval of the Second Round Placement at the Special General Meeting, the Company and the Ajia Parties shall enter into the Waiver Agreement before completion of the Second Round Placement. The transactions contemplated under the Waiver Agreement constitute a connected transaction for the Company under the GEM Listing Rules by virtue of Ajia Parties' controlling shareholding interest in the Company. The Waiver Agreement is subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall abstain from voting on the Waiver Agreement at the Special General Meeting.

Details of the Second Round Placement and the Waiver Agreement are contained in the "Letter from the Board" in the circular to the Shareholders dated 23rd November 2007 (the "Circular"), of which this letter forms part. Terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise specifies.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of four executive Directors, namely Mr. Göran Sture Malm (Chairman), Mr. Henry Cho Kim (Deputy Chairman), Mr. Savio Chow Sing Nam (Chief Executive Officer) and Mr. Andrew Yao Cho Fai, one non-executive Director Mr. Takeshi Kadota and four independent non-executive Directors, Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak.

LETTER FROM ACCESS CAPITAL

The Independent Board Committee comprising all the independent non-executive Directors, Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak, has been established to advise the Independent Shareholders as to whether the NASAC 2 Agreement, NASAC 3 Agreement and the Waiver Agreement are entered into on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and whether the terms of (i) the NASAC 2 Agreement, the NASAC 3 Agreement (which form part of the Subscription Agreements), as well as (ii) the Waiver Agreement, are fair and reasonable so far as the Independent Shareholders are concerned.

We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this respect and to give our opinion in relation to the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. BASES AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background to the Second Round Placement

1.1 Continuing business diversification

The Group is principally engaged in the trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services; 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; and investment holding.

Since the Ajia Parties became the controlling Shareholders of the Company in August 2005, the Company has embarked on an active investment programme to broaden the business focus of the Group. New capital in the amount of approximately HK\$1,280.4 million was raised through the First Round Placement to fund such investment initiatives. To date, the Group has completed three investments: (i) the acquisition of the entire equity interests in Amtec Group and AIP which are principally engaged in the business of trading of SMT assembly equipment, machinery and spare parts and the provision of related installation, training, repair and maintenance services; (ii) the acquisition of a 40% interest in the Coland Group which is principally engaged in the 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; and (iii) the acquisition of the operation right to develop and operate Burger King restaurants in Hong Kong and Macau.

LETTER FROM ACCESS CAPITAL

1.2 *Financial performance*

The above investments have been completed in the second half of the financial year of 2007. Set out below are the highlights of the Group's operating results for the two years ended 31st March 2007 extracted from the Company's annual reports for the respective years and the interim results for the six months periods ended 30th September 2006 and 30th September 2007 extracted from the Company's interim reports for the respective periods.

	For the year ended 31st March				For the six months period ended 30th September			
	2007		2006		2007		2006	
	HK\$'000		HK\$'000		HK\$'000		HK\$'000	
	(Audited)		(Audited)		(Unaudited)		(Unaudited)	
	Segment		Segment		Segment		Segment	
	Revenue	results	Revenue	results	Revenue	results	Revenue	results
SMT trading	394,023	17,746	—	—	488,069	(6,136)	34,633	532
Fishmeal and fish oil	101,503	2,876	—	—	178,179	(20,338)	—	—
Steel trading and procurement services	63,801	(963)	359,948	(1,861)	4,514	(3,003)	51,798	(829)
Investment holding	—	(24,095)	—	(9,577)	—	2,168	—	29,508
Total	559,327	(4,436)	359,948	(11,438)	670,762	(27,309)	86,431	29,211
Profit/(Loss) before tax		69,736		(16,995)		(35,211)		25,091
Profit/(Loss) attributable to equity holders of the Company		66,747		(11,988)		(28,975)		25,211

According to the Company's annual report 2006/07, the Group's steel trading and procurement services division continued to operate in a difficult environment and a loss of approximately HK\$0.6 million was recorded. This operation continued to make losses due to high price volatility of nickel, which is a major material for making stainless steel. The Group ceased this line of operation after August 2007.

1.3 *Investment thesis and philosophy*

The Directors continue to believe that North Asia provides an excellent investment environment as the region covers some of the World's fastest growing economies (i.e. the People's Republic of China, South Korea, Hong Kong, Macau, Taiwan and Japan). The Directors believe that the universe of middle-market companies in North Asia is greater than that of other more developed regions, and yet the amount of private equity dedicated to this sector of the North Asian economy is proportionally low. Against this background, the Directors believe that the North Asia region is rich in investment opportunities that involve undervalued companies as well as motivated sellers.

The Company is focused on investing in middle-market listed and unlisted companies in the industrial, consumer products, telecommunications, media and technology sectors. The Company utilizes its extensive network and close relationships with major institutions and associates across North Asia, leverages their respective regional acquisition and investment experience, and develops and executes investment transaction flow. After securing control over its investment targets, the Company seeks to implement measures in those targets to unlock any hidden value or potential (e.g. branding, market coverage and output efficiency) and improve the targets' profitability.

The Company plans to seek multiple exit opportunities for its investment portfolio through one or more avenues such as dividend payments, primary and secondary equity offerings or market sales, trade sales or sales to strategic buyers, or refinancing and payment of special dividends.

1.4 Need to seek new long-term capital for further investments

New capital in the amount of approximately HK\$1,280.4 million was raised through the First Round Placement. Pursuant to the respective subscription agreements of the First Round Placement, the remaining quarter of the subscription monies (approximately HK\$320.1 million) would be received by the Company on 28th February 2009 unless a call for payment is made by the Company on an earlier date in accordance with the terms of the Existing Preference Shares.

The three investments referred to above (see paragraph 1.1 Continuing business diversification) together with the working capital requirements of the Group, have utilized approximately 54.0% of the funds raised from the First Round Placement. As the Company continues to seek investment targets in accordance with its investment strategy and policy, the Directors consider it appropriate to identify opportunities to raise further additional capital and strengthen its financial capability to meet the Company's future investment needs by way of the Second Round Placement.

LETTER FROM ACCESS CAPITAL

The Group continues actively to seek investment opportunities in profitable companies in North Asia with the aim to acquire a strategic or controlling stake in these companies. As disclosed in the announcement of the Company dated 24th July 2007, the Company signed a letter of intent with an Independent Third Party relating to a potential acquisition of an interest in an industrial conglomerate in North Asia. Since then, due diligence work on this potential investment target was commenced but was subsequently ceased and the letter of intent has expired. As at the Latest Practicable Date, the Company has not entered into any definitive agreements for investment in any other targets. Should any investments materialize, the Company will comply with the relevant requirements of the GEM Listing Rules.

In light of the above, the Board is of the view that the Company should raise additional capital and strengthen its financial capability to allow it to make future investments if, as and when suitable opportunities arise. Although the Company has not yet decided on the exact apportionment of the proceeds between future investments and working capital, the Board expects that the bulk of the proceeds will be used for future investments.

The aggregate proceeds from the Second Round Placement of approximately HK\$992.7 million (or approximately HK\$984.7 million after deducting related expenses) are intended to be used for working capital purposes and for future investments thereby allowing the Company to be in a position to capture sizeable investment opportunities and implement its long-term diversification and growth strategy as mentioned above. In addition, the Second Round Placement will allow the Company to gain further long-term international institutional investors (including the Anchor Investors), which will not only strengthen the financial capabilities of the Company, but also broaden, diversify and strengthen its shareholder base.

2. Reasons for, and benefits of, the Second Round Placement

2.1 The Second Round Placement

Given the thin trading of GEM Board securities and the Company's relatively small size and market capitalisation of only approximately HK\$129.6 million as at the Latest Practicable Date, the Board considers it unlikely that the Company would be able to raise large sums of new long-term capital (proceeds from the Second Round Placement of approximately HK\$992.7 million represents approximately 80.6% of the Company's shareholders' funds as at 31st March 2007) through a traditional "best efforts" basis or

LETTER FROM ACCESS CAPITAL

underwritten equity placement or a rights issue. In addition, the Directors believe that it would be difficult for the Company, being an investment holding company with minimal fixed assets held, to secure bank borrowings.

From the perspective of the Shareholders, the Second Round Placement represents a unique opportunity for the Company to significantly increase its capital base (an increase of 80.6% as at the Latest Practicable Date), which provides the Company with the additional resources to build its business and make further investments and acquisitions to the benefit of the Company and all the Shareholders. The Directors (including the independent non-executive Directors) are not aware of any other alternative proposal, nor can they reasonably foresee (in the near-to-medium term) any alternative avenues through which the Company can secure a similar amount of long-term funding contemplated under the Second Round Placement.

Aggregate proceeds from the commitments under the Second Round Placement amounting to approximately HK\$992.7 million (or approximately HK\$984.7 million after deducting placement fees and related expenses) are intended to be used for both future investments and working capital purposes, which is in line with the Company's diversification and growth strategy of actively seeking investment opportunities in profitable companies in North Asia with the aim to acquire a strategic or controlling stake in these companies.

Finally, the Board considers that the Placees (other than NASAC 2 and NASAC 3) will further broaden the institutional shareholder base of the Company and the Board is positive that their involvement, together with that of the existing institutional shareholders in the Company will give rise to further and continuing institutional investor interest and investment in the Company.

Taking into account the reasons for the Second Round Placement set out in this section, we concur with the view of the Directors and believe that the entering into of the Subscription Agreements is justifiable, in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

2.2 *The NASAC 2 Agreement and the NASAC 3 Agreement*

NASAC 2 and NASAC 3 are among the 17 Placees in the Second Round Placement, and as such the NASAC 2 Agreement and the NASAC 3 Agreement form part of the Subscription Agreements. Terms of the Subscription Agreements are set out in the "Letter from the Board" in the Circular.

LETTER FROM ACCESS CAPITAL

However, by virtue of the fact that NASAC 2 and NASAC 3 are connected persons as defined under the GEM Listing Rules, the entering into of the NASAC 2 Agreement and the NASAC 3 Agreement by the Company constitute connected transactions for the Company and subject to Independent Shareholders' approval at the Special General Meeting.

The number of New Preference Shares to be subscribed under the NASAC 2 Agreement and the NASAC 3 Agreement will be 98,502,618 (representing a subscription amount of approximately HK\$18.8 million) and 58,210,000 (representing a subscription amount of approximately HK\$11.1 million) respectively, being approximately 1.9% and 1.1% respectively of the total commitment amount procured under the Subscription Agreements.

As regards the participation of NASAC 2 in the Second Round Placement, we understand from the Directors that certain Placees (other than NASAC 2 and NASAC 3) have indicated that their investment is contingent upon a number of the directors, and individuals involved with the management, of the Company and NASA being to participate in the Second Round Placement in order to demonstrate their commitments and confidence. We were advised following consultation with independent third party reputable world-class institutional investors that it is common and investment fund industry market practice, for certain key directors and management of a given investment fund to be given the right to co-invest along with any procured third party investors, to ensure that the interest of the sponsors and managers of the fund are aligned with those of the third party investors (in this case, the Placees, other than NASAC 2 and NASAC 3).

Placees of the First Round Placement recognized the importance of NASA's participation in the Company's fund raising exercise. Shareholders are reminded that the engagement of NASA pursuant to the terms of the Services Agreement was also a condition precedent for the completion of the First Round Placement. We understand that this condition precedent was designed to provide comfort to the placees in the First Round Placement that, notwithstanding the potential dilution of NASAC's shareholding in the Company following the conversion of the Existing Preference Shares, the Company (and the funds invested therein by the Placees) will continue to be serviced and advised by NASA, and that NASA will continue to be remunerated and incentivised, so as to deliver performance to the Company.

LETTER FROM ACCESS CAPITAL

In assessing the terms of the Subscription Agreements, the Board considers it imperative to take into account the above mentioned perspective of the Placees, other than NASAC 2 and NASAC 3, who are potential holders of the new Ordinary Shares. As the New Preference Shares are not redeemable but can participate in the future profitability (or otherwise) of the Company, they share in the future profitability of the Company on a pro-rata basis with the Shareholders. As such, the Placees' interest in the Company aligns directly with that of the Shareholders.

As regards the participation of NASAC 3 in the Second Round Placement, the shareholders of NASAC 3 comprise a director, and managers of subsidiaries in China, of Amtec Group (an investee company and subsidiary of the Company). In addition to the regular salary and annual bonus payments that such individuals receive, they are also eligible to participate in the share option scheme of the Company dated 10th June 2002 (the "2002 Scheme"). The 2002 Scheme is to provide incentives for participants to contribute to the Group and/or to enable the Company to recruit and/or to retain high caliber employees and attract human resources that are valuable to the Group.

However, given (i) the restrictions on the strike price (determined by reference to the market price of the Ordinary Shares underlying the options at the date of grant of the share options) for share options granted under such 2002 Scheme; (ii) the fact that the current market price for the Ordinary Shares is considerably higher than the net asset value ("NAV") per Ordinary Share (derived from the audited consolidated NAV extracted from the Company's annual report 2006/07); and (iii) the Board considers that the current market price of the Ordinary Shares does not fairly represent the fundamentals and underlying asset value of the Company, the grant of share options by the Company under the 2002 Scheme would, the Directors believe, provide little incentive for the such individual participants.

As at 30th September 2007, no share options have been granted by the Company pursuant to the 2002 Scheme.

Therefore, the Directors believe that giving such individuals the right to co-invest along with the other Placees will more effectively incentivise such individuals to perform and to show commitment to and faith in the Company and its investments thereby aligning their interests with those of the third party investors (in this case, the Placees, other than NASAC 2 and NASAC 3).

LETTER FROM ACCESS CAPITAL

Taking into account the background to, and the reasons for entering into, the NASAC 2 Agreement and the NASAC 3 Agreement, as described in the above paragraphs, and the minimal percentage of the New Preference Shares to be subscribed by NASAC 2 and NASAC 3 of the total commitment under the Subscription Agreements, we concur with the view of the Directors and believe that the entering into the NASAC 2 Agreement and the NASAC 3 Agreement (which form part of the Subscription Agreements) is justifiable and in the interests of the Company and the Shareholders as a whole. We also consider that the entering into the NASAC 2 Agreement and the NASAC 3 Agreement is in the ordinary course of business of the Company.

3. The New Preference Shares

We have discussed with the Company and have considered the principal terms of the New Preference Shares when performing our assessment of the terms of the NASAC 2 Agreement and the NASAC 3 Agreement.

3.1 General

The principal terms of the New Preference Shares and the rights and restrictions are set out in the “Letter from the Board” in the Circular.

The New Preference Shares and the Existing Preference Shares are securities within the same class and are non-redeemable. Shareholders should also note that the New Preference Shares will not be listed, and as such, they will not be readily tradable until such time that the New Preference Shares are automatically converted into the Ordinary Shares, upon migration of the Company’s listing from the GEM Board to the Main Board, or on 28th February 2010, which ever occurs earlier.

3.2 Subscription price of the New Preference Shares

As stated in the “Letter from the Board”, the Subscription Price was determined after arm’s length negotiations between the Company and the Placees with reference to the subscription price for the First Round Placement.

The Subscription Price represents:

- (i) a discount of approximately 86.4% to the closing price of HK\$1.4 per Ordinary Share on the Last Trading Day;

LETTER FROM ACCESS CAPITAL

- (ii) a discount of approximately 87.9% to the average closing price of the Ordinary Shares of HK\$1.577 for the ten consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 28.3% over the audited NAV per issued share of HK\$0.1489 as at 31st March 2007 (calculated based on the audited consolidated net assets of the Group of approximately HK\$1,231.3 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 31st March 2007);
- (iv) a premium of approximately 97.7% over the audited net tangible asset value per issued share of HK\$0.0966 as at 31st March 2007 (calculated based on the audited consolidated net tangible assets of the Group of approximately HK\$799.1 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 31st March 2007);
- (v) a premium of approximately 30.9% over the unaudited NAV per issued share of HK\$0.1459 as at 30th September 2007 (calculated based on the unaudited consolidated NAV of the Group of approximately HK\$1,206.9 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 30th September 2007);
- (vi) a premium of approximately 102.5% over the unaudited net tangible asset value per issued share of HK\$0.0943 as at 30th September 2007 (calculated based on the unaudited consolidated net tangible assets of the Group of approximately HK\$780.1 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 30th September 2007); and
- (vii) a premium of approximately 22.0% over the subscription price for the Existing Preference Shares of HK\$0.1566 per Existing Preference Share under the First Round Placement.

As set out in the “Letter from the Board” in the Circular, notwithstanding that the Directors do not consider a formal valuation of the shares of the Company is necessary, the Directors also consider that the current market price of the Ordinary Shares is not relevant in determining the Subscription Price given the fact that the New Preference Shares and the Ordinary Shares

LETTER FROM ACCESS CAPITAL

are two different classes of securities and carry different rights and are subject to different restrictions.

The following table sets out the total monthly volume of Ordinary Shares traded, the average daily trading volume, the relative value as a percentage of the total issued share capital for the six months period prior to and including the Last Trading Day (“Review Period”).

Month/Period	Total trading volume <i>(Shares)</i>	Average daily trading volume <i>(Shares)</i>	Percentage of total trading volume to total issued share capital <i>(Note)</i> <i>(%)</i>
2007			
May	6,406,692	305,081	0.32
June	4,210,284	210,514	0.22
July	1,717,208	81,772	0.09
August	1,759,160	76,485	0.08
September	308,003	16,211	0.02
1 October to the Last Trading Day	708,951	54,535	0.06

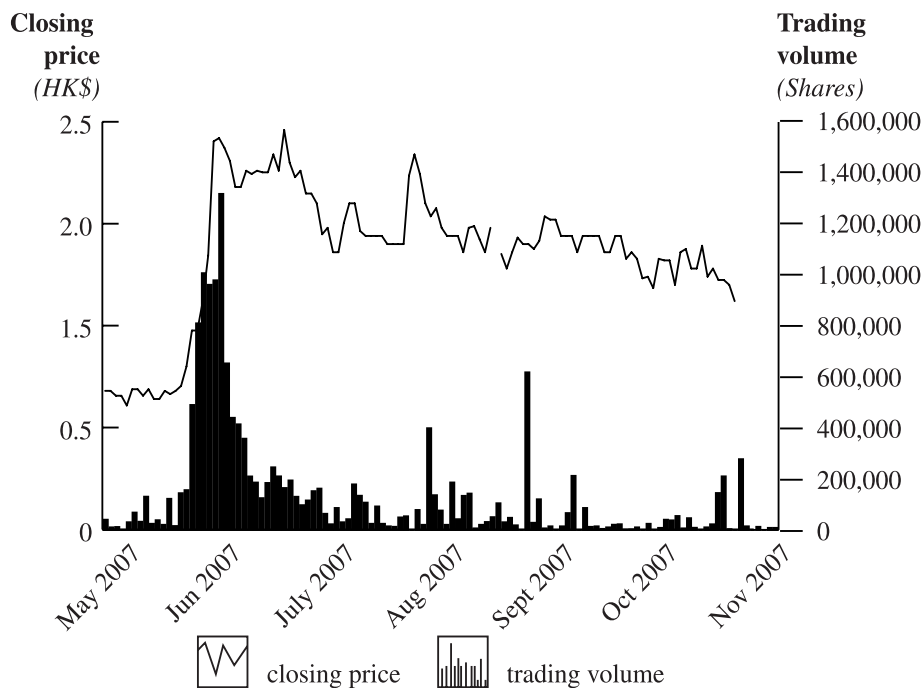
Source: Bloomberg

Note: Based on 95,794,716 Ordinary Shares in issue as at the Latest Practicable Date

It is important to note that (i) the Ordinary Shares are thinly traded in the market and there has been little trading volume of the Ordinary Shares during the Review Period. The average daily trading volume of Ordinary Shares during the Review Period ranged from a low of 16,211 Ordinary Shares in September 2007 and a high of 305,081 Ordinary Shares in May 2007 representing 0.02% and 0.32% respectively of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) the investments of the Group committed after the First Round Placement have not been fully reflected in the Group’s results so effectively there has been no significant change in the underlying business of the Group, as further described below.

LETTER FROM ACCESS CAPITAL

The following chart illustrates the daily turnover and the closing prices of the Ordinary Shares on the Stock Exchange for the Review Period.



Source: Bloomberg

As reviewed from the above chart, during the Review Period, the closing price of the Ordinary Shares recorded its lowest level at HK\$0.8 in mid-May 2006 and started to pick up to the highest level at HK\$2.45 on 20th June 2007. As such, given the trading volatility of the Ordinary Shares, their thin trading volume and the Company's operating performance in recent years, we concur with the Directors' view that the current market price of the Ordinary Shares does not entirely reflect the value of the underlying business of the Company.

The Directors also consider that the premium represented by the Subscription Price over the subscription price for the Existing Preference Shares under the First Round Placement reflects the shorter conversion period as well as the value of the investments undertaken by the Group since the First Round Placement. Despite the discount represented by the Subscription Price to the prevailing market price of the Ordinary Shares, given the non-redeemable and unlisted features of the New Preference Shares and the premium represented by the Subscription Price over the NAV per issued share and net tangible asset per issued share as at 31st March 2007 and 30th September 2007, the Directors consider that the issue of the New Preference Shares at the Subscription Price of HK\$0.191 each to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM ACCESS CAPITAL

As discussed with the Directors, the conversion price for Convertible Bonds to Ajia Parties in 20th June 2005 and the subscription price for the Existing Preference Shares, were determined and set with reference to the NAV of the then Group as at 31st December 2004, less allowances for expenses. The Subscription Price was determined based on arm's length negotiations with the investors, with reference to the NAV of the Group as at 31st March 2007, the lock up period for the New Preference Shares until 28th February 2010, taking into account the shorter conversion period for the New Preference Shares (compared with the Existing Preference Shares) and the value of the investments undertaken since the First Round Placement. The Directors believe that this determination is still one of the fair and reasonable bases applicable (with reference in the case of the Second Round Placement to the NAV of the Company as at 31st March 2007) for determining the Subscription Price given that the investments of the Group committed after the First Round Placement have not been fully reflected in the Group's financial results as disclosed in the Company's Annual Report 2006/07.

On this basis, the factors as discussed in this section and the fact that the New Preference Shares and the Ordinary Shares are two different classes of securities, we concur with the Board's view that it is inappropriate to make reference to the prevailing market price of the Ordinary Shares in the determination of the Subscription Price and are of the view that the basis of determination of the Subscription Price is reasonable. Given the non-redeemable and unlisted features of the New Preference Shares and the premium represented by the Subscription Price over the NAV per Ordinary Share and net tangible asset per Ordinary Share as at 31st March 2007 and 30th September 2007, we are of the view that the Subscription Price is fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole.

3.3 *Subscription Price payment terms*

The Subscription Price shall be payable in cash by the Placees in three equal installments details of which are set out in the "Letter from the Board" in this Circular.

Given that the Company can call for payment of the outstanding subscription monies whenever it requires, we are of the view that the payment arrangements for the subscription monies is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.4 Commitment of the Placees under the Second Round Placement

We understand from the Company that, save for the New Preference Shares to be placed to NASAC 2 and NASAC 3 under the NASAC 2 Agreement and the NASAC 3 Agreement respectively, the New Preference Shares will be placed to other Placees, who are not connected persons. As such, these Placees are in essence long-term investors in the Company. The commitment secured under the Second Round Placement of approximately HK\$992.7 million represents some 80.6% of the Company's shareholders' funds as at 31st March 2007, and as such the Second Round Placement upon completion would significantly enhance the Company's financial capabilities and ability to make future investment.

Shareholders should also note that the New Preference Shares do not carry with them voting rights (save as to specific events as described in the "Letter from the Board") and holders of the New Preference Shares have no right to nominate directors to the Board. The Board considers that the concessions with respect to voting rights and board representation demonstrate the Placees' confidence in the prospects of the Company under the Second Round Placement. In addition, the Board also considers that (taking into consideration the illiquid nature of the Preference Shares, and the payment by installments of the New Preference Shares over a period of 3 years) it would not be practicable and administratively feasible to offer New Preference Shares to all Shareholders. In this regard and taking into account our analysis on the Subscription Price, payment arrangements, non-redeemable and unlisted features of the Preference Shares, we are of the view that, notwithstanding the Independent Shareholders' holdings in the Company could be reduced from approximately 28.4% to approximately 0.2% upon full conversion of the Convertible Bonds, the Existing Preference Shares and the issuance of the New Preference Shares to the Placees, the terms of the Subscription Agreements are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4. The Waiver Agreement

According to the terms of the Convertible Bonds, adjustments to the conversion price are allowed in circumstances where the Company issues wholly for cash any securities, which are convertible into or exchangeable for or carry rights of subscription of additional Shares. As such, in the case of the Second Round Placement, the conversion price of the Convertible Bonds would need to be adjusted downwards from HK\$0.1566 per Ordinary Share to HK\$0.0257 per Ordinary Share. The Company and Ajia Parties have agreed to enter into the

LETTER FROM ACCESS CAPITAL

Waiver Agreement pursuant to which any requirement to adjust the conversion price of the Convertible Bonds arising from the Second Round Placement, including any subsequent conversion of the Existing Preference Shares into Ordinary Shares of the Company shall be waived.

The Board is of the view that this Waiver Agreement will help the Company in executing the Second Round Placement. The Directors have agreed that this is a one time waiver for the purposes of facilitating the Second Round Placement. The Waiver Agreement is a one-time voluntary waiver agreement signed by the Convertible Bond holders (namely Ajia Parties) which both facilitates the Second Round Placement and serves to minimize any additional potential dilution to the Independent Shareholders, as well as ensures that there is a consistent entry price between Ajia Parties and the Placees.

Taking into account the reasons for, and the benefits of, the Second Round Placement as set out in paragraph 2 above, we concur with the Directors' view that the terms of the Waiver Agreement are fair and reasonable and the Waiver Agreement is in the interests of the Company and the Shareholders as a whole.

V. RECOMMENDATION

In making our recommendation we have considered the above principal factors and, in particular, taken into account of the following:

- (i) the background to the Second Round Placement;
- (ii) the underlying rationale for the NASAC 2 Agreement, NASAC 3 Agreement and the Waiver Agreement;
- (iii) the current financial position of the Group and the priority to raise new capital to fund future investments in pursuit of the investment objectives and programme of the Group;
- (iv) the terms of the Second Round Placement and the amount of cash to be raised upon the completion of the Subscription Agreements, which would significantly enhance the financial position and capabilities of the Group; and
- (v) the reasons and the need for Convertible Bonds holders to waive the conversion price adjustment of the Convertible Bonds to allow for a consistent entry price of investment in the Company between Ajia Parties and the Placees.

In reaching our opinion, we concur with the Board that the Second Round Placement represents a unique opportunity for the Company to raise a significant amount of long-term capital to fund its future investments.

LETTER FROM ACCESS CAPITAL

In summary, and after taking into account the factors and reasons mentioned in this letter and based on the information provided and the representations made to us, we consider the entering into the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement is in the ordinary course of business of the Company and the terms of the NASAC 2 Agreement, the NASAC 3 Agreement (which form part of the Subscription Agreements) and the Waiver Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, as well as in the interests of the Company and Shareholders as a whole. In this regard, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution(s), which will be proposed at the Special General Meeting to approve the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement.

However, as with all investment management activities, there is always an inherent risk that the underlying investments may not perform. Independent Shareholders should be aware of such risk and the possibility that the value of their existing investment in the Company may be eroded in the event of future poor financial performance of the Company. Accordingly, by voting for the above-mentioned relevant resolution(s), Independent Shareholders are implicitly accepting the above-mentioned inherent risk surrounding the future investments of the Company and are prepared to align their interest in the Company alongside with that of the Placees.

In reaching our conclusion, Independent Shareholders should note that we do not express any view or comment on the future prospects or the likely performance on the Company's existing or future investments.

Yours faithfully,
For and on behalf of
Access Capital Limited
Alexander Tai
Executive Director

Takeshi Kadota, Non-executive Director

Mr. Kadota, aged 60, joined the Company on 15th September 2007. Mr. Kadota has been engaged for more than 20 years in various capital market activities, including private equity investments. Mr. Kadota is currently retained to provide advisory services by Ajia Partners (Hong Kong) Limited. Prior to his retirement from Mitsubishi Corporation, Mr. Kadota acted as a senior vice president and division chief operating officer of its Financial Services Division which included private equity, real estate, M&A and venture capital. Mr. Kadota also served as president and chief executive officer of Mitsubishi Corporation Capital Ltd. Prior to this post, he served as a managing director of Mitsubishi Corporation Finance PLC, a Euro-based financial subsidiary of Mitsubishi Corporation. Mr. Kadota did not hold any directorship in any listed companies over the last three years.

Mr. Kadota is a visiting professor and lecturer in the field of business administration in the Interdisciplinary Graduate School of Science and Engineering, Tokyo Institute of Technology. He received his Bachelor degree in Laws from University of Tokyo and a Master degree in Business Administration from Stanford Graduate School of Business. Mr. Kadota did not hold any directorship in any listed companies over the last three years.

Pursuant to the letter of appointment entered into between Mr. Kadota and the Company, the term of office of Mr. Kadota is for a period of three years commencing on 15th September 2007 and is subject to retirement and re-election at the annual general meeting in accordance with the Company's Bye-laws. Mr. Kadota is entitled to a director's fee of HK\$192,000 per annum which was determined by the Board on the basis of his level of responsibilities and by reference to market benchmark.

Mr. Kadota is a member of the remuneration committee of the Company. He also holds directorships in certain companies controlled by Ajia Partners Inc., a substantial shareholder of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Kadota does not have any relationship with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company (within the meaning of the GEM Listing Rules) nor does he have any interest (within the meaning of Part XV of the SFO) in the shares of the Company.

Yu Wang Tak, Independent Non-Executive Director

Mr. Yu, aged 52, joined the Company on 1st November 2007. Mr. Yu is the Chairman of AsiaSoft Company Limited ("AsiaSoft"). Prior to AsiaSoft, Mr. Yu worked for Sun Microsystems, Inc. ("Sun") for 22 years, with the last executive position as the President of Sun for Greater China. Mr. Yu had also worked in various leadership positions of Sun, including the Head of Finance of Worldwide Field Operations. Prior to joining Sun in 1985, Mr. Yu held a variety of management positions for various companies, such as Apple Computer and Ford Motor Company.

Since 2000 for six years, Mr. Yu served as the Board of Directors of the Hong Kong Applied Science & Technology Research Institute Company Limited. He was both the founder and driver of Sun's Sunshine Education Charitable Fund. He was a Certified Internal Auditor and received his Bachelor of Science and Master of Business Administration degrees from University of California, Berkeley. Mr. Yu did not hold any directorship in any listed companies over the last three years.

Pursuant to the letter of appointment entered into between Mr. Yu and the Company, the term of office of Mr. Yu is for a period of three years commencing on 1st November 2007 and is subject to retirement and re-election at the annual general meeting in accordance with the Company's Bye-laws. Mr. Yu is entitled to a director's fee of HK\$192,000 per annum which was determined by the Board on the basis of his level of responsibilities and by reference to market benchmark.

Save as being a member of the audit committee and remuneration committee of the Company. Mr. Yu does not hold any position with the Company or any member of the Group. He does not have any relationship with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company (within the meaning of the GEM Listing Rules) nor does he have any interest (within the meaning of Part XV of the SFO) in the shares of the Company.

Save as disclosed above, the Directors believe that there is no other matter concerning the above retiring Directors that needs to be brought to the attention of the shareholders of the Company nor is there any information to be disclosed pursuant to the requirement of Rule 17.50(2) of the GEM Listing Rules.

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^(a) 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. The Preference Shares shall be automatically converted into Shares, credited as fully paid, at the conversion ratio of one Preference Share for one Ordinary 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 Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(b)	Note
Mr. Yao	Interest of controlled corporation	4,255,789	—	4,255,789	4.44%	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 of the Company 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 of the Company held by Huge Top;
 - (ii) a deemed interest in 1,633,676 shares of the Company owned by TN. Van Shung Chong (B.V.I.) Limited (“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. VSC BVI is a wholly-owned subsidiary of VSC of which Huge Top owns approximately 45.91%. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by TN; and
 - (iii) an interest in 1,024,000 shares of the Company 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 section “Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO” below.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or 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 the 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^(c) 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. The Preference Shares shall be automatically converted into Ordinary Shares, credited as fully paid, at the conversion ratio of one Preference Share for one Ordinary Share in accordance with the terms of the Preference Shares. Those underlying shares referred 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 ordinary 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 holders of Ordinary Shares)

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	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
				<u>208,248,863</u>	<u>217.39%</u>	
NASAC	Beneficial owner	44,163,474	88,326,947	132,490,421	138.31%	4
NASA	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4 & 5
API	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4 to 6

Substantial shareholders (interests related to holders of Existing Preference Shares)

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

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
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
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 Partners”)	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

APPENDIX II
GENERAL INFORMATION

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
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
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 Gironi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	16 & 17

APPENDIX II
GENERAL INFORMATION

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings^(d)	Note
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
Mr. Frederik Harold Fentener van Vlissingen	Beneficial owner	—	78,544,061	78,544,061	81.99%	
Rawlco Capital Ltd. (“Rawlco”)	Beneficial owner	—	49,553,001	49,553,001	51.73%	20
Mr. Gordon Stanley Rawlinson	Interests of controlled corporation	—	49,553,001	49,553,001	51.73%	20
UBS España, S.A. (“UBS”)	Nominee	—	128,441,377	128,441,377	134.08%	21
Ms. Angeles González Garcia	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Mr. Jorge Garcia González	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Sphirantes	Nominee	—	49,553,001	49,553,001	51.73%	21
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	21
Kobrither, S.A.	Nominee	—	14,865,900	14,865,900	15.52%	21
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	21

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Ramón Suarez Beltrán	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
Mr. Miguel Orúe-Echeverría	Beneficial owner	—	9,910,600	9,910,600	10.35%	21

Other persons (interests related to holders of Existing Preference Shares)

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Arcosilo, S.L.	Nominee	—	7,432,950	7,432,950	7.76%	21
Mr. Blanca Rueda Sabater	Interest of controlled corporation	—	7,432,950	7,432,950	7.76%	21
Mr. Fernando Rueda Sabater	Interest of controlled corporation	—	7,432,950	7,432,950	7.76%	21
Mr. Richardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	21

Substantial shareholders (interests related to holders of New Preference Shares)

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Approximate % of shareholdings ^(d)	Note
NNL	Nominee	—	2,041,884,817	2131.52%	22
Military Superannuation and Benefits Board of Trustees No 1	Trustee	—	2,041,884,817	2131.52%	22
C.L Davids Fond og Samling	Beneficial owner	—	1,061,780,105	1108.39%	
Realdania	Beneficial owner	—	408,376,963	426.30%	

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Approximate % of shareholdings ^(d)	Note
J.T. International Asset Management Corp.	Beneficial owner	—	245,026,178	255.78%	
Mozart Verwaltungsgesellschaft mbH (“Mozart”)	Beneficial owner	—	204,188,482	213.15%	23
Dr. Thomas Helmut Jetter	Interest of controlled corporation	—	204,188,482	213.15%	23
Bankpension	Beneficial owner	—	204,188,482	213.15%	
K.B. (C.I.) Nominees Limited (“KBCI”)	Beneficial owner	—	182,524,084	190.54%	24
Frank Nominees Limited (“Frank”)	Beneficial owner	—	104,495,497	109.08%	25
Kleinwort Benson (“KB”)	Interest of controlled corporation	—	287,019,581	299.62%	24 & 25
ALCO Beteiligungsgesellschaft mbH (“ALCO”)	Beneficial owner	—	122,513,089	127.89%	26
Albert Büll Kommanditgesellschaft (“ABK”)	Interest of controlled corporation	—	122,513,089	127.89%	26
Mr. Albert Henri Karl Büll	Interest of controlled corporation	—	122,513,089	127.89%	26
Wittelsbacher Ausgleichsfonds	Beneficial owner	—	122,513,089	127.89%	
NASAC 2	Beneficial owner	—	98,502,618	102.83%	27
GAUD Holding B.V. (“GAUD”)	Beneficial owner	—	81,675,393	85.26%	28
Ms. Dorothée Emma Margareta Goldschmeding	Interest of controlled corporation	—	81,675,393	85.26%	28

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Approximate % of shareholdings ^(d)	Note
Ms. Sabine Marie Antoinette Goldschmeding	Interest of controlled corporation	—	81,675,393	85.26%	28
Ms. Anna Petra Elisabeth Goldschmeding	Interest of controlled corporation	—	81,675,393	85.26%	28
Jajebi Holding B.V. (“Jajebi”)	Beneficial owner	—	68,062,822	71.05%	29
Mr. Jan van Seumeren	Interest of controlled corporation	—	68,062,822	71.05%	29
Latoer Holding B.V. (“Latoer”)	Beneficial owner	—	68,062,822	71.05%	30
Mr. Roderik Johannes Rolanda van Seumeren	Interest of controlled corporation	—	68,062,822	71.05%	30
NUI Holding B.V. (“NUI”)	Beneficial owner	—	68,062,822	71.05%	31
Mr. Patrick Jolyon van Seumeren	Interest of controlled corporation	—	68,062,822	71.05%	31
NASAC 3	Beneficial owner	—	58,210,000	60.77%	32
Fides Management Services Limited (“Fides”)	Nominee	—	57,172,775	59.68%	33
Mr. Willem Auke Hekstra	Beneficial owner	—	16,335,079	17.05%	33
Clover Three Investments Ltd. (“Clover”)	Beneficial owner	—	10,209,424	10.66%	33
Mr. Jan de Marez Oijens	Interest of controlled corporation	—	10,209,424	10.66%	33
Mr. Pieter de Marez Oijens	Interest of controlled corporation	—	10,209,424	10.66%	33

Name	Capacity	Number of Ordinary Shares held	Number of underlying shares held	Approximate % of shareholdings ^(d)	Note
Mr. Christopher McLeod	Beneficial owner	—	8,167,540	8.53%	33
Mr. Menno de Kuyer	Beneficial owner	—	6,125,654	6.39%	33
Mr. Martijn Sven van der Veen	Beneficial owner	—	6,125,654	6.39%	33
Mr. David Flemming	Beneficial owner	—	6,125,654	6.39%	33

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 the single ordinary voting share of each of NASAC 2 and NASAC 3, NASA was therefore deemed to be interested in 289,203,039 shares.
6. API is the controlling company of NASA which in turn controls 100% voting capital of each of NASAC, NASAC 2 and NASAC 3. API was therefore deemed to be interested in 289,203,039 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 “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures” 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 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.
21. 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.
22. These underlying shares were held by NNL, a nominee for Military Superannuation and Benefits Board of Trustees No 1 as a trustee for an Australian pension fund.
23. These underlying shares were held by Mozart, a company controlled by Dr. Thomas Helmut Jetter. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Mozart.
24. These underlying shares were held by KBCI, a company controlled by KB. Accordingly, KB was taken to be interested in these underlying shares under the SFO by virtue of its corporate interests in KBCI.
25. These underlying shares were held by Frank, a company controlled by KB. Accordingly, KB was taken to be interested in these underlying shares under the SFO by virtue of its corporate interests in Frank.
26. These underlying shares were held by ALCO, a company controlled by ABK which in turn controlled by Mr. Albert Henri Karl Büll. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in ALCO.
27. These underlying shares were held by NASAC 2. NASA controls 100% of the ordinary voting share capital of NASAC 2 and was therefore deemed to be interested in these underlying shares under the SFO by virtue of its corporate interests in NASAC 2.
28. These underlying shares were held by GAUD, a company controlled by Ms. Dorothée Emma Margareta Goldschmeding, Ms. Sabine Marie Antoinette Goldschmeding and Ms. Anna Petra Elisabeth Goldschmeding. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in GAUD.
29. These underlying shares were held by Jajebi, a company controlled by Mr. Jan van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Jajebi.
30. These underlying shares were held by Latoer, a company controlled by Mr. Roderik Johannes Rolanda van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Latoer.
31. These underlying shares were held by NUI, a company controlled by Mr. Patrick Jolyon van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in NUI.

32. These underlying shares were held by NASAC 3. NASA controls 100% of the ordinary voting share capital of NASAC 3 and was therefore deemed to be interested in these underlying shares under the SFO by virtue of its corporate interests in NASAC 3.
33. These underlying shares were held by Fides and beneficially owned by Mr. Willem Auke Hekstra, Clover, Mr. Christopher McLeod, Mr. Menno de Kuyer, Mr. Martijn Sven van der Veen, Mr. David Flemming and Mr. David Koker respectively. Clover was controlled by Messrs. Jan de Marez Oijens and Pieter de Marez Oijens. Accordingly, both were taken to be interested in these 10,209,424 underlying shares under the SFO by virtue of their interests in Clover.

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 and/or underlying shares of the Company 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 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 as at the Latest Practicable Date.

3. 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.

4. COMPETING INTERESTS

As at the Latest Practicable Date, 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.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Mr. Yao holds approximately 11.91% direct and 42.86% indirect interests in the issued share capital of Huge Top. Pursuant to a guarantee and indemnity dated 19th May 2005 between Huge Top, Mr. Yao, the Company and the Ajia Parties (the "Deed") entered into in connection with the subscription agreement dated 19th May 2005 between the Company, NASAC, Mr. Tsang and Huge Top (the "Ajia Parties Subscription Agreement"), Huge Top has given certain indemnities and undertaking in favour of the Company regarding the maintenance of the consolidated net asset value of the group of companies engaging in the steel trading business of the Group at a level equal to or exceeding HK\$5,000,000 after completion of the Ajia Parties Subscription Agreement. Details of the Deed have been set out in the announcement of the Company dated 19th May 2005 and the circular of the Company dated 20th June 2005.

NASA, a party to the Services Agreement, is a subsidiary of API. Mr. Cho and Mr. Chow each holds less than 20.0% and 10.0% equity interest in API respectively.

Save for the NASAC 2 Agreement, the Deed, the Services Agreement and the subscription agreement entered into between the Company and Timeless on 26th September 2005 in relation to the subscription by Timeless of 99,106,003 Preference Shares under the First Round Placement in which Mr. Cho is interested, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31st March 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st March 2007 (being the date to which the latest published audited financial statements of the Company were made up).

7. CONSENT

Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they respectively appear.

8. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has been named in this circular or has given its opinion, letter or advice which are contained in this circular:

Name	Qualification
Access Capital Limited	A licensed corporation under the SFO which engages in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities

As at the Latest Practicable Date, Access Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since 31st March 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. PROCEDURES FOR DEMANDING A POLL BY THE SHAREHOLDERS

Pursuant to bye-law 66 of the Bye-laws of the Company, at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or

- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right, or
- (e) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 78th Floor, The Center, 99 Queen's Road Central, Hong Kong from the date of this circular up to and including 14th December 2007 and at the Special General Meeting:

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) the annual reports of the Company for each of the two years ended 31st March 2006 and 2007;
- (c) the Subscription Agreements (including the NASAC 2 Agreement and the NASAC 3 Agreement);
- (d) the final draft of the Waiver Agreement;

- (e) the Scheme;
- (f) the Ajia Parties Subscription Agreement and the Deed as mentioned in the paragraph headed “Directors’ interests in contracts and assets” in this appendix of this circular; and
- (g) the Service Agreement.

11. GENERAL

The English texts of this circular shall prevail over their respective Chinese texts.

NOTICE OF THE SPECIAL GENERAL MEETING

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

NOTICE IS HEREBY GIVEN that a special general meeting of North Asia Strategic Holdings Limited (the “Company”) will be held at 78th Floor, The Center, 99 Queen’s Road Central, Hong Kong at 10:00 a.m. on Friday, 14th December 2007 for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTIONS

(1) “**THAT**

- (a) the 15 Subscription Agreements (as defined in the circular of which this notice forms part (the “**Circular**”), excluding the NASAC 2 Agreement (as defined in the Circular) and NASAC 3 Agreement (as defined in the Circular) entered into between the Company and 15 Placees (as defined in the Circular) excluding NASAC 2 (as defined in the Circular) and NASAC 3 (as defined in the Circular), pursuant to which the Company has conditionally agreed to issue, and the Placees have conditionally agreed to subscribe for, a total of 5,040,527,420 New Preference Shares (as defined in the Circular) at an issue price of HK\$0.191 per New Preference Share, subject to the conditions contained therein (copies of the Subscription Agreements excluding the NASAC 2 Agreement and the NASAC 3 Agreement having been produced to this meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified in all respects;
- (b) the directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Directors may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the 15 Subscription Agreements and to agree to such variations, amendments, supplements or waivers of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;
- (c) the Directors be and are hereby authorised to allot and issue a total of 5,040,527,420 New Preference Shares to the 15 Placees, pursuant to the terms of the 15 Subscription Agreements; and

* For identification purpose only

NOTICE OF THE SPECIAL GENERAL MEETING

(d) the Directors be and are hereby authorised to issue Conversion Shares (as defined in the Circular) pursuant to the terms of the 15 Subscription Agreements.”

(2) **“THAT**

(a) the NASAC 2 Agreement entered into between the Company and NASAC 2 pursuant to which the Company has conditionally agreed to issue and NASAC 2 has conditionally agreed to subscribe for 98,502,618 New Preference Shares at an issue price of HK\$0.191 per New Preference Share, subject to the conditions contained therein (a copy of the NASAC 2 Subscription Agreement having been produced to this meeting marked “B” and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified in all respects;

(b) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Directors may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the NASAC 2 Agreement and to agree to such variations, amendments, supplements or waivers of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;

(c) the Directors be and are hereby authorised to allot and issue 98,502,618 New Preference Shares to NASAC 2 pursuant to the terms of the NASAC 2 Agreement; and

(d) the Directors be and are hereby authorised to issue Conversion Shares pursuant to the terms of the NASAC 2 Agreement.”

Note: In order to comply with the GEM Listing Rules, resolution (2) will be taken on a poll and Ajia Parties (as defined in the Circular) and their respective associates shall abstain from voting on resolution (2).

(3) **“THAT**

(a) the NASAC 3 Agreement entered into between the Company and NASAC 3 pursuant to which the Company has conditionally agreed to issue and NASAC 3 has conditionally agreed to subscribe for 58,210,000 New Preference Shares at an issue price of HK\$0.191 per New Preference Share, subject to the conditions contained therein (a copy of the NASAC 3 Subscription Agreement having been produced to this meeting marked “C” and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified in all respects;

NOTICE OF THE SPECIAL GENERAL MEETING

- (b) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Directors may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the NASAC 3 Agreement and to agree to such variations, amendments, supplements or waivers of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;
- (c) the Directors be and are hereby authorised to allot and issue 58,210,000 New Preference Shares to NASAC 3 pursuant to the terms of the NASAC 3 Agreement; and
- (d) the Directors be and are hereby authorised to issue Conversion Shares pursuant to the terms of the NASAC 3 Agreement.”

Note: In order to comply with the GEM Listing Rules, resolution (3) will be taken on a poll and Ajia Parties and their respective associates shall abstain from voting on resolution (3).

- (4) “**THAT**, conditional upon the resolutions numbered (1) to (3) as set out in this notice being duly passed,
 - (a) the agreement (the “Waiver Agreement”) to be entered into between the Company, North Asia Strategic Acquisition Corp. and Mr. Moses Tsang Kwok Tai (substantially in the form of the draft having been produced to this meeting marked “D” and initialed by the chairman of the meeting for the purpose of identification), pursuant to which the parties would agree and consent to waive any requirement to adjust the conversion price of the Convertible Bonds (as defined in the Circular) arising from the issue of the New Preference Shares, including any subsequent conversion of the New Preference Shares into Ordinary Shares (as defined in the Circular), be and is hereby approved in all respects; and
 - (b) any two Directors or any one Director and the secretary of the Company be and are hereby authorised, in the name and on behalf of the Company, to execute and deliver the Waiver Agreement and to affix the common seal of the Company thereon, with such changes thereto as such authorised persons may approve, such approval to be conclusively evidenced by such authorised persons’ execution and delivery thereof.”

Note: In order to comply with the GEM Listing Rules, resolution (4) will be taken on a poll and Ajia Parties and their respective associates shall abstain from voting on resolution (4).

NOTICE OF THE SPECIAL GENERAL MEETING

- (5) “**THAT** the grant of options to Mr. Wu Man Fan, a director and the chief executive officer of American Tec Company Limited, a subsidiary of the Company, pursuant to the share option scheme of Best Creation Investments Limited (“**Best Creation**”) adopted by Best Creation on 31st October 2006 which would entitle him, upon full exercise thereof, to subscribe for an aggregate number of 1,800,000 shares of Best Creation, be and is hereby approved and the board of Directors (or an appointed committee thereof) be and is hereby authorized to do all such acts as may be necessary or expedient in order to give full effect to such grant of options.”
- (6) “**THAT** Mr. Takeshi Kadota be re-elected as Director.”
- (7) “**THAT** Mr. Yu Wang Tak be re-elected as Director.”

By Order of the Board
North Asia Strategic Holdings Limited
Savio Chow Sing Nam
Executive Director and Chief Executive Officer

Hong Kong, 23rd November 2007

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal
Place of Business in Hong Kong:*
78th Floor
The Center
99 Queen’s Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, this form of proxy, together with the relevant power of attorney or other authority (if any) under which it is signed (or a certified true copy thereof) must be deposited at the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting, as the case may be.
3. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the authority of the proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto. If more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.