THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, other registered institution in securities, 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 registered institution in securities 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)

VERY SUBSTANTIAL DISPOSAL
RELATING TO THE DISPOSAL OF
A JOINTLY-CONTROLLED ENTITY
AND
RE-ELECTION OF THE RETIRING DIRECTORS

Financial adviser to North Asia Strategic Holdings Limited

OPTIMA CAPITAL

Optima Capital Limited

A letter from the board of directors of North Asia Strategic Holdings Limited is set out on pages 4 to 13 of this circular.

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 Thursday, 8th July 2010 is set out on pages 99 to 100 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 of the Company, Computershare Hong Kong Investor Services Limited, at 17M 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*

22nd June 2010

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

CONTENTS

DEFINITIONS

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

"Agreement"	the sale and purchase agreement dated 30th April 2010 entered into between NASS and the Purchaser in relation to the Disposal
"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
"Balance Payment"	the balance payment of KRW69.3 billion (equivalent to approximately HK$450.5 million and 90% of the Consideration) payable by the Purchaser for the Sale Shares under the terms of the Agreement
"Board"	the board of Directors
"Business Day(s)"	any day(s) on which commercial banks are open for business in Hong Kong and Korea
"Closing"	the consummation of the Disposal contemplated by the Agreement
"Company"	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on GEM (stock code: 8080)
"Consideration"	the consideration for the Sale Shares of KRW77 billion (equivalent to approximately HK$500.5 million) pursuant to the Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares by NASS pursuant to the terms and conditions of the Agreement
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Initial Payment"	the initial payment of KRW7.7 billion (equivalent to approximately HK$50.0 million and 10% of the Consideration) payable by the Purchaser for the Sale Shares under the terms of the Agreement
"Korea"	the Republic of Korea
"Latest Practicable Date"	18th June 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"NASA"	North Asia Strategic Advisors, a company incorporated in the Cayman Islands and a subsidiary of API
"NASS"	North Asia Strategic (Singapore) Pte. Ltd., a company incorporated under the laws of Singapore and a wholly-owned subsidiary of the Company
"PET resin"	polyethylene terephthalate, the polymer resin raw materials used in synthetic fibers, beverage, food and other liquid containers
"PRC"	the People's Republic of China which, for the purpose of this circular, exclude Hong Kong, Macau and Taiwan
"Purchaser"	Samra Holdings Co., Ltd., a company incorporated under the laws of Korea
"Remaining Group"	the Company, its subsidiaries and jointly-controlled entities immediately upon completion of the Disposal
"Sale Shares"	2,699,347 issued redeemable convertible preferred shares of TKC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Special General Meeting"	the special general meeting of the Company convened to be held for the purpose of considering and, if thought fit, approving the Agreement and the re-election of the retiring Directors
"Shares"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TKC"	TK Chemical Corporation, a joint stock corporation established under the laws of Korea
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"KRW"	Korean Won, the lawful currency of Korea
"%"	per cent.

For illustration purposes, amounts denominated in KRW in this circular has been translated into HK$ at the exchange rate of KRW1,000 = HK$6.50 unless otherwise specified. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

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. Savio Chow Sing Nam *(Deputy Chairman)*
Mr. John Saliling *(Chief Executive Officer)*

Non-executive Directors:
Mr. Andrew Yao Cho Fai
Mr. Takeshi Kadota
Mr. Moses Tsang Kwok Tai
Mr. Henry Kim Cho

Independent non-executive Directors:
Mr. Philip Ma King Huen
Mr. Kenny Tam King Ching
Mr. Edgar Kwan Chi Ping
Mr. Yu Wang Tak

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

22nd June 2010

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
RELATING TO THE DISPOSAL OF
A JOINTLY-CONTROLLED ENTITY
AND
RE-ELECTION OF THE RETIRING DIRECTORS

INTRODUCTION

The Company announced on 4th May 2010 that NASS, a wholly-owned subsidiary of the Company, entered into the Agreement on 30th April 2010 with the Purchaser, pursuant to which NASS has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares for an aggregate cash consideration of KRW77 billion (equivalent to approximately HK$500.5 million). NASS acquired the Sale Shares in June 2008 at a consideration of KRW50 billion (equivalent to approximately HK$325.0 million).

* *For identification purpose only*

The Disposal contemplated under the Agreement constitutes a very substantial disposal of the Company under the GEM Listing Rules and is therefore subject to the approval by the Shareholders at the Special General Meeting. The purpose of this circular is to provide you with, among other things, (i) details of the Agreement; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Remaining Group; and (iv) the notice of the Special General Meeting.

THE AGREEMENT

Date

30th April 2010

Parties

(i) NASS, as vendor; and

(ii) Samra Holdings Co., Ltd., as purchaser.

To the best of the Directors' knowledge, information and belief after making reasonable enquiries, (i) the Purchaser is a company ultimately controlled, directly and indirectly through various affiliated companies, by Mr. Oh Heun Woo who is a director of TKC. Mr. Woo also controls, through various affiliated companies, SMT Chemical Co., Ltd. and TK Chemical Holdings Co., Ltd., which together hold 84.91% of all the issued common shares of TKC and 56.26% of all the issued shares (common shares and redeemable convertible preferred shares) of TKC. Apart from this, the Purchaser and its ultimate beneficial owners are otherwise third parties independent of the Company and its connected persons; and (ii) the Purchaser is engaged principally in investment holding.

Subject matter

Pursuant to the Agreement, NASS has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being 2,699,347 redeemable convertible preferred shares of TKC.

The Group completed the acquisition of the Sale Shares on 30th June 2008 and TKC has been accounted for as a jointly-controlled entity of the Group. The Sale Shares represent all the redeemable convertible preferred shares of TKC in issue and 33.74% of all the issued common shares and redeemable convertible preferred shares of TKC. The Sale Shares are convertible into common shares of TKC on a 1-to-1 basis upon the listing of TKC on Korea Exchange, Korean Securities Dealers Automated Quotations or any other reputable international stock exchange taking place with a market capitalisation of not less than KRW300 billion (equivalent to approximately HK$2.0 billion). The Sale Shares are redeemable at the request of NASS if the aforesaid listing does not take place within 36 months from the date of the purchase of the Sale Shares by NASS (i.e. by 30th June 2011) at a price which represents a yield of 20.5% compound per annum.

Consideration

The Consideration for the Sale Shares is KRW77 billion (equivalent to approximately HK$500.5 million), which has been or shall be satisfied by the Purchaser in cash in the following manner:

(i) on the third Business Day following the date on which the Purchaser received the notification from NASS that the Stock Exchange has been notified of the signing of the Agreement and the announcement in relation to the Disposal has been submitted to the Stock Exchange for review in accordance with the GEM Listing Rules, the Purchaser has paid the Initial Payment of KRW7.7 billion (equivalent to approximately HK$50.0 million and 10% of the Consideration) to NASS' bank account in Korea; and

(ii) the balance of the Consideration of KRW69.3 billion (equivalent to approximately HK$450.5 million), after withholding the securities transaction tax and corporate income tax on the capital gains (if any) payable by NASS to the relevant Korean tax authorities as a result of the Disposal, shall be payable by the Purchaser to an account designated in writing by NASS on the date of Closing.

The Consideration was determined after arm's length negotiations between the parties with reference to an estimated market capitalisation of TKC if it were to undergo an initial public offering. In determining the Consideration, the Directors have also taken into account the average trailing price-earnings multiples of other listed companies in Korea which are engaged in business similar to TKC.

The Company has researched the trading multiples of Korean companies listed in Korea which derive over 50% of sales from man-made fibre and/or PET production, or which are known market leaders in the segments that TKC operates in. Based on this selection criteria, the Company has identified five companies (the "Comparable Companies") and their price to earnings ratios ("PE ratio") are set out below:

Name of Comparable Companies (Stock code)	**PE ratio as at the date of the Agreement** *(Note 1)*
Hyosung Corporation (004800)	7.6
Kahee Co. Ltd. (030270)	4.0
Taekwang Industrial Co. Ltd. (003240)	1.8
Chonbang Co. Ltd. (000950)	5.4
Woongjin Chemical Co. Ltd. (008000)	51.6
Median	5.4
The Disposal	7.6 *(Note 2)*

Notes:

1. PE ratio of the Comparable Companies is calculated based on the closing price of the shares of the Comparable Companies as reported in Bloomberg and earnings per share according to the annual reports of the respective Comparable Companies.

2. PE ratio of the Disposal is calculated based on the Consideration of KRW77 billion (equivalent to approximately HK$500.5 million as translated to HK$ at the exchange rate as at the Latest Practicable Date of KRW1,000 = HK$6.50)

3. The average of the PE ratio of the Comparable Companies, calculated with that of Woongjin Chemical Co. Ltd. excluded as it is considered as an outlier, is 4.7, lower than that of the Disposal.

According to the table above, the PE ratio of the Disposal as represented by the Consideration is higher than the median of that of the Comparable Companies. In this light, the Directors (including the independent non-executive Directors) consider the Consideration to be fair and reasonable.

Conditions and Closing

Closing is conditional on the satisfaction or waiver of the following conditions:

(i) the respective representations and warranties given by NASS and the Purchaser shall be true and correct in all material respects as at Closing, and NASS and the Purchaser each has performed in all material respects all obligations required to be performed by it prior to Closing; and

(ii) the Company shall have obtained all of the regulatory approvals required pursuant to applicable law, statute, regulation or ordinance including the approval of the Shareholders as required under the GEM Listing Rules in order for NASS to sell the Sale Shares to the Purchaser as contemplated in the Agreement.

Closing shall take place on the third Business Day after the satisfaction or wavier of the above conditions. If the above conditions are not satisfied or waived on or before 15th July 2010 or if the Purchaser fails to pay the Initial Payment in accordance with the terms of the Agreement, the Agreement may be terminated by NASS.

If the Purchaser fails to timely make payment of the Initial Payment in accordance with the terms of the Agreement, the Purchaser shall immediately pay to NASS an amount equal to the Initial Payment as liquidated damages, and if the Purchaser fails to timely make payment of the Balance Payment pursuant to the terms of the Agreement, the Initial Payment plus interest accrued thereon shall be forfeited to NASS as liquidated damages.

If the Agreement is terminated due to the default of NASS, the Initial Payment plus interest accrued thereon shall be returned by NASS to the Purchaser.

INFORMATION ON TKC

TKC is principally engaged in the business of manufacturing and sale of (i) polyester fiber; (ii) spandex; and (iii) PET resin, which are materials widely used in the manufacturing of synthetic fabrics, yarns and plastic bottles.

According to the financial statements of TKC prepared under accounting principles generally accepted in Korea ("Korean GAAP"), (i) for the year ended 31st December 2008, TKC recorded audited loss (both before and after tax) of approximately KRW13.98 billion (equivalent to approximately HK$90.9 million); and (ii) for the year ended 31st December 2009, TKC recorded audited profit before tax of approximately KRW37.69 billion (equivalent to approximately HK$245.0 million) and profit after tax of approximately KRW31.94 billion (equivalent to approximately HK$207.6 million). The audited total equity of TKC based on the financial statements prepared under Korean GAAP as at 31st December 2009 was approximately KRW57.37 billion (equivalent to approximately HK$372.9 million). As set out in part III of the financial information of the Group contained in Appendix I to this circular and prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Group recorded its share of TKC's profit for the year ended 31st March 2010 of approximately HK$69.7 million and share of TKC's net assets as at 31st March 2010 of approximately HK$421.1 million.

REASONS FOR THE DISPOSAL

The Company is an investment holding company with investments in its subsidiaries and jointly-controlled entities engaging principally in the trading of surface mount technology assembly equipment and machinery, the operation of franchised food chain stores, the processing and sale of fishmeal, fish oil and aquatic feed products, and the manufacturing and sale of polyester fiber, spandex and PET resin.

The Group acquired the Sale Shares in June 2008 at a consideration of KRW50 billion (equivalent to approximately HK$325.0 million). Since then, NAS team has actively worked with TKC management to improve the company financial position and performance which has resulted in stable turnover, earnings and significantly reduced debt and currency exposure. As disclosed in the paragraph headed "Information on TKC" above, TKC managed a major turnaround and recorded significant improvement in results in 2009. In light of this and the current improved macro environment, the Board believes that the Disposal provides a good opportunity to realise the value that has been created at TKC. The Disposal also provides certainty and acceleration with respect to the Group's exit and return, as compared to the other alternatives such as an initial public offering of TKC where exit can only be achieved earliest in late 2011 or redemption of the Sale Shares in June 2011.

With the Disposal, the Group would realise a substantial amount of net proceeds in cash which would amount to approximately HK$455.6 million (being the Consideration after deducting estimated Korean capital gain tax and legal and professional fee relating to the Disposal). The Consideration of KRW77 billion represents a substantial premium of approximately 54% over the acquisition cost of the Sale Shares paid by the Group in June 2008 of KRW50 billion. On this basis, the Board considers the Disposal represent an opportune time to exit from its investment in TKC and the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The cash proceeds receivable from the Disposal, after deducting expenses directly attributable to the Disposal are intended to be used for about 70% for future investment purposes and the remaining 30% for general working capital purposes. The Company confirms that whilst it has been evaluating various investment opportunities from time to time, it has not as at the Latest Practicable Date identified any specific investment in which may utilise the net proceeds from the Disposal at this time.

From an accounting point of view, based on the on-going, adjusted carrying value of the Group's investment in TKC, comprising assets, liabilities, preferred share option value and earnings, as at 31st March 2010 which amounted to approximately HK$414.2 million and the Consideration of KRW77 billion (equivalent to approximately HK$500.5 million as translated to HK$ at the exchange rate as of the Latest Practicable Date of KRW1,000: HK$6.50), the Consideration represents an excess over the carrying value of the Group's investment in TKC of approximately HK$86.3 million. Based on such an excess and taking into account the exchange and other reserves recorded by the Company in respect of TKC as at 31st March 2010 which amounted to approximately HK$25.2 million, and the estimated expenses relating to the Disposal (including legal and professional fee of approximately HK$4.3 million and Korean withholding tax on capital gain of approximately HK$40.6 million), the Group is expected to record an accounting gain from the Disposal of approximately HK$16.2 million (it was disclosed in the announcement of the Company dated 4th May 2010 that the gain from the Disposal was estimated to be approximately HK$56.8 million, based on the exchange rate of KRW on date of the Agreement of KRW1,000 = HK$7.09. Subsequent to the announcement, KRW has depreciated). Shareholders and investors should note that the exact amount of gain or/loss on the Disposal may differ from the aforesaid figure and is dependent on, among other things, the carrying value of TKC as at the date of Closing and the exchange rate of KRW as at the date of Closing.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon completion of the Disposal, the Group will cease to have any shareholding in TKC. Both total assets and total liabilities of the Group will decrease as a result of the Disposal. According to the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, total assets of the Group would decrease from approximately HK$3.2 billion to approximately HK$2.7 billion and total liabilities of the Group would decrease from approximately HK$1.2 billion to approximately HK$573.9 million as a result of the Disposal. The Remaining Group will cease to have chemical operation. The segment of chemical operation will no longer contribute to the results of the Remaining Group. The businesses of the Remaining Group shall include hi-tech distribution and services operation, fishmeal and seafood product operation and branded food operation with cash from the disposal allowing the Company to add to the portfolio in the future.

FUTURE PROSPECTS OF THE REMAINING GROUP

The businesses of the Remaining Group include hi-tech distribution and services operation, fishmeal and seafood product operation, and branded food operation. Although the global economy has not fully stabilised, the Group continues to monitor the risks to the business and is continuing to see strengthening of customer demand.

- Demand has continued to improve in the fish oil processing business and its market price has increased. However, the Group expects a seasonal dip in pricing of brown fishmeal in the first quarter of the fiscal year ended 31st March 2011.

- Electronics manufacturing market in China, India and Vietnam has continued to improve with strong orders from multi-national corporations and local customers in China.

- Expect demand to improve for the restaurant business with improving economy and increasing scale of the Group's presence, focus to execute plans to accelerate financial performance improvement.

The focus of the Remaining Group will continue to be active management to capture available sales, prudently manage cash flow and monitor costs and risks. With the improved business outlook, the management teams are accelerating the growth plans that were in execution before the downturn to augment organic growth with new businesses/products and/or complementary acquisitions. With the significant proceeds from the Disposal, the Company is in a good position to take advantage of investment opportunities. The Company is evaluating potential investments to complement and augment its existing portfolio companies by investing in acquisitions in new products capabilities and/or markets. The Company will continue to seek attractive investments to grow Shareholder value during this time.

GEM LISTING RULES IMPLICATION

The Disposal contemplated under the Agreement constitutes a very substantial disposal of the Company under the GEM Listing Rules and is therefore subject to the approval by the Shareholders by poll. The Special General Meeting will be convened to seek approval from the Shareholders for the Disposal. As no Shareholder has interests in the Agreement which are different from other Shareholders, no Shareholder is required to abstain from voting on the resolution to be proposed at the Special General Meeting regarding the Agreement.

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. Moses Tsang Kwok Tai and Henry Kim Cho, who were appointed as Directors by the Board on 2nd November 2009, 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 III 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 Thursday, 8th July 2010 to consider and, if though fit, approve the Agreement and the re-election of the retiring Directors. A notice convening the Special General Meeting is set out on pages 99 to 100 of this circular.

According to rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the Special General Meeting will be taken by way of poll.

A form of proxy for use at the Special General Meeting is accompanying with this circular. Whether or not you are able to attend the Special General 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 of the Company, Computershare Hong Kong Investor Services Limited at 17M 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 adjournment thereof should you so wish.

RECOMMENDATIONS

The Directors consider that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder, and the re-election of the retiring Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions set out in the notice of the Special General Meeting.

ADDITIONAL INFORMATION

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
John Saliling
Executive Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Set out below are certain financial information of the Company, its subsidiaries and jointly-controlled entities (referred to as the "Group" in this section headed "1. Financial information of the Group") for the three years ended 31st March 2010 (the "Financial Information"), as extracted from the annual reports of the Company for the years ended 31st March 2008, 2009 and 2010. Certain comparative amounts were reclassified for consistency of presentation.

I. Financial Information of the Group

(a) Condensed consolidated income statements

		Year ended 31st March		
		2008	**2009**	**2010**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
		(Restated)	(Restated)	
Continuing operations				
Revenue	*3*	1,265,162	2,229,529	3,167,965
Cost of sales		(1,171,045)	(2,009,191)	(2,767,621)
Gross profit		94,117	220,338	400,344
Other income and gains — net	*4*	2,529	8,669	45,984
Selling and distribution expenses		(72,404)	(142,992)	(210,980)
General and administrative expenses		(119,423)	(250,116)	(166,375)
Operating profit/(loss)		(95,181)	(164,101)	68,973
Finance income	*6*	37,526	46,518	6,016
Finance costs	*6*	(27,047)	(41,916)	(40,919)
Profit/(loss) before income tax	*5*	(84,702)	(159,499)	34,070
Income tax credit/(expense)	*7*	14,334	23,371	(17,834)
Profit/(loss) for the year from continuing operations		(70,368)	(136,128)	16,236

		Year ended 31st March		
		2008	**2009**	**2010**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) for the year from continuing operations		(70,368)	(136,128)	16,236
Discontinued operations				
Loss for the year from discontinued operations	*8*	(2,232)	—	—
Profit/(loss) for the year		(72,600)	(136,128)	16,236
Profit/(loss) for the year attributable to:				
— Owners of the Company		(72,590)	(136,093)	16,711
— Minority interests		(10)	(35)	(475)
		(72,600)	(136,128)	16,236
Earnings/(loss) per share from continuing operations attributable to owners of the Company	*10*			
— Basic (HK cents)		(73.45)	(142.07)	1.31
— Diluted (HK cents)		(73.45)	(142.07)	1.31
Loss per share from discontinued operations attributable to owners of the Company	*10*			
— Basic (HK cents)		(2.33)	—	—
— Diluted (HK cents)		(2.33)	—	—

Details of the dividends payable and proposed for the years ended 31st March 2008, 2009 and 2010 are disclosed in note 9 to the Financial Information.

(b) Condensed consolidated statements of comprehensive income

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) for the year	(72,600)	(136,128)	16,236
Other comprehensive income/(loss):			
Changes in fair value of available-for-sale financial assets	(193)	193	1,575
Actuarial gain/(loss) on post employment benefit obligations	—	5,692	(653)
Disposal of subsidiaries	—	(1,055)	—
Currency translation differences	11,128	(72,316)	50,509
Other comprehensive income/(loss) for the year, net of tax	10,935	(67,486)	51,431
Total comprehensive income/(loss) for the year	(61,665)	(203,614)	67,667
Attributable to:			
— Owners of the Company	(61,655)	(203,579)	68,142
— Minority interests	(10)	(35)	(475)
Total comprehensive income/(loss) for the year	(61,665)	(203,614)	67,667

(c) *Condensed consolidated statements of financial position*

		At 31st March		
		2008	**2009**	**2010**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	
ASSETS				
Non-current assets				
Property, plant and equipment	*11*	64,606	560,213	704,313
Investment properties		2,288	2,257	2,183
Leasehold land and land use rights		19,235	21,684	20,835
Intangible assets	*12*	419,647	583,161	582,049
Available-for-sale financial assets		3,481	1,357	3,008
Deferred tax assets	*23*	12,444	18,810	28,550
Other non-current assets		3,307	20,972	12,416
		525,008	1,208,454	1,353,354
Current assets				
Inventories	*14*	314,345	265,690	231,220
Trade and other receivables	*15*	196,038	199,008	385,399
Subscription receivables	*16*	940,429	13,000	—
Non-current assets held for sale		—	6,264	—
Current income tax recoverable		342	170	—
Pledged bank deposits	*17*	48,390	58,552	84,381
Cash and cash equivalents	*17*	626,103	1,063,583	1,133,181
		2,125,647	1,606,267	1,834,181
Total assets		2,650,655	2,814,721	3,187,535
EQUITY				
Equity attributable to owners of the Company:				
Share capital	*18*	134,691	134,691	135,968
Reserves	*19*	1,995,965	1,792,386	1,870,967
		2,130,656	1,927,077	2,006,935
Minority interests		1,676	3,438	3,237
Total equity		2,132,332	1,930,515	2,010,172

		At 31st March		
		2008	2009	2010
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES				
Current liabilities				
Borrowings	*20*	182,836	361,357	336,807
Trade and other payables	*21*	300,776	351,703	681,453
Derivative financial instruments		310	—	189
Current income tax liabilities		6,540	3,267	20,326
		490,462	716,327	1,038,775
Non-current liabilities				
Borrowings	*20*	10,338	75,939	50,668
Convertible bonds	*22*	16,990	18,267	—
Deferred tax liabilities	*23*	11	13,792	14,493
Retirement benefit obligation	*24*	—	48,926	62,834
Derivative financial instruments		—	9,069	6,900
Other non-current liabilities		522	1,886	3,693
		27,861	167,879	138,588
Total liabilities		518,323	884,206	1,177,363
Total equity and liabilities		2,650,655	2,814,721	3,187,535
Net current assets		1,635,185	889,940	795,406
Total assets less current liabilities		2,160,193	2,098,394	2,148,760

(d) Condensed consolidated statements of changes in equity

	Attributable to owners of the Company				
	Share capital *HK$'000* *(Note 18)*	Reserves *HK$'000* *(Note 19)*	Sub-total *HK$'000*	Minority interests *HK$'000*	Total *HK$'000*
Balances at 1st April 2007	82,718	1,148,622	1,231,340	—	1,231,340
Comprehensive loss					
Loss for the year	—	(72,590)	(72,590)	(10)	(72,600)
Other comprehensive income/(loss)					
Changes in fair value of available-for-sale financial assets	—	(193)	(193)	—	(193)
Currency translation differences	—	11,128	11,128	—	11,128
Total comprehensive loss	—	(61,655)	(61,655)	(10)	(61,665)
Transactions with owners					
Issue of preference shares	51,973	914,968	966,941	—	966,941
Share issue expenses — preference shares	—	(5,970)	(5,970)	—	(5,970)
Total transactions with owners	51,973	908,998	960,971	—	960,971
Capital contribution from minority interests	—	—	—	1,686	1,686
Balances at 31st March 2008 and at 1st April 2008	134,691	1,995,965	2,130,656	1,676	2,132,332
Comprehensive loss					
Loss for the year	—	(136,093)	(136,093)	(35)	(136,128)
Other comprehensive income/(loss)					
Changes in fair value of available-for-sale financial assets	—	193	193	—	193
Actuarial gain from pension	—	5,692	5,692	—	5,692
Disposal of subsidiaries	—	(1,055)	(1,055)	—	(1,055)
Currency translation differences	—	(72,316)	(72,316)	—	(72,316)
Total comprehensive loss	—	(203,579)	(203,579)	(35)	(203,614)
Capital contribution from minority interests	—	—	—	1,797	1,797
Balances at 31st March 2009 and at 1st April 2009	134,691	1,792,386	1,927,077	3,438	1,930,515

	Attributable to owners of the Company				
	Share capital	**Reserves**	**Sub-total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 18)	*(Note 19)*			
Balances at 31st March 2009 and at 1st April 2009	134,691	1,792,386	1,927,077	3,438	1,930,515
Comprehensive income/(loss)					
Profit/(loss) for the year	—	16,711	16,711	(475)	16,236
Other comprehensive income/(loss)					
Changes in fair value of available-for-sale financial assets	—	1,575	1,575	—	1,575
Actuarial loss from pension	—	(653)	(653)	—	(653)
Currency translation differences	—	50,509	50,509	—	50,509
Total comprehensive income/(loss)	—	68,142	68,142	(475)	67,667
Transactions with owners					
Receipt of treasury shares	—	(12,941)	(12,941)	—	(12,941)
Disposal of treasury shares	—	4,657	4,657	—	4,657
Conversion of convertible bonds	1,277	18,723	20,000	—	20,000
Total transactions with owners	1,277	10,439	11,716	—	11,716
Capital contribution from minority interests	—	—	—	274	274
Balances at 31st March 2010	135,968	1,870,967	2,006,935	3,237	2,010,172

(e) Condensed consolidated statements of cash flows

		Year ended 31st March		
		2008	2009	2010
	Note	*HK$'000*	*HK$'000*	*HK$'000*
			(Restated)	
Net cash flows from/(used in) operating activities		(119,568)	(93,883)	245,806
Net cash used in investing activities		(7,253)	(385,241)	(87,355)
Net cash flows from/(used in) financing activities		311,371	916,504	(88,925)
Increase in cash and cash equivalents		184,550	437,380	69,526
Cash and cash equivalents at the beginning of the year		441,553	626,103	1,063,483
Cash and cash equivalents at the end of the year		626,103	1,063,483	1,133,009
Analysis of balances of cash and cash equivalents				
Cash at banks and on hand	*17*	67,532	886,558	916,258
Non-pledged time deposits with original maturity of three months or less when acquired		558,571	176,925	216,751
		626,103	1,063,483	1,133,009

II. Notes to Financial Information

1. Corporate information

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda.

During the years ended 31st March 2008, 2009 and 2010, the Group was involved in the following principal businesses:

- **hi-tech distribution and services**: trading of surface mount technology ("SMT") assembly equipment, machinery and spare parts and provision of related installation, training, repairs and maintenance services for SMT assembly equipment;
- **fishmeal and seafood product**: 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;
- **branded food**: developing and operating Burger King restaurants in Hong Kong and Macau;
- **chemical**: manufacturing and sale of polyester fiber, PET resin and spandex; and
- investment holding

During the year ended 31st March 2008, the Group ceased its provision of procurement services for steel products (including the operating of on e-commerce vertical portal for the provision of online steel trading services and ancillary services). Details of the discontinued operations are set out in note 8 to the Financial Information.

2.1 Basis of preparation — Accounting policies and methods of computation

The accounting policies and methods of computation used in the preparation of this Financial Information are consistent with those adopted in the annual financial statements for the year ended 31st March 2010.

2.2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom reflect the related actual results. The estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.2.1 Useful lives and residual values of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, where it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

2.2.2 Goodwill impairment assessment

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment testing, goodwill acquired has been allocated to individual cash-generating units ("CGUs") which are reviewed for impairment based on forecast operating performance and cash flows. The recoverable amount of an asset or a CGU has been determined based on value in use calculations. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions, and are discounted appropriately.

2.2.3 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less variable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer demand and competitor actions. Management reassesses these estimates at the end of each reporting period.

2.2.4 Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors as well as the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.

2.2.5 Income taxes

The Group is subject to income taxes mainly in Hong Kong, Mainland China and the Republic of Korea. Significant judgement is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

2.2.6 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations. The Group determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 24 to the Financial Information.

3. Turnover, revenue and segment information

3.1 Turnover and revenue

Turnover represents sales of goods, revenue from branded food operation, commission and other income. The amounts of each category of revenue recognised during the years ended 31st March 2008, 2009 and 2010 are as follows:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Sales of goods	1,241,429	2,181,527	3,042,277
Revenue from branded food operation	5,038	31,518	110,699
Commission and other income	18,695	16,484	14,989
	1,265,162	2,229,529	3,167,965
Discontinued operations			
Sales of goods *(note 8)*	4,514	—	—
	1,269,676	2,229,529	3,167,965

3.2 Operating segment information

For management purpose, the Group, including its jointly-controlled entities, is organised into four major reportable operating segments — hi-tech distribution and services, fishmeal and seafood product, branded food and chemical operations. The hi-tech distribution and services, fishmeal and seafood product, and chemical operations segments derive revenue from the sale of goods. Branded food operation segment derives revenue from Burger King restaurants through the operation of quick service restaurants in Hong Kong under the Burger King brand.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance income, finance costs, options liability as well as head office and corporate expenses are excluded from such measurement.

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, subscription receivables, non-current deposits, inventories, trade and other receivables, and non-current assets held for sale. Unallocated assets comprise deferred tax assets, current income tax recoverable, pledged bank deposits, available-for-sale financial assets, and cash and cash equivalents.

Segment liabilities consist primarily of trade and other payables, severance and retirement benefits, provision for reinstatement costs, and other non-current liabilities. Unallocated liabilities comprise deferred tax liabilities, current income tax liabilities, borrowings, convertible bonds, and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, leasehold land and land use rights, and intangible assets, including additions resulting from acquisition of a jointly-controlled entity.

	Year ended 31 March 2008					
	Continuing operations				Discontinued operations	
	Hi-tech distribution and services operation	Fishmeal and seafood product operation	Branded food operation	Sub-total	Steel trading and procurement services operation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue – Sales to external customers	841,625	418,499	5,038	1,265,162	4,514	1,269,676
Segment results before amortisation of intangible assets	(31,060)	8,276	(10,058)	(32,842)	(3,054)	(35,896)
Amortisation of intangible assets	(11,931)	(2,650)	(201)	(14,782)	—	(14,782)
Segment results	(42,991)	5,626	(10,259)	(47,624)	(3,054)	(50,678)
Finance income				37,526	120	37,646
Finance costs				(27,047)	—	(27,047)
Corporate and other unallocated expenses				(47,557)	—	(47,557)
Loss before income tax				(84,702)	(2,934)	(87,636)
Income tax credit				14,334	702	15,036
Loss for the year				(70,368)	(2,232)	(72,600)
Capital expenditure	2,002	10,990	9,912	22,904	—	22,904
Corporate and other unallocated capital expenditure				71	—	71
				22,975	—	22,975
Depreciation	3,775	2,283	695	6,753	—	6,753
Corporate and other unallocated depreciation				44	—	44
				6,797	—	6,797
Amortisation	11,931	3,024	201	15,156	—	15,156
Write-down of inventories to net realisable value, net	22,449	6,327	—	28,776	—	28,776
Impairment of trade and other receivables	—	1,984	—	1,984	—	1,984

	Year ended 31st March 2009				
	Hi-tech distribution and services operation	Fishmeal and seafood product operation	Branded food operation	Chemical operation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
— Sales to external customers	564,612	430,887	31,518	1,202,512	2,229,529
Segment results before amortisation of intangible assets	(35,916)	(4,002)	(19,887)	(17,229)	(77,034)
Amortisation of intangible assets	(11,920)	(2,648)	(241)	(7,744)	(22,553)
Segment results	(47,836)	(6,650)	(20,128)	(24,973)	(99,587)
Fair value gains on options liability					4,924
Finance income					46,518
Finance costs					(41,916)
Corporate and other unallocated expenses					(69,438)
Loss before income tax					(159,499)
Income tax credit					23,371
Loss for the year					(136,128)
Capital expenditure	1,531	15,757	26,554	385,297	429,139
Corporate and other unallocated capital expenditure					63
					429,202
Depreciation	4,471	2,389	2,774	29,865	39,499
Corporate and other unallocated depreciation					59
					39,558
Amortisation	11,920	3,107	241	7,744	23,012
Write-down/(write-back) of inventories to net realisable value, net	14,408	(3,007)	—	102	11,503
Impairment of trade and other receivables	1,286	1,706	3,767	—	6,759

	Year ended 31st March 2010				
	Hi-tech distribution and services operation *HK$'000*	Fishmeal and seafood product operation *HK$'000*	Branded food operation *HK$'000*	Chemical operation *HK$'000*	Total *HK$'000*
Revenue					
— Sales to external customers	775,870	526,413	110,699	1,754,983	3,167,965
Segment results before amortisation of intangible assets	16,281	35,262	(34,537)	131,881	148,887
Amortisation of intangible assets	(6,953)	(2,648)	(430)	(10,720)	(20,751)
Segment results	9,328	32,614	(34,967)	121,161	128,136
Fair value gains on options liability					3,816
Finance income					6,016
Finance costs					(40,919)
Corporate and other unallocated expenses					(62,979)
Profit before income tax					34,070
Income tax expense					(17,834)
Profit for the year					16,236
Capital expenditure	514	31,564	37,068	7,451	76,597
Corporate and other unallocated capital expenditure					317
					76,914
Depreciation	9,568	3,512	10,209	41,343	64,632
Corporate and other unallocated depreciation					130
					64,762
Amortisation	6,953	3,179	430	10,720	21,282
Write-down/(write-back) of inventories to net realisable value, net	5,794	7,715	—	(559)	12,950
Impairment of trade and other receivables	2,089	3,340	—	463	5,892

The segment assets and liabilities at the end of each reporting period are as follows:

	At 31st March 2008			
	Hi-tech distribution and services operation	**Fishmeal and seafood product operation**	**Branded food operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	676,697	333,839	11,919	1,022,455
Unallocated assets:				
Deferred tax assets				12,444
Current income tax recoverable				342
Cash and cash equivalents				626,103
Pledged bank deposits				48,390
Available-for-sale financial assets				3,481
Corporate and others				937,440
Total assets per statement of financial position				2,650,655
Liabilities				
Segment liabilities	176,414	120,000	3,459	299,873
Unallocated liabilities:				
Deferred tax liabilities				11
Current income tax liabilities				6,540
Borrowings				193,174
Convertible bonds				16,990
Derivative financial instruments				310
Corporate and others				1,425
Total liabilities per statement of financial position				518,323

	At 31st March 2009				
	Hi-tech distribution and services operation	**Fishmeal and seafood product operation**	**Branded food operation**	**Chemical operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	499,841	311,262	43,263	803,902	1,658,268
Unallocated assets:					
Deferred tax assets					18,810
Current income tax recoverable					170
Cash and cash equivalents					1,063,583
Pledged bank deposits					58,552
Available-for-sale financial assets					1,357
Corporate and others					13,981
Total assets per statement of financial position					2,814,721
Liabilities					
Segment liabilities	49,534	101,678	22,185	225,580	398,977
Unallocated liabilities:					
Deferred tax liabilities					13,792
Current income tax liabilities					3,267
Borrowings					437,296
Convertible bonds					18,267
Derivative financial instruments					9,069
Corporate and others					3,538
Total liabilities per statement of financial position					884,206

	At 31st March 2010				
	Hi-tech distribution and services operation	**Fishmeal and seafood product operation**	**Branded food operation**	**Chemical operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	608,938	321,664	70,382	934,891	1,935,875
Unallocated assets:					
Deferred tax assets					28,550
Cash and cash equivalents					1,133,181
Pledged bank deposits					84,381
Available-for-sale financial assets					3,008
Corporate and others					2,540
Total assets per statement of financial position					3,187,535
Liabilities					
Segment liabilities	262,738	98,269	22,442	362,496	745,945
Unallocated liabilities:					
Deferred tax liabilities					14,493
Current income tax liabilities					20,326
Borrowings					387,475
Derivative financial instruments					7,089
Corporate and others					2,035
Total liabilities per statement of financial position					1,177,363

There are no significant sales among these operating segments during the years ended 31st March 2008, 2009 and 2010.

Geographical information

(a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong, Mainland China and the Republic of Korea. Revenue by geographical location is determined on the basis of the destination of shipment of goods for hi-tech distribution, fishmeal and seafood product, and chemical products, as well as the location of service performed for branded food.

The following table provides an analysis of the Group's revenue from continuing operations by geographical location:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	5,038	31,518	110,699
Mainland China	1,239,970	945,995	1,278,842
Republic of Korea	—	878,111	1,338,210
Asia — Others	626	207,089	231,368
Others	19,528	166,816	208,846
Revenue from continuing operations	1,265,162	2,229,529	3,167,965

(b) Non-current assets

The non-current asset information from continuing operations is based on the location of assets and excludes financial instruments and deferred tax assets.

The following table provides an analysis of the Group's non-current assets by geographical location:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	438,688	428,021	449,336
Mainland China	69,246	96,794	128,089
Republic of Korea	—	662,547	743,758
Asia — Others	1,149	925	613
	509,083	1,188,287	1,321,796

Information about major customers

For the years ended 31st March 2008, 2009 and 2010, there was no single customer accounted for 10% or more of the Group's revenue.

4. Other income and gains — net

The Group's other income and gains from continuing operations for the years ended 31st March 2008, 2009 and 2010 are as follows:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Fair value gains on options liability	—	4,924	3,816
Gain on disposal of subsidiaries	—	1,130	—
Gross rental income	141	150	200
Net exchange gains	1,149	—	16,316
Others	1,239	2,465	25,652
	2,529	8,669	45,984

5. Profit/(loss) before income tax

The Group's profit/(loss) before income tax from continuing operations are arrived at after charging/(crediting):

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Cost of inventories sold	1,105,700	1,755,363	2,407,193
Write-down of inventories to net realisable value, net	28,776	11,503	12,950
Net exchange losses/(gains)	5,866	43,415	(13,253)
Depreciation of property, plant and equipment	6,716	39,482	64,686
Depreciation of investment properties	81	76	76
Amortisation of intangible assets	14,782	22,553	20,751
Amortisation of leasehold land and land use rights	374	459	531
Impairment of available-for-sale financial assets	—	1,803	—
Impairment of intangible assets	—	43	—
Impairment of non-current assets	—	971	—
Impairment of non-current assets held for sale	—	17,233	—
Impairment of trade receivables	1,984	6,759	5,843
Impairment of other receivables	—	—	49
Impairment of property, plant and equipment	—	—	419
Loss on disposal of property, plant and equipment	613	1,105	494
Loss on disposal of available-for-sale financial assets	—	12	—

6. Finance income and costs

An analysis of finance income and costs from continuing operations is as follows:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Finance income:			
Interest income from bank deposits	15,358	5,074	6,016
Amortised interest income from subscription receivables *(note 16)*	22,168	41,444	—
	37,526	46,518	6,016
Finance costs:			
Interest on bank overdrafts and bank loans wholly repayable within five years	16,717	34,062	28,836
Amortisation of interest expenses	—	4,815	7,129
Net foreign exchange losses on financing activities	7,015	1,089	3,063
Convertible bonds redeemable within five years *(note 22)*	1,278	1,277	1,733
Notional interest expense — fair valuation of deferred consideration	1,324	—	—
Interest on finance lease obligations	713	673	158
	27,047	41,916	40,919

7. Income tax credit/(expense)

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 17.5%, 16.5% and 16.5% on the estimated assessable profits for the years ended 31st March 2008, 2009 and 2010, respectively.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 15% to 33%, 25% and 25% for the years ended 31st March 2008, 2009 and 2010, respectively. A five-year transitional period with a progressive tax rate from 15% to 25% has been granted from 1st January 2008.

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries/jurisdictions in which the Group operates.

The amounts of income tax credit/(expense) recorded in the condensed consolidated income statement represent:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Current taxation			
Hong Kong profits tax			
— current year	(1,184)	(273)	(371)
— overprovision/(underprovision) in prior years	(385)	3,232	—
Mainland China enterprise income tax			
— current year	(1,080)	(1,016)	(1,445)
— overprovision in prior years	2,319	233	—
Overseas taxation	(102)	5	(27,790)
Deferred taxation *(note 23)*	14,766	21,190	11,772
	14,334	23,371	(17,834)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/(loss) of the consolidated entities as follows:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Profit/(loss) before income tax from continuing operations	(84,702)	(159,499)	34,070
Tax credit/(charge) calculated at the average domestic tax rates applicable to profits/(losses) in the respective places/countries	16,187	28,730	(14,818)
Tax effect of:			
— income not subject to tax	8,553	13,003	5,779
— expenses not deductible for tax	(8,911)	(23,601)	(13,914)
— deferred tax assets not recognised	(3,429)	—	—
— effect on deferred tax changes in tax rate	—	6,078	—
— overprovision in prior years	1,934	3,465	—
— tax losses not recognised	—	(340)	(245)
— others	—	(3,964)	5,364
Tax credit/(expense)	14,334	23,371	(17,834)

As a result of the change in the Hong Kong corporation tax rate from 17.5% to 16.5% that became effective from 1st April 2008, deferred tax balances have been remeasured for the year ended 31st March 2009. Deferred tax expected to reverse in the years after 1st April 2008 has been measured using the effective rate that will apply in Hong Kong.

The weighted average applicable tax rate was approximately 19.1%, 18.0% and 43.5% for the years ended 31st March 2008, 2009 and 2010, respectively.

8. Discontinued operations

In 2008, the Group ceased its trading of steel products and provision of procurement services for steel products (including the operating of an e-commerce vertical portal for the provision of online steel trading services and ancillary services) and the condensed consolidated results and cash flows of these operations were as follows:

	Year ended 31st March 2008 *HK$'000*
(a) Revenue and expenses	
Revenue	4,514
Expenses	(7,448)
Loss before income tax from discontinued operations	(2,934)
Income tax credit	702
Loss for the year from discontinued operations	(2,232)
(b) Cash flows	
Operating activities	(1,034)
Investing activities	(136)
Financing activities	(430)
Net cash outflow	(1,600)

9. Dividends

No dividend has been paid by the Company or proposed by the Directors of the Company in respect of each of the years ended 31st March 2008, 2009 and 2010.

10. Earnings/(loss) per share

Basic earnings/(loss) per share

Basic earnings/(loss) per share for the years ended 31st March 2008, 2009 and 2010 is calculated by dividing the Group's profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the years ended 31st March 2008, 2009 and 2010.

	Year ended 31st March		
	2008	**2009**	**2010**
Profit/(loss) attributable to owners of the Company *(HK$'000)*	(70,358)	(136,093)	16,711
Profit/(loss) from discontinued operations attributable to owners of the Company *(HK$'000)*	(2,232)	—	—
Profit/(loss) attributable to owners of the Company *(HK$'000)*	(72,590)	(136,093)	16,711
Weighted average number of ordinary shares in issue	95,794,716	95,794,716	1,279,441,293
Basic earnings/(loss) per share from continuing operations attributable to owners of the Company *(HK cents)*	(73.45)	(142.07)	1.31
Basic loss per share from discontinued operations attributable to owners of the Company *(HK cents)*	(2.33)	—	—
Basic earnings/(loss) per share attributable to owners of the Company *(HK cents)*	(75.78)	(142.07)	1.31

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and non-redeemable preference shares. The convertible bonds and non-redeemable preference shares are assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense on convertible bonds less tax effect, if any. No adjustments have been made to the basic loss per share presented for the years ended 31st March 2008 and 2009 in respect of a dilution as the potential ordinary shares are anti-dilutive.

No adjustment has been made to the basic earnings per share presented for the year ended 31st March 2010 as all outstanding convertible bonds and non-redeemable preference shares have all been converted into ordinary shares during the year ended 31st March 2010.

11. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery and demon-stration machinery	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2007, net of accumulated depreciation	—	6,924	1,886	5,568	1,194	15,387	5,055	36,014
Additions	—	—	5,401	3,442	850	1,475	2,404	13,572
Disposals	—	(119)	—	(28)	(81)	(2,196)	—	(2,424)
Depreciation	—	(490)	(799)	(1,676)	(423)	(3,328)	—	(6,716)
Transfer from inventories	—	—	—	—	—	21,981	—	21,981
Other transfers	—	3,816	—	750	—	33	(4,599)	—
Exchange realignments	—	570	78	436	102	495	498	2,179
At 31st March 2008 and at 1st April 2008, net of accumulated depreciation	—	10,701	6,566	8,492	1,642	33,847	3,358	64,606
Additions	—	3	11,540	4,793	824	14,741	18,057	49,958
Acquisition of a jointly-controlled entity	141,055	188,981	19,889	1,522	104	305,514	5,911	662,976
Disposals	—	—	(516)	(73)	(40)	(2,233)	—	(2,862)
Depreciation	—	(3,560)	(2,800)	(2,642)	(403)	(30,077)	—	(39,482)
Transfer to inventories	—	—	—	—	—	(16,862)	—	(16,862)
Other transfers	—	1,725	(4)	143	—	2,869	(4,733)	—
Exchange realignments	(34,224)	(45,373)	(4,913)	(282)	(32)	(71,946)	(1,351)	(158,121)
At 31st March 2009 and at 1st April 2009, net of accumulated depreciation	106,831	152,477	29,762	11,953	2,095	235,853	21,242	560,213
Additions	—	113	23,176	11,100	1,196	18,153	21,235	74,973
Disposals	—	(341)	(254)	(437)	(33)	(235)	—	(1,300)
Depreciation	—	(4,711)	(7,945)	(4,585)	(398)	(47,047)	—	(64,686)
Impairment	—	—	—	(419)	—	—	—	(419)
Transfer from inventories	—	—	—	—	—	28,561	—	28,561
Transfer from non-current assets held for sale	—	—	—	—	—	7,285	—	7,285
Other transfers	—	—	5,580	—	—	2,131	(7,711)	—
Exchange realignments	22,491	29,271	2,990	292	75	43,428	1,139	99,686
At 31st March 2010, net of accumulated depreciation and impairment	129,322	176,809	53,309	17,904	2,935	288,129	35,905	704,313

	Freehold land	Buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Plant and machinery and demon-stration machinery	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31st March 2008:								
Cost	—	13,776	9,091	21,263	5,479	43,868	3,358	96,835
Accumulated depreciation	—	(3,075)	(2,525)	(12,771)	(3,837)	(10,021)	—	(32,229)
Net book amount	—	10,701	6,566	8,492	1,642	33,847	3,358	64,606
At 31st March 2009:								
Cost	106,831	160,471	35,577	24,995	5,569	286,510	21,242	641,195
Accumulated depreciation	—	(7,994)	(5,815)	(13,042)	(3,474)	(50,657)	—	(80,982)
Net book amount	106,831	152,477	29,762	11,953	2,095	235,853	21,242	560,213
At 31st March 2010:								
Cost	129,322	190,597	66,368	33,533	5,508	384,745	35,905	845,978
Accumulated depreciation and impairment	—	(13,788)	(13,059)	(15,629)	(2,573)	(96,616)	—	(141,665)
Net book amount	129,322	176,809	53,309	17,904	2,935	288,129	35,905	704,313

Certain property, plant and equipment are pledged as security for the Group's banking facilities. Details are set out in note 26 to the Financial Information.

12. Intangible assets

	Goodwill	Customer relationships	Trademarks	Technology knowhow	Distribution agreements	Development rights and franchise fees	Software	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April 2007, net of accumulated amortisation	380,263	22,236	15,253	—	14,424	—	—	103	432,279
Additions	—	—	—	—	—	2,150	—	—	2,150
Amortisation	—	(7,937)	(1,040)	—	(5,583)	(201)	—	(21)	(14,782)
At 31st March 2008 and at 1st April 2008, net of accumulated amortisation	380,263	14,299	14,213	—	8,841	1,949	—	82	419,647
Additions	—	—	—	—	—	777	—	—	777
Acquisition of a jointly-controlled entity	89,770	66,371	18,735	37,406	—	—	2,857	—	215,139
Impairment	—	—	—	—	—	—	—	(43)	(43)
Amortisation	—	(10,760)	(2,257)	(3,384)	(5,583)	(241)	(320)	(8)	(22,553)
Exchange realignments	—	(15,880)	(4,448)	(8,809)	—	—	(669)	—	(29,806)

	Goodwill	Customer relationships	Trademarks	Technology knowhow	Distribution agreements	Development rights and franchise fees	Software	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st March 2009 and at 1st April 2009, net of accumulated amortisation and impairment	470,033	54,030	26,243	25,213	3,258	2,485	1,868	31	583,161
Additions	—	—	—	—	—	1,941	—	—	1,941
Amortisation	—	(9,204)	(2,724)	(4,684)	(3,258)	(430)	(443)	(8)	(20,751)
Exchange realignments	—	9,747	2,627	4,963	—	—	361	—	17,698
At 31st March 2010, net of accumulated amortisation and impairment	470,033	54,573	26,146	25,492	—	3,996	1,786	23	582,049
At 31st March 2008:									
Cost	380,263	25,410	15,600	—	16,750	2,150	—	33,480	473,653
Accumulated amortisation	—	(11,111)	(1,387)	—	(7,909)	(201)	—	(33,398)	(54,006)
Net book amount	380,263	14,299	14,213	—	8,841	1,949	—	82	419,647
At 31st March 2009:									
Cost	470,033	75,678	29,789	28,330	16,750	2,927	2,164	111	625,782
Accumulated amortisation and impairment	—	(21,648)	(3,546)	(3,117)	(13,492)	(442)	(296)	(80)	(42,621)
Net book amount	470,033	54,030	26,243	25,213	3,258	2,485	1,868	31	583,161
At 31st March 2010:									
Cost	470,033	86,261	32,776	34,295	16,750	4,868	2,619	111	647,713
Accumulated amortisation and impairment	—	(31,688)	(6,630)	(8,803)	(16,750)	(872)	(833)	(88)	(65,664)
Net book amount	470,033	54,573	26,146	25,492	—	3,996	1,786	23	582,049

For the years ended 31st March 2008, 2009 and 2010, amortisation of HK$14,782,000, HK$22,553,000 and HK$20,751,000, respectively, are included in general and administrative expenses.

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified according to operating segments. A segment-level summary of the goodwill allocation is presented below:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Hi-tech distribution and services operation	373,692	373,692	373,692
Fishmeal and seafood product operation	6,571	6,571	6,571
Chemical operation	—	89,770	89,770
	380,263	470,033	470,033

Parameters used in the cash flow projections in determining the recoverable amount of the hi-tech distribution and services operation, fishmeal and seafood product operation, and chemical operation CGUs are as follows:

	Hi-tech distribution and services operation	**Fishmeal and seafood product operation**	**Chemical operation**
At 31st March 2008:			
Discount rate	10%	10%	N/A
Growth rate beyond the five-year period	—	—	N/A
At 31st March 2009:			
Discount rate	11%	8%-10%	15.5%
Growth rate beyond the five-year period	—	—	—
At 31st March 2010:			
Discount rate	11%	10%-11%	*Note*
Growth rate beyond the five-year period	—	—	—

Note: The recoverable amount of the chemical operation CGU is determined based on the estimate of its fair value less cost to sell with reference to the transaction entered by the Group on 30th April 2010. Further details of the transaction is included in Section III in this appendix and in the Company's announcement dated 4th May 2010.

Key assumptions were used in the value in use calculations of hi-tech distribution and services operation, fishmeal and seafood product operation, and chemical operations CGUs for the years ended 31st March 2008, 2009 and 2010. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins based on past performance and the management's expectations for market development.

Discount rates — The discount rates used are pre-tax and reflect specific risks relating to the relevant units.

13. Jointly-controlled entities

The Group subscribed for 100,000,000 non-redeemable convertible preferred shares of Coland Group Limited ("Coland"). Upon full conversion of the preferred shares to ordinary shares, the Group will have a 40% equity interest in Coland. In accordance with an agreement between the Group and the other joint venturer, all matters relating to Coland require joint approval by both parties. Therefore, Coland has been accounted for as a jointly-controlled entity. Coland 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.

In addition, the Group acquired 2,699,347 preference shares of TK Chemical Corporation ("TKC") on 30th June 2008. The preferred shares are participating, cumulative and voting shares, which are entitled to receive a minimum cash dividend at 15% of par value annually. In accordance with a shareholders' agreement, all major financial and operational matters should be jointly approved by the Group and other venture parties. Therefore, TKC has been accounted for as a jointly-controlled entity. TKC is principally engaged in the business of manufacturing and sale of polyester fiber, spandex and PET resin.

The following amounts represent the Group's 40% share and 33.73% share of the assets and liabilities, and revenue and expenses of Coland and TKC, respectively. They are included in the condensed consolidated statements of financial position and income statements:

	Coland		
	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Non-current assets	73,882	101,248	110,006
Current assets	335,896	272,268	326,940
	409,778	373,516	436,946
Liabilities			
Non-current liabilities	(3,440)	(2,457)	(16,913)
Current liabilities	(242,337)	(210,318)	(241,983)
	(245,777)	(212,775)	(258,896)
Net assets	164,001	160,741	178,050

	TKC	
	At 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
	(Restated)	
Assets		
Non-current assets	662,532	743,760
Current assets	156,307	278,151
	818,839	1,021,911
Liabilities		
Non-current liabilities	(136,181)	(100,654)
Current liabilities	(380,509)	(500,179)
	(516,690)	(600,833)
Net assets	302,149	421,078

	Coland		
	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	HK$'000	HK$'000
Revenue	418,499	430,887	526,413
Expenses	(417,118)	(444,849)	(499,839)
Profit/(loss) before income tax	1,381	(13,962)	26,574

	TKC	
	Year ended 31st March	
	2009	2010
	HK$'000	*HK$'000*
	(Restated)	
Revenue	1,202,512	1,754,983
Expenses	(1,254,392)	(1,659,669)
Profit/(loss) before income tax for the period/year	(51,880)	95,314

Capital commitments relating to the jointly-controlled entities at the end of the reporting periods but not yet incurred are as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment:			
Contracted but not provided for	16,379	13,446	10,730
Authorised but not contracted for	15,240	—	2,450
	31,619	13,446	13,180

There are no contingent liabilities relating to the jointly-controlled entities at 31st March 2008, 2009 and 2010.

14. Inventories

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	111,568	119,398	158,792
Finished goods	201,620	143,578	70,662
Consumables	1,157	2,714	1,766
	314,345	265,690	231,220

Certain inventories are pledged as security for the Group's banking facilities. Details are set out in note 26 to the Financial Information.

15. Trade and other receivables

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	
Trade and bills receivables	174,888	184,485	355,415
Less: Impairment of trade receivables	(8,285)	(15,306)	(20,775)
Trade and bills receivables, net *(note (a))*	166,603	169,179	334,640
Prepayments	10,259	10,022	28,530
Deposits to suppliers	7,464	1,102	405
Rental deposits	840	1,896	3,012
Interest receivables	97	743	938
Finance lease receivables *(note (b))*	4,676	2,535	1,014
Other receivables	6,099	13,531	16,860
	196,038	199,008	385,399

(a) Trade and bills receivables

The Group generally requires letter of credit or documents against payment, with some cases granting a credit period of 30 to 90 days. The aging analysis of trade and bills receivables is as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
90 days or less	118,083	131,391	301,703
91 to 180 days	21,434	17,610	27,738
181 to 270 days	15,652	5,603	2,502
271 to 365 days	4,946	3,384	914
Over 365 days	6,488	11,191	1,783
	166,603	169,179	334,640

The Group's trading terms with its customers are mainly on letter of credit or documents against payment, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Since the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables of less than six months past due are normally not considered as impaired except for the balance of HK$285,000, HK$30,000 and HK$950,000 at 31st March 2008, 2009 and 2010, respectively. Trade receivables of HK$27,086,000, HK$20,178,000 and HK$5,199,000 were past due but not impaired at 31st March 2008, 2009 and 2010, respectively, as they were related to a number of independent customers for whom there was no recent history of default. The aging analysis of these trade receivables is as follows:

		At 31st March	
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Over 6 months and up to 9 months	15,652	5,603	2,502
Over 9 months	11,434	14,575	2,697
	27,086	20,178	5,199

Trade receivables of HK$8,285,000, HK$15,306,000 and HK$20,775,000 at 31st March 2008, 2009 and 2010, respectively, were impaired and fully impaired for. The individually impaired receivables mainly relate to certain customers, which are in unexpected difficult economic situations. The aging of these receivables is as follows:

		At 31st March	
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Less than 6 months	285	30	950
Over 6 months and up to 9 months	646	1,536	239
Over 9 months	7,354	13,740	19,586
	8,285	15,306	20,775

Movements on the impairment of trade receivables are as follows:

		At 31st March	
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the year	6,867	8,285	15,306
Acquisition of a jointly-controlled entity	—	448	—
Impairment of trade receivables	1,984	6,759	5,843
Receivables written off during the year as uncollectible	(1,262)	—	(1,226)
Exchange realignments	696	(186)	852
At the end of the year	8,285	15,306	20,775

The creation or release of provision for impaired receivables has been included in selling and distribution expenses in the income statements. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amounts any further.

Certain bills receivable are pledged as security for the Group's banking facilities. Details are set out in note 26 to the Financial Information.

(b) Finance lease receivables

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Finance lease receivables are analysed as follows:			
Finance leases — gross receivables	5,169	2,699	1,027
Unearned finance income	(493)	(164)	(13)
	4,676	2,535	1,014
Finance lease receivables:			
— Within 1 year	4,619	2,535	1,014
— Between 1 and 2 years	57	—	—
	4,676	2,535	1,014

16. Subscription receivables

Until 28th February 2010, the Company had issued a total of 13,373,254,851 non-redeemable preference shares, with a par value of HK$0.01 each, through placements, for an aggregate amount of approximately HK$2,273,037,000. Details of each placement are set out below:

	First Tranche of The First Placement	**Second Tranche of The First Placement**	**Second Placement**
Month of issue	February and March 2006	September 2006	December 2007
Number of non-redeemable preference shares issued	7,383,166,793	792,848,020	5,197,240,038
Subscription price per share *(HK$)*	0.1566	0.1566	0.1910
Aggregate subscription price *(HK$)*	1,156,204,000	124,160,000	992,673,000

The subscription prices are payable in cash by the subscribers in four equal instalments for the First Placement. For the First Tranche of the First Placement, the first instalment was received by the Company in February and March 2006 upon completion of the subscriptions. For the Second Tranche of the First Placement, the first instalment was received by the Company in September 2006. The second and third instalments have been received by the Company in October and December 2006 respectively in accordance with the terms of the preference shares. The remaining instalment has been received by the Company in February 2009.

The subscription prices of the Second Placement are payable in cash by the subscribers in three equal instalments. The first instalment has been received by the Company in December 2007, upon completion of the subscription of the Second Placement. The remaining two instalments have been drawn down in February 2009 in accordance with the terms of the preference shares.

The outstanding unpaid balances of the subscription prices were received by the end of June 2009.

The preference shares were automatically converted into ordinary shares on 28th February 2010.

The subscription receivables recognised in the statements of financial position are calculated as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Subscription receivables	1,622,055	1,622,055	1,622,055
Less: Future interest	(137,305)	(137,305)	(137,305)
Add: Amortised interest income	95,861	137,305	137,305
	1,580,611	1,622,055	1,622,055
Less: Subscriptions received	(640,182)	(1,609,055)	(1,622,055)
Subscription receivables	940,429	13,000	—

Amortised interest income recognised as income and included in finance income amounted to HK$22,168,000 and HK$41,444,000 for the years ended 31st March 2008 and 2009, respectively (note 6), which was calculated using the effective interest method by applying the effective interest rates ranging from 6% to 6.5% per annum.

17. Cash and cash equivalents and pledged bank deposits

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	
Cash at banks and on hand	67,532	886,558	916,258
Short-term bank deposits	558,571	177,025	216,923
Cash and cash equivalents	626,103	1,063,583	1,133,181
Pledged bank deposits	48,390	58,552	84,381
	674,493	1,122,135	1,217,562

The Group's cash and cash equivalents denominated in Renminbi are deposited with banks in Mainland China. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Mainland China Government.

18. Share capital

	Ordinary shares		Preference shares		
	Number of shares	Ordinary share capital	Number of shares	Preference share capital	Total
	'000	*HK$'000*	*'000*	*HK$'000*	*HK$'000*
Authorised:					
At 31st March 2008, 2009 and 2010	40,000,000	400,000	30,000,000	300,000	700,000
Analysed as —					
Ordinary shares of HK$0.01 each	40,000,000	400,000	—	—	400,000
Preference shares of HK$0.01 each	—	—	30,000,000	300,000	300,000
	40,000,000	400,000	30,000,000	300,000	700,000
Issued:					
At 1st April 2007	95,795	958	8,176,014	81,760	82,718
Issue of preference shares	—	—	5,197,240	51,973	51,973
At 31st March 2008, 1st April 2008, 31st March 2009 and 1st April 2009	95,795	958	13,373,254	133,733	134,691
Conversion of preference shares	13,373,254	133,733	(13,373,254)	(133,733)	—
Conversion of convertible bonds	127,714	1,277	—	—	1,277
At 31st March 2010	13,596,763	135,968	—	—	135,968

The preference shares are non-redeemable and are convertible into ordinary shares in the Company at a conversion ratio of one preference share into one ordinary share. All preference shares were converted into ordinary shares on 28th February 2010.

The Company has issued, as at the date of this report, ordinary shares of 13,596,763,000, and ordinary share capital of HK$135,968,000.

19. Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Equity portion of convertible bonds HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Treasury shares HK$'000	Cumulative translation adjustments HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
Balances at 1st April 2007	1,083,637	8,984	6,388	2,700	–	–	1,850	45,063	1,148,622
Loss for the year	–	–	–	–	–	–	–	(72,590)	(72,590)
Changes in fair value of available-for-sale financial assets	–	–	–	–	(193)	–	–	–	(193)
Currency translation differences	–	–	–	–	–	–	11,128	–	11,128
Issue of preference shares	914,968	–	–	–	–	–	–	–	914,968
Share issue expenses – preference shares	(5,970)	–	–	–	–	–	–	–	(5,970)
Balances at 31st March 2008 and at 1st April 2008	1,992,635	8,984	6,388	2,700	(193)	–	12,978	(27,527)	1,995,965
Loss for the year	–	–	–	–	–	–	–	(136,093)	(136,093)
Changes in fair value of available-for-sale financial assets	–	–	–	–	193	–	–	–	193
Actuarial gain from pension	–	–	–	–	–	–	–	5,692	5,692
Disposal of subsidiaries	–	–	–	(2,700)	–	–	(1,055)	2,700	(1,055)
Currency translation differences	–	–	–	–	–	–	(72,316)	–	(72,316)
Balances at 31st March 2009 and at 1st April 2009	1,992,635	8,984	6,388	–	–	–	(60,393)	(155,228)	1,792,386
Profit for the year	–	–	–	–	–	–	–	16,711	16,711
Changes in fair value of available-for-sale financial assets	–	–	–	–	1,575	–	–	–	1,575
Actuarial loss from pension	–	–	–	–	–	–	–	(653)	(653)
Currency translation differences	–	–	–	–	–	–	50,509	–	50,509
Receipt of treasury shares	–	–	–	–	–	(12,941)	–	–	(12,941)
Disposal of treasury shares	(8,284)	–	–	–	–	12,941	–	–	4,657
Conversion of convertible bonds	25,111	–	(6,388)	–	–	–	–	–	18,723
Balances at 31st March 2010	2,009,462	8,984	–	–	1,575	–	(9,884)	(139,170)	1,870,967

20. Borrowings

Borrowings are analysed as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings *(note (a))*	176,795	430,409	387,429
Finance lease obligations *(note (b))*	16,379	6,887	46
Total borrowings	193,174	437,296	387,475
Less: Non-current portion	(10,338)	(75,939)	(50,668)
Current portion	182,836	361,357	336,807

(a) Bank borrowings

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Non-current			
Bank loans — secured	—	73,436	34,102
Bank loans — unsecured	—	—	15,473
Mortgage loans — secured	3,451	2,457	1,066
	3,451	75,893	50,641
Current			
Discounted bills with recourse — secured	30,833	58,040	23,321
Trust receipt loans — secured	99,955	88,401	99,400
Bank loans and overdrafts — secured	—	171,860	211,524
Bank loans — unsecured	41,636	35,237	2,395
Mortgage loans — secured	920	978	148
	173,344	354,516	336,788
Total bank borrowings	176,795	430,409	387,429

The carrying amounts of all bank borrowings approximate to their fair values, as the impact of discounting is not significant.

The bank borrowings are repayable as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	173,344	354,516	336,788
Between 1 and 2 years	984	74,454	9,976
Between 2 and 5 years	1,696	842	40,232
Over 5 years	771	597	433
	176,795	430,409	387,429

(b) Finance lease obligations

The Group had obligations under finance leases repayable as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Finance lease liabilities — minimum lease payments:			
— Within 1 year	10,215	7,070	23
— Between 1 and 2 years	7,070	23	23
— Between 2 and 5 years	52	29	6
	17,337	7,122	52
Future finance charges on finance leases	(958)	(235)	(6)
Present value of finance lease obligations	16,379	6,887	46
The present value of finance lease obligations is as follows:			
— Within 1 year	9,492	6,841	19
— Between 1 and 2 years	6,841	19	21
— Between 2 and 5 years	46	27	6
	16,379	6,887	46

21. Trade and other payables

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills payables	239,078	261,466	547,847
Accrual for operating expenses	6,348	48,227	30,483
Receipts in advance	36,516	18,067	52,337
Other payables	18,834	23,943	50,786
	300,776	351,703	681,453

The aging analysis of trade and bills payables is as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
90 days or less	198,723	249,528	542,042
91 to 180 days	30,823	3,521	2,087
181 to 270 days	3,587	853	96
271 to 365 days	1,640	2,221	455
Over 365 days	4,305	5,343	3,167
	239,078	261,466	547,847

22. Convertible bonds

In August 2005, the Company issued convertible bonds at a face value of approximately HK$20,000,000, which were denominated in Hong Kong dollars.

The convertible bonds have a maturity date in August 2010 or can be converted into a total of 127,713,920 shares in the Company, with a par value of HK$0.01 each, at the holders' option, at HK$0.1566 per share. All bonds were converted into ordinary shares on 28th February 2010.

The fair values of the liability component and the equity conversion component were determined upon issuance of the bond. The liability component is subsequently stated at amortised cost. The fair value of the liability component was calculated using a market interest rate for a term loan offered to the Group of 8.0% per annum. The remaining amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves.

The convertible bonds recognised on the statements of financial position are calculated as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Face value of convertible bonds issued on 8th August 2005	20,000	20,000	20,000
Equity component	(6,388)	(6,388)	(6,388)
Liability component on initial recognition on 8th August 2005	13,612	13,612	13,612
Accrued interest expenses	3,378	4,655	6,388
Conversion into ordinary shares	—	—	(20,000)
Liability component at the end of the year	16,990	18,267	—

Interest expenses on the bonds are calculated using the effective interest method by applying the effective interest rate of 8.0% per annum to the liability component.

Accrued interest expenses recognised as expenses and included in finance costs amounted to HK$1,278,000, HK$1,277,000 and HK$1,733,000 for the years ended 31st March 2008, 2009 and 2010, respectively (note 6).

23. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates which are expected to apply at the time of reversal of the temporary difference.

The movements in net deferred tax assets/(liabilities) are as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
At the beginning of the year	(2,333)	12,433	5,018
Recognised on acquisition of a jointly-controlled entity	—	(36,718)	—
Recognised in the income statement *(note 7)*	14,766	21,190	11,772
Exchange realignments	—	8,113	(2,733)
At the end of the year	12,433	5,018	14,057

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Representing:			
Deferred tax assets	12,444	18,810	28,550
Deferred tax liabilities	(11)	(13,792)	(14,493)
At the end of the year	12,433	5,018	14,057

The movements in deferred tax assets and liabilities (to be recovered/settled after 12 months) during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation	**Provision of trade receivables and inventories**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2007	(2,333)	—	—	(2,333)
Recognised in the income statement	543	—	14,223	14,057
At 31st March 2008 and at 1st April 2008	(1,790)	—	14,223	12,433
Recognised on acquisition of a jointly-controlled entity	(37,489)	—	771	(36,718)
Recognised in the income statement	14,476	—	6,714	21,190
Exchange realignments	8,195	—	(82)	8,113
At 31st March 2009 and at 1st April 2009	(16,608)	—	21,626	5,018
Recognised in the income statement	2,806	6,324	2,642	11,772
Exchange realignments	(2,758)	—	25	(2,733)
At 31st March 2010	(16,560)	6,324	24,293	14,057

The Group had unrecognised deferred tax assets of approximately HK$34,103,000, HK$13,892,000, and HK$13,452,000 as at 31st March 2008, 2009 and 2010, respectively, primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely.

The Group had tax losses arising in Mainland China of HK$1,491,000 and HK$1,750,000 as at 31st March 2009 and 2010, respectively, and these tax losses will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries and jointly-controlled entities that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There was no significant unrecognised deferred tax liability as at 31st March 2008, 2009 and 2010 for taxes that would be payable on the unremitted earnings of the Group's subsidiaries or jointly-controlled entities.

24. Retirement benefit obligation

	At 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
Pension benefit		
— Obligation in the statements of financial position	48,926	62,834
— Income statement charged	6,957	9,773
Cumulative actuarial gains recognised in other comprehensive income/(loss) (before tax) as at the beginning of the year	—	13,311
Acquisition of a jointly-controlled entity	11,579	—
Actuarial gain/(loss) recognised in other comprehensive income/(loss) in the year (before tax)	5,692	(653)
Exchange realignments	(3,960)	2,755
Cumulative actuarial gains recognised in other comprehensive income/(loss) (before tax) as at year end	13,311	15,413

The pension plan is the final salary defined plan. The Group's plan is valued by Towers Watson (previously known as Watson Wyatt Korea), qualified actuaries, using the project unit credit method, for the years ended 31st March 2009 and 2010.

Pension benefit

The Group operates defined benefit pension plans in the Republic of Korea based on employees' pensionable remuneration and length of service.

The amounts recognised in the statements of financial position are determined as follows:

	At 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
Present value of unfunded obligations	48,926	62,834
Unrecognised past service cost	—	—
Liability in the statements of financial position	48,926	62,834

The movements in the defined benefit obligation in the years ended 31st March 2009 and 2010 are as follows:

	Year ended 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
At the beginning of the year	—	48,926
Liabilities acquired during acquisition of a jointly-controlled entity	68,424	—
Current service cost	4,229	5,773
Interest cost	2,728	4,000
Actuarial loss/(gain)	(5,692)	653
Benefits paid	(4,416)	(7,066)
Exchange realignments	(16,347)	10,548
At the end of the year	48,926	62,834

The amounts recognised in the income statements are as follows:

	Year ended 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
Current service cost	4,229	5,773
Interest cost	2,728	4,000
Total, included in staff costs	6,957	9,773

The principal actuarial assumptions used were as follows:

	Year ended 31st March	
	2009	**2010**
Discount rate	7.75%	6.50%
Future salary increase	5%	5%
Mortality rate:		
Pensioners at 25		
Male	0.116%	0.116%
Female	0.042%	0.042%
Pensioners at 30		
Male	0.098%	0.098%
Female	0.050%	0.050%
Pensioners at 35		
Male	0.118%	0.118%
Female	0.061%	0.061%
Pensioners at 40		
Male	0.194%	0.194%
Female	0.084%	0.084%
Pensioners at 45		
Male	0.333%	0.333%
Female	0.131%	0.131%
Pensioners at 50		
Male	0.544%	0.544%
Female	0.201%	0.201%
Pensioners at 55		
Male	0.878%	0.878%
Female	0.290%	0.290%
Termination rate:		
At 25	4.788%	4.788%
At 30	2.973%	2.973%
At 35	2.740%	2.740%
At 40	2.748%	2.748%
At 45	2.819%	2.819%
At 50	3.090%	3.090%
At 55	4.643%	4.643%
Retirement age	56	56

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Changes in assumption	Impact on retirement benefit on obligation
For the year ended 31st March 2009:		
Discount rate	Increase by 0.5%	Decrease by 5.11%
	Decrease by 0.5%	Increase by 5.50%
Salary growth rate	Increase by 0.5%	Increase by 5.00%
	Decrease by 0.5%	Decrease by 4.68%
Rate of mortality	Increase by 1%	Increase by 2.35%
For the year ended 31st March 2010:		
Discount rate	Increase by 0.5%	Decrease by 5.13%
	Decrease by 0.5%	Increase by 5.52%
Salary growth rate	Increase by 0.5%	Increase by 5.42%
	Decrease by 0.5%	Decrease by 5.08%
Rate of mortality	Increase by 1%	Increase by 1.21%

25. Financial guarantees

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Guarantees provided to subsidiaries and jointly-controlled entities by the Company	265,363	356,460	518,068
Outstanding borrowings with respect to the guarantee provided by the Company	74,419	81,357	249,047

The Company's directors and the Group's management anticipate that no material liabilities will arise from such guarantees which arose in the ordinary course of business.

26. Banking facilities

Summary of the Group's banking facilities is as follows:

	At 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Total banking facilities for loans and trade financing	632,024	924,365	1,172,268
Amount utilised by the Group	193,346	421,716	642,810

These facilities were secured by:

(i) pledge of property, plant and equipment of the jointly-controlled entities of HK$3,910,000, HK$388,326,000 and HK$470,625,000 as at 31st March 2008, 2009 and 2010, respectively;

(ii) pledge of leasehold land and land use rights of the jointly-controlled entities of HK$4,549,000, HK$7,233,000 and HK$7,057,000 as at 31st March 2008, 2009 and 2010, respectively;

(iii) pledge of entire balance of freehold land of a jointly-controlled entity as at 31st March 2009 and 2010;

(iv) pledge of entire balance of investment properties of a jointly-controlled entity as at 31st March 2008, 2009 and 2010;

(v) pledge of inventories of the jointly-controlled entities of HK$16,969,000, HK$53,375,000 and HK$55,761,000 as at 31st March 2008, 2009 and 2010, respectively, and certain of the Group's inventories held under trust receipt bank loan arrangements;

(vi) as at 31st March 2010, bank deposits of the Group's subsidiaries of HK$1,327,000 were used to secure certain banking facilities of the Group;

(vii) pledge of the bank deposits of the jointly-controlled entities of HK$48,390,000, HK$46,086,000 and HK$83,054,000 as at 31st March 2008, 2009 and 2010, respectively;

(viii) discounted bills receivables with recourse of the Group's subsidiaries of HK$7,277,000 and HK$23,328,000 as at 31st March 2008 and 2009, respectively;

(ix) discounted bills receivables with recourse of the jointly-controlled entities of HK$23,556,000, HK$34,712,000 and HK$23,321,000 as at 31st March 2008, 2009 and 2010, respectively, were used to secure certain banking facilities of the Group;

(x) corporate guarantee provided by the Company of HK$265,363,000, HK$356,460,000 and HK$518,068,000 as at 31st March 2008, 2009 and 2010, respectively; and

(xi) government guarantee provided by the Government of the HKSAR of HK$23,280,000 as at 31st March 2010. No government guarantee was received as at 31st March 2008 and 2009.

27. Related party transactions

During the years ended 31st March 2008, 2009 and 2010, before the conversion of the convertible bonds and preference shares on 28th February 2010, the Company had been owned by North Asia Strategic Acquisition Corp. ("NASAC"), a company incorporated in the Cayman Islands, and Mr. Moses Tsang Kwok Tai ("Mr. Tsang") and his related parties as to approximately 46.1% and 21.1% respectively. NASAC and Mr. Tsang acquired their interests in the Company effective from 9th August 2005. Ajia Partners Inc. is the controlling company of North Asia Strategic Advisors ("NASA") which in turn controls 100% voting capital of NASAC. Since 28th February 2010 and as at 31st March 2010, neither Mr. Tsang nor NASAC owns more than 5% of the Company and thus, neither of them has significant influence over the Company.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) The following is a summary of the significant transactions carried out with related parties:

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Name of related party/ nature of transaction			
Ajia Partners (HK) Limited ("APHK") *(i)*			
— Rental expense charged to the Group	938	2,284	2,093
— Administrative services fee charged to the Group	996	996	913
NASA *(ii)*			
— Service fees charged to the Group	25,322	38,591	35,189
— Placing fees charged to the Group	4,814	—	—

Notes:

(i) APHK is a fellow subsidiary of NASAC and associated with Mr. Tsang. When both Mr. Tsang and NASAC ceased to have significant influence over the Company since 28th February 2010, APHK is no longer a related party to the Group and the transactions with APHK subsequent to 28th February 2010 is not included in the amount disclosed above.

The Group entered into three administrative service agreements with APHK, under which APHK for provision of general administrative services by APHK during the periods from 1st July 2007 to 30th June 2008, from 1st July 2008 to 30th June 2009, and from 1st July 2009 to 30th June 2010, for a monthly service fee of approximately HK$83,000. In addition, the Group entered into a sub-tenancy agreement with, inter alia, APHK for sub-leasing of office space from 9th August 2005 to 31st March 2008 and from 1st April 2008 to 31st March 2011 at a monthly rental of approximately HK$75,000 and HK$190,000, respectively.

(ii) NASA is the holding company of NASAC which was a substantial shareholder of the Company up to 28th February 2010.

The Group entered into service agreement with NASA, under which the Group has agreed to pay NASA (i) an annual service fee of 2% of aggregate subscription price less aggregate amount of salaries and other remuneration paid to certain employees of the Group for the provision of services in capital raising, research, investor sourcing, investment sourcing, investment analysis or due diligence and financial advisory service by NASA; (ii) an annual incentive fee equal to 20% of the amount by which net assets at the end of each financial year exceed the greater of the highest level of the net assets of the Group and the aggregate amount of capital drawn down and injected into the Company arranged by NASA, compounded annually at the rate of 5%; and (iii) a placing fee of 0.5% of the gross proceeds of placement of preference shares or any other equity or equity-linked securities of the Group arranged by NASA.

(b) Key management compensation

	Year ended 31st March		
	2008	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and allowances	8,375	8,777	9,024
Retirement benefits — defined contribution scheme	216	52	55
	8,591	8,829	9,079

III. Event after the reporting period

Disposal of the Group's interest in TKC, a jointly-controlled entity

On 30th April 2010, the Group entered into an agreement to dispose of its entire shareholding in TKC in the Republic of Korea, for a total cash consideration of KRW77 billion (approximately HK$546 million as disclosed in the Company's announcement dated 4th May 2010) (the "Transaction"). The Transaction, subject to certain completion conditions, including regulatory approval, is targeted to be completed in July 2010.

The revenue and expenses, assets and liabilities, and cash flows of TKC since its acquisition by the Group on 30th June 2008 are set out below:

(i) Share of TKC's revenue and expenses

	Year ended 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
Revenue	1,202,512	1,754,983
Cost of sales	(1,088,038)	(1,567,447)
Gross profit	114,474	187,536
Other income and gains — net	—	18,841
Selling and distribution expenses	(41,992)	(49,895)
General and administrative expenses	(97,783)	(33,676)
Operating profit/(loss)	(25,301)	122,806
Finance income	623	318
Finance costs	(27,202)	(27,810)
Profit/(loss) before income tax	(51,880)	95,314
Income tax credit/(expense)	14,878	(25,593)
Profit/(loss) for the year	(37,002)	69,721

(ii) Share of TKC's assets and liabilities

	At 31st March 2009	2010
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	483,268	556,172
Intangible assets	177,589	184,566
Available-for-sale financial assets	1	2
Other non-current assets	1,674	3,020
	662,532	743,760
Current assets		
Inventories	44,602	56,091
Trade and other receivables	90,489	135,042
Non-current assets held for sale	6,264	—
Current income tax recoverable	170	—
Pledged bank deposits	6,975	7
Cash and cash equivalents	7,807	87,011
	156,307	278,151
Total assets	818,839	1,021,911
LIABILITIES		
Current liabilities		
Borrowings	203,892	182,993
Trade and other payables	176,617	299,616
Current income tax liabilities	—	17,570
	380,509	500,179
Non-current liabilities		
Borrowings	73,436	23,281
Deferred tax liabilities	13,782	14,493
Retirement benefit obligations	48,926	62,834
Other non-current liabilities	37	46
	136,181	100,654
Total liabilities	516,690	600,833

(iii) Share of TKC's cash flows

	Year ended 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
Cash flows from operating activities		
Operating profit/(loss)	(25,301)	122,806
Depreciation of property, plant and equipment	29,865	41,343
Amortisation of intangible assets	7,744	10,720
Loss on disposal of property, plant and equipment	—	(25)
Impairment of trade receivables	3,767	463
Impairment of non-current assets held for sale	17,233	—
Impairment of non-current assets	971	—
Severance and retirement benefits, net	6,957	9,773
Gain on disposal of non-current assets held for sale	—	(35)
Loss on disposal of an available-for-sale financial asset	12	—
Write-down of inventories to net realisable value, net	102	(559)
	41,350	184,486
Decrease/(increase) in inventories	8,525	(1,396)
Decrease/(increase) in trade and other receivables	4,005	(24,210)
Increase/(decrease) in trade and other payables	(34,882)	79,909
Increase in other non-current assets	(1,315)	(882)
Decrease in severance and retirement benefits	(4,416)	(7,066)
Net cash flow from /(used in) operations	13,267	230,841
Interest paid	(21,978)	(20,864)
Overseas income tax paid	(55)	(11,122)
Net cash flows from/(used in) operating activities	(8,766)	198,855

	Year ended 31st March	
	2009	**2010**
	HK$'000	*HK$'000*
Cash flows from investing activities		
Additions of property, plant and equipment	(9,009)	(7,451)
Proceeds from disposal of property, plant and equipment	—	30
Proceeds from disposal of non-current assets	—	53
Proceeds from disposal of available-for-sale financial assets	9,500	—
Interest received	627	313
Increase/(decrease) in pledged bank deposits	(7,568)	7,856
Net cash flows from/(used in) investing activities	(6,450)	801
Cash flows from financing activities		
New bank loans	83,549	192,073
Repayment of bank loans	(103,929)	(319,693)
Net cash used in financing activities	(20,380)	(127,620)
(Increase)/decrease in cash and cash equivalents	(35,596)	72,036
Cash and cash equivalents at the beginning of the year	57,364	7,807
Effect of foreign exchange rate changes, net	(13,961)	7,168
Cash and cash equivalents at the end of the year	7,807	87,011

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

For the year ended 31st March 2010

Financial and Business Performance

According to the pro forma financial information set out in Appendix II to this circular, the Remaining Group recorded revenue of approximately HK$1,413.0 million and net loss of approximately HK$24.1 million for the year ended 31st March 2010. The business of the Remaining Group primarily comprises the fishmeal and seafood product division, the hi-tech distribution and services division and the branded food division. Further details of the financial and business performance of each major business division are discussed below. The audited profit/loss figures of each major business division disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

Fishmeal and Seafood Product Division

During the year, there was a rebound of the demand for brown fishmeal and its market prices due to an increase in demand from the aquaculture industry in China and limited global supply. This benefited the core fishmeal trading business of the Remaining Group's 40% jointly-controlled fishmeal and fish oil trading division conducted through Coland Group Limited ("Coland") and resulted in the Remaining Group's share in its revenue of approximately HK$526,413,000 for the year with a net profit of approximately HK$24,159,000, versus revenue of HK$430,887,000 and loss of approximately HK$4,078,000 in last year. Coland continues to implement smaller lot purchases and improve inventory management by analysis of near term supply and demand data.

The expansion and diversification into value adding and higher margin businesses continues full stream. The fish oil process business is a leader in quality and supply capability and Coland has one of the largest fish oil processing capabilities in Asia today. The feed business and joint venture with Nosan Corporation ("Nosan") is exploring new products and customers. The fillet and crayfish processing factory in Wuhan which started operation in September 2009 has obtained the regulatory certificates for export to the US market and Europe market in the year.

Going forward, the Company expects the demand for fishmeal and seafood products will continue to grow with the increasing market access (i.e. US and Europe) by the fishmeal and seafood product division and increasing demand for seafood products by consumers. The Company expects a seasonal dip in demand in the first quarter of the fiscal year ended 31st March 2011 for brown fishmeal but strong demand for fish oil to continue.

The management team is focused in the following areas, especially with the ramp up of new valued added businesses.

- Continue to monitor the global supply and demand for the fishmeal business and closely manage inventory

- Expand feed processing capacity to take advantage of growing demand and the Group's joint venture with Nosan

- Build on processing capability in fish oil business

- Grow customer base in US and Europe for new fillet business

Hi-Tech Distribution and Services Division

After the dramatic decline of sales across the globe during the downturn, customer demand has continued to improve. With improving customer orders and management actions taken on cost control and operation efficiency, this division recorded revenue of approximately HK$775,870,000 and a net profit of approximately HK$10,708,000 for the year, versus a revenue of approximately HK$564,612,000 and a net loss of approximately HK$50,021,000 in last year. During the recession, this division has established a stronger position in the sector as a leader in the distribution and service of SMT machinery in China, Vietnam and India.

Consumer sentiment continues to improve after year end with increasing demand from global accounts as global electronics manufacturing companies are increasing capacities at a rapid rate. The Company expects the financial improvement of the division to continue in the coming months.

The management team is focused in the following areas to further build on the great distribution and sales capability of this division in China, Vietnam and India which serves a majority of leading manufacturing customers in hi-tech industry in the world.

- Continue to strengthen and consolidate the leading position in this market sector

- Reaccelerate the strategic growth plans in services/solutions, new products and complementary segments

- Continue to monitor and manage costs as grow

- Invest in internal processes to enhance support to customers and suppliers

Branded food division

The branded food division, a start-up business, gained good momentum with an increase of restaurant from 5 to 15 in Hong Kong by the year end. As of the date of this report, this division has opened 15 restaurants in renowned tourist spots, commercial districts and residential districts in Hong Kong, including Tsim Sha Tsui, Wanchai, Mongkok, Fortress Hill, Hunghom, Shatin, Causeway Bay, Admiralty, Tsuen Wan, Wong Tai Sin, Sheung Shui, Tseung Kwan O and Tsz Wan Shan. This division has also won a number of awards in Hong Kong as one of the best quick service restaurants in the City.

The division recorded a revenue of approximately HK$110,699,000 with loss of approximately HK$28,513,000 for the year, versus a revenue of approximately HK$31,518,000 and loss of approximately HK$16,489,000 in last year. The increase in net loss was attributable to the start-up costs associated with 10 new restaurants opened in Hong Kong during the year. With the improved economies of scale and increasing presence in the Hong Kong market arising from increased number of restaurants and management actions taken to streamline operations and managing efficiency, net loss per restaurant was significantly reduced by approximately 42.4% in the year over last year.

With increasing presence in the market with superior products and brand promotions, the Group expects the financial improvement of the division to continue in the coming months.

The management team of this division is focused in the following areas to grow its restaurant business.

- Continue to add stores in attractive locations to increase serving presence and scale

- Work innovative marketing programs to capture new customers and increase brand loyalty

- Closely monitor costs and realise cost efficiencies from increasing scale

- Insure top product quality to continue to have top review and awards from customers

Financial Resources, Liquidity and Charges on Assets

According to the pro forma financial information, as at 31st March 2010, the Remaining Group had cash and cash equivalents of approximately HK$1,618.9 million, of which approximately HK$84.4 million was pledged to secure trade facilities. The Remaining Group had borrowings of approximately HK$181.2 million. The gearing ratio (sum of borrowings divided by equity attributable to owners of the Company) of the Remaining Group was 0.09 as at 31st March 2010.

Significant Investments Held and Material Acquisition and Disposals of Investments and Subsidiaries

As at 31st March 2010, the Remaining Group had no significant investments. There were no material acquisitions or disposals of investments and subsidiaries during the year.

Foreign Currency Exposure

The businesses of the Remaining Group were primarily transacted in HK$, US$, Euro, Yen and Renminbi. The Group's cash and bank deposits, including pledged bank deposits, were mainly denominated in HK$. The foreign currency exposure of the Group is mainly driven by its business divisions.

The Remaining Group attempts to minimise its foreign currency exposure through (i) matching its payables for purchases against its receivables on sales and (ii) maintain sufficient foreign currency cash balances to settle the foreign currency payables. The Remaining Group will continue to monitor closely the exchange rate between US$ and Yen and will make necessary hedging arrangements to minimise its foreign currency exposure arising from foreign currency fluctuation in the future.

Contingent Liabilities

As at 31st March 2010, the Company had provided guarantees of approximately HK$518,068,000 (2009: HK$356,460,000) with respect to banking facilities made available to the Remaining Group.

Number of Employees and Remuneration Policies

As at 31st March 2010, the Remaining Group employed 1,081 staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Remaining Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs of the Remaining Group including contribution to retirement benefit schemes incurred during the year under review amounted to approximately HK$98,258,000.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 10th May 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group's aggregate outstanding borrowings were as follows:

	Balance as at 10th May 2010 *HK$'million*
Secured bank borrowings	
Bank loans *(Note (i))*	33
Trust receipt loans *(Note (ii))*	30
Total borrowings	63

The trust receipt loans and bank loans bore interest at rates ranging from approximately HIBOR or LIBOR plus 1.5% to 3% per annum.

Notes:

(i) These borrowings were secured by guarantee provided by the Company and the Government of HKSAR.

(ii) These borrowings were secured by guarantee provided by the Company.

As at the close of business on 10th May 2010, the Company had contingent liabilities in respect of guarantees given to banks in respect of the bank loans provided to the jointly-controlled entities of approximately HK$119 million.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, at the close of business on 10th May 2010, the Group did not have any loan capital issued and outstanding or agreed to be issued, other debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 10th May 2010 and up to the Latest Practicable Date.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's internal resources, the presently available banking and other facilities and in the absence of unforeseen circumstances, the Group will have sufficient working capital for a period of 12 months from the date of this circular.

5. REVIEW OF FINANCIAL INFORMATION

The unaudited condensed financial information of the Group for the years ended 31 March 2008, 2009 and 2010 as disclosed in Section 1 of this Appendix has been reviewed by the Reporting Accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st March 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

1. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

22nd June 2010

The Directors
North Asia Strategic Holdings Limited
The Center, 78th Floor
99 Queen's Road Central
Central
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of North Asia Strategic Holdings Limited (the "Company") and its subsidiaries and jointly-controlled entities (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Financial Information") set out on pages 76 to 88 in Appendix II to the circular of the Company dated 22nd June 2010 (the "Circular") in connection with the disposal (the "Transaction") of the entire interest in TK Chemical Corporation ("TKC"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information presented in respect of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 76 to 88 to the Circular.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to

Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31st March 2010 or any future dates; or

- the results and cash flows of the Group for the year ended 31st March 2010 or any future periods.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(1) Unaudited pro forma consolidated statement of financial position of the Remaining Group

The following is an illustrative and unaudited pro forma consolidated statement of financial position of the Remaining Group which is prepared based on the audited consolidated statement of financial position of the Company, its subsidiaries and jointly-controlled entities (hereinafter collectively referred to as the "Group" in this section headed "2. Unaudited pro forma financial information of the Remaining Group") as at 31st March 2010, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Transaction on the financial position of the Group as if the Transaction had taken place on 31st March 2010.

The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give true picture of the financial position of the Remaining Group had the Transaction been completed as at 31st March 2010 or at any future dates.

	Consolidated statement of financial position of the Group as at 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (c)*	
ASSETS				
Non-current assets				
Property, plant and equipment	704,313	(556,172)	—	148,141
Investment properties	2,183	—	—	2,183
Leasehold land and land use rights	20,835	—	—	20,835
Intangible assets	582,049	(184,566)	—	397,483
Available-for-sale financial assets	3,008	(2)	—	3,006
Deferred tax assets	28,550	—	—	28,550
Other non-current assets	12,416	(3,020)	—	9,396
	1,353,354			609,594

	Consolidated statement of financial position of the Group as at 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (c)*	
Current assets				
Inventories	231,220	(56,091)	—	175,129
Trade and other receivables	385,399	(135,042)	—	250,357
Pledged bank deposits	84,381	(7)	—	84,374
Cash and cash equivalents	1,133,181	(87,011)	488,242	1,534,412
	1,834,181			2,044,272
Total assets	3,187,535			2,653,866
EQUITY				
Equity attributable to owners of the Company:				
Share capital	135,968	—	—	135,968
Reserves	1,870,967	—	69,774	1,940,741
	2,006,935			2,076,709
Minority interests	3,237	—	—	3,237
Total equity	2,010,172			2,079,946
LIABILITIES				
Current liabilities				
Borrowings	336,807	(182,993)	—	153,814
Trade and other payables	681,453	(299,616)	4,290	386,127
Derivative financial instruments	189	—	—	189
Current income tax liabilities	20,326	(17,570)	—	2,756
	1,038,775			542,886

	Consolidated statement of financial position of the Group as at 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (b)*	*Note (c)*	
Non-current liabilities				
Borrowings	50,668	(23,281)	—	27,387
Deferred tax liabilities	14,493	(14,493)	—	—
Retirement benefit obligation	62,834	(62,834)	—	—
Derivative financial instruments	6,900	(6,900)	—	—
Other non-current liabilities	3,693	(46)	—	3,647
	138,588			31,034
Total liabilities	1,177,363			573,920
Total equity and liabilities	3,187,535			2,653,866

(2) Unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of comprehensive income of the Remaining Group

The following are an illustrative and unaudited pro forma consolidated income statement and an illustrative and unaudited pro forma consolidated statement of comprehensive income of the Remaining Group which are prepared based on the audited consolidated income statement and the audited consolidated statement of comprehensive income of the Group for the year ended 31st March 2010, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Transaction on the results of the Group as if the Transaction had taken place on 1st April 2009.

The unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of comprehensive income have been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the results of the Remaining Group for the year ended 31st March 2010 or any future periods had the Transaction been completed on 1st April 2009 or at any future dates.

Consolidated Income Statement

	Consolidated income statement of the Group for the year ended 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (d)*	*Note (e)*	
Revenue	3,167,965	(1,754,983)	—	1,412,982
Cost of sales	(2,767,621)	1,567,447	—	(1,200,174)
Gross profit	400,344			212,808
Other income and gains — net	45,984	(21,011)	64,898	89,871
Selling and distribution expenses	(210,980)	49,895	—	(161,085)
General and administrative expenses	(166,375)	33,676	—	(132,699)
Operating profit	68,973			8,895
Finance income	6,016	(318)	—	5,698
Finance costs	(40,919)	27,810	—	(13,109)
Profit before income tax	34,070			1,484
Income tax credit/(expense)	(17,834)	25,593	(33,375)	(25,616)
Profit/(loss) for the year	16,236			(24,132)

Consolidated Statement of Comprehensive Income

	Consolidated statement of comprehensive income of the Group for the year ended 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (d)*	*Note (e)*	
Profit/(loss) for the year	16,236	(71,891)	31,523	(24,132)
Other comprehensive income:				
Changes in fair value of available-for-sale financial assets	1,575	—	—	1,575
Actuarial loss on post employment benefit obligtions	(653)	653	—	—
Currency translation differences	50,509	(48,553)	—	1,956
Other comprehensive income for the year, net of tax	51,431			3,531
Total comprehensive income/(loss) for the year	67,667			(20,601)

(3) Unaudited pro forma consolidated statement of cash flows of the Remaining Group

The following is an illustrative and unaudited pro forma consolidated statement of cash flows of the Remaining Group which is prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31st March 2010, after giving effect to the pro forma adjustments as explained in the notes below, for the purpose of illustrating the effect of the Transaction on the cash flows of the Group as if the Transaction had taken place on 1st April 2009.

The unaudited pro forma consolidated statement of cash flows has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Remaining Group for the year ended 31st March 2010 or any future periods had the Transaction been completed on 1st April 2009 or at any future dates.

	Consolidated statement of cash flows of the Group for the year ended 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (f)*	*Note (g)*	
Cash flows from operating activities				
Operating profit	68,973	(124,974)	64,898	8,897
Depreciation of property, plant and equipment	64,686	(41,343)	—	23,343
Depreciation of investment properties	76	—	—	76
Amortisation of intangible assets	20,751	(10,720)	—	10,031
Amortisation of leasehold land and land use rights	531	—	—	531
Loss on disposal of property, plant and equipment	494	25	—	519
Fair value losses/(gains) on derivative financial instruments	(1,980)	2,168	—	188
Impairment of trade receivables	5,843	(463)	—	5,380
Impairment of other receivables	49	—	—	49
Impairment of property, plant and equipment	419	—	—	419
Severance and retirement benefits, net	9,773	(9,773)	—	—
Gain on disposal of non-current assets held for sale	(35)	35	—	—
Gain on disposal of a jointly-controlled entity	—	—	(31,523)	(31,523)
Write-down of inventories to net realisable value, net	12,950	559	—	13,509
Gain on compensation in form of treasury shares	(12,941)	—	—	(12,941)
	169,589			18,478

	Consolidated statement of cash flows of the Group for the year ended 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (f)*	*Note (g)*	
Decrease in inventories	2,727	1,396	—	4,123
Increase in trade and other receivables	(170,822)	24,210	—	(146,612)
Increase in trade and other payables	291,117	(79,909)	—	211,208
Increase in other non-current assets	(1,317)	882	—	(435)
Decrease in other non-current liabilities	(349)	—	—	(349)
Decrease in severance and retirement benefits	(7,066)	7,066	—	—
	283,879			86,413
Interest paid	(28,836)	20,864	—	(7,972)
Hong Kong profits tax paid	(512)	—	—	(512)
Mainland China enterprise income tax paid	(1,912)	—	—	(1,912)
Overseas income tax paid	(11,170)	11,122	(33,375)	(33,423)
Net cash generated from operating activities	241,449			42,594

	Consolidated statement of cash flows of the Group for the year ended 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (f)*	*Note (g)*	
Cash flows from investing activities				
Additions of property, plant and equipment	(66,889)	7,451	—	(59,438)
Additions of intangible assets	(1,941)	—	—	(1,941)
Prepayments on construction costs	580	—	—	580
Proceeds from disposal of property, plant and equipment	806	(30)	—	776
Proceeds from disposal of non-current assets	53	(53)	—	—
Disposal of a jointly-controlled entity	—	—	399,040	399,040
Interest received	5,937	(313)	—	5,624
Increase in time deposits with original maturity of more than three months when acquired	(72)	—	—	(72)
Increase in pledged bank deposits	(25,829)	(7,856)	—	(33,685)
Net cash flows from/(used in) investing activities	(87,355)			310,884
Cash flows from financing activities				
Receipt of subscription receivables	13,000	—	—	13,000
Sale of treasury shares	4,657	—	—	4,657
Capital contribution from minority interests	274	—	—	274
New bank loans	954,264	(192,073)	—	762,191
Repayment of bank loans and capital elements of finance leases	(1,061,120)	319,693	—	(741,427)

	Consolidated statement of cash flows of the Group for the year ended 31st March 2010	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (f)*	*Note (g)*	
Net cash flows from/(used in) financing activities	(88,925)			38,695
Increase in cash and cash equivalents	65,169			392,173
Cash and cash equivalents at the beginning of the year	1,063,483	(7,807)	—	1,055,676
Effect of foreign exchange rate changes, net	4,357	(7,168)	—	(2,811)
Cash and cash equivalents at the end of the year	1,133,009			1,445,038

(4) Notes to Unaudited Pro Forma Financial Information

(a) The consolidated statement of financial position of the Group as at 31st March 2010, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended 31st March 2010 are extracted from the audited financial statement of the Group for the year ended 31st March 2010.

(b) The adjustment reflects the de-consolidation of assets and liabilities of TKC and options liability relating to the TKC investment assuming the Transaction had taken place on 31st March 2010.

(c) The adjustment reflects the assumed net proceeds from the Transaction and the estimated accrual of legal and professional fees in relation to the Transaction, assuming the Transaction had taken place on 31st March 2010. The net cash proceeds of HK$488.2 million is calculated by: (i) translating the cash consideration of KRW77 billion or HK$531.3 million at the market exchange rate as at 31st March 2010 of KRW1,000 = HK$6.9; (ii) deducting the estimated Korean Securities Transaction Tax of KRW385 million or HK$2.7 million using the then market exchange rate; and (iii) the estimated Korean capital gain tax of KRW5.9 billion or HK$40.4 million.

The estimated increase in reserves by HK$69.8 million is calculated by: (i) adding the estimated net cash proceeds of HK$488.2 million as calculated above; (ii) deducting the estimated legal and professional fee amounting to HK$4.3 million; and (iii) deducting the assets and liabilities of TKC and options liability relating to the TKC invesment as at 31st March 2010 amounting to HK$414.2 million.

The estimated Korean Securities Transaction Tax is calculated at 0.5% of the cash consideration of KRW77 billion and is translated at the market exchange rate as at 31st March 2010 of KRW1,000 = HK$6.9. The estimated capital gain tax is calculated in accordance with Article 98 of the Korean Company Income Tax Law, which stipulates that capital gains generated from a sale of shares in a Korean company by a non-resident shareholder are subject to withholding tax amounting to the lower of 11% of total proceeds or 22% of net capital gains. Hence, the capital gain tax is estimated to be KRW5.9 billion or HK$40.4 million using the market exchange rate as at 31st March 2010.

(d) The adjustment reflects the de-consolidation of the results of TKC and changes in fair value of options liability relating to the TKC investment for the year ended 31st March 2010, assuming the Transaction had taken place on 1st April 2009.

(e) The adjustment reflects the estimated gain on the Transaction assuming the Transaction had taken place on 1st April 2009.

The assumed gain on disposal is calculated by: (i) translating the cash consideration of KRW77 billion at the market exchange rate as at 1st April 2009 of KRW1,000 = HK$5.7; (ii) deducting the assets and liabilities of TKC and options liability relating to the TKC investment as at 1st April 2009; (iii) deducting the accumulated exchange reserve and actuarial changes from pension as at 1st April 2009 in relation to TKC amounting to HK$74.4 million; and (iv) deducting the estimated capital gain tax of KRW5.9 billion or HK$33.4 million payable to the Korean tax authority and other expenses in relation to the Transaction amounting to KRW385 million or HK$6.5 million using the market exchange rate as at 1st April 2009.

The estimated Korean capital gain tax is calculated as mentioned above, at the lower of 11% of total proceeds or 22% of net capital gains. The estimated Korean capital gain tax is estimated to be KRW5.9 billion or HK$33.4 million using the market exchange rate as at 1st April 2009.

Other expenses include: (i) the estimated Korean Securities Transaction Tax of HK$2.2 million, which was calculated at 0.5% of the cash consideration of KRW77 billion and is translated at the market exchange rate as at 1st April 2009; and (ii) estimated legal and professional fee amounting to HK$4.3 million.

(f) The adjustment reflects the exclusion of the cash flows of TKC for the year ended 31st March 2010, assuming the Transaction had taken place on 1st April 2009.

(g) The adjustment reflects the net cash proceeds from the Transaction, assuming the Transaction had taken place on 1st April 2009. The net cash proceeds is calculated by (i) adding the cash consideration of KRW77 billion; (ii) deducting the Korean capital gain tax of KRW5.9 billion calculated as mentioned above; (iii) deducting the Korean Securities Transaction Tax of KRW385 million calculated as mentioned above; (iv) deducting the settlement of HK$4.3 million for the estimated legal and professional fees incurred in relation to the Transaction, including the Korean Securities Transaction Tax of KRW385 million; and (v) translating the net cash proceeds in KRW into HK$ at the exchange rate of KRW1,000 = HK$5.7, which was the market exchange rate as at 1st April 2009.

Moses Tsang Kwok Tai, Non-executive Director

Mr. Tsang, aged 61, joined the Company on 2nd November 2009. Mr. Tsang is the chairman and a managing partner of API (together with its subsidiaries, the "Ajia Partners Group"). He also serves as a director of various member companies of the Ajia Partners Group. He was elected as a general partner of Goldman Sachs Group in 1988, and subsequently served as the chairman of Goldman Sachs (Asia) L.L.C. until 1994. He has over 30 years of Asian capital markets experience. Mr. Tsang is an independent non-executive director of Fubon Bank (Hong Kong) Limited, a listed company on the Main Board of the Stock Exchange, and China Central Properties Limited, formerly a listed company on the AIM of the London Stock Exchange which was de-listed on 18th June 2009. Mr. Tsang is a trustee of the Hong Kong Centre for Economic Research of The University of Hong Kong, a co-chair of the Nature Conservancy's Asia Pacific Council, a councilor of the Copenhagen Climate Council and a member of the World Presidents' Organization – Hong Kong Chapter. Mr. Tsang holds a Bachelor of Arts degree from Bemidji State University of Minnesota, a Master's degree in Social Work from the University of Iowa, and is a Graduate College Fellow of the University of Iowa and SSA Fellow of the University of Chicago.

As at the Latest Practicable Date, Mr. Tsang was beneficially interested in 57,024,265 Shares and 2,565,594 Shares through his controlling company Oboe Development Trading Limited. He was also deemed to be interested in 64,832,695 Shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited. Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 124,422,554 Shares.

Pursuant to the letter of appointment entered into between Mr. Tsang and the Company, the term of his office is for a period of three years commencing on 2nd November 2009 and is subject to retirement and re-election at general meetings in accordance with the Company's bye-laws. Mr. Tsang 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 the market benchmark.

Except as described above, Mr. Tsang did not hold any directorship in other listed public companies in the last three years and 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 other interest (within the meaning of Part XV of the SFO) in the Shares.

Henry Kim Cho, Non-executive Director

Mr. Cho, aged 45, joined the Company on 2nd November 2009. Mr. Cho is a co-founder and managing partner of API. He focuses primarily on investor/partner relations and activities for the real estate and special situations groups of the Ajia Partners Group. Mr. Cho was formerly an executive director (starting in August 2005) and the deputy chairman (starting in September 2006) of the Company and retired by rotation in July 2008. Prior to co-founding Ajia Partners Group, he was a principal at Bank of America, N.A. Prior to joining Bank of America, N.A., Mr. Cho was with HSBC Markets (Asia) Limited in Hong Kong. He has over 20 years of proprietary investment experience. Mr. Cho is active in admissions activities for Andover. He is also a member of Brown University Asia Advisory Council, Philips Academy Asia Council and the Young Presidents Organization – Hong Kong Chapter. He received his Bachelor's degree in Economics and International Relations from Brown University and Master of Business Administration degree from the Wharton School, University of Pennsylvania.

As at the Latest Practicable Date, Mr. Cho was beneficially interested in 124,010,218 Shares. Mr. Cho also acts as a director of TKC.

Pursuant to the letter of appointment entered into between Mr. Cho and the Company, the term of his office is for a period of three years commencing on 2nd November 2009 and is subject to retirement and re-election at general meetings in accordance with the Company's bye-laws. Mr. Cho 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 the market benchmark.

Except as described above, Mr. Cho did not hold any directorship in other listed public companies in the last three years and 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 other interest (within the meaning of Part XV of the SFO) in the Shares.

Save as disclosed above, the Board believes that there is no other matter concerning above the above retiring Directors that needs to be brought to the attention of the Shareholders nor is there any information to be disclosed pursuant to the requirements of rule 17.50(2)(h) to (v) of the GEM Listing Rules.

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, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

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 of the Company

Name of Director	**Capacity**	**Number of Shares held**	**Approximate % of shareholdings**	*Notes*
Mr. Moses Tsang Kwok Tai ("Mr. Tsang")	Beneficial owner/Interest of controlled corporation/ Interest of a discretionary trust	124,422,554	0.92%	*1*
Mr. Henry Kim Cho ("Mr. Cho")	Beneficial owner	124,010,218	0.91%	
Mr. Göran Sture Malm (Mr. Malm)	Interest of controlled corporation	94,127,499	0.69%	*2*

Name of Director	Capacity	Number of Shares held	Approximate % of shareholdings	*Notes*
Mr. Savio Chow Sing Nam (Mr. Chow)	Beneficial owner	24,904,215	0.18%	
Mr. Andrew Yao Cho Fai ("Mr. Yao")	Interest of controlled corporation	4,255,789	0.03%	*3*

Notes:

1. Mr. Tsang was beneficially interested in 57,024,265 Shares and 2,565,594 Shares through his controlling company Oboe Development Trading Limited. He was also deemed to be interested in 64,832,695 Shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited. Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 124,422,554 Shares.

2. Mr. Malm was beneficially interested in these Shares through his controlling company Windswept Inc.

3. Mr. Yao was deemed to be interested in 1,598,113 Shares through his controlling company Huge Top Industrial Ltd. and 1,633,676 Shares through his controlling company TN Development Limited. Mr. Yao was beneficially interested in 1,024,000 Shares through his wholly-owned company Right Action Offshore Inc.. Mr. Yao was therefore deemed, under the SFO, to be interested in an aggregate of 4,255,789 Shares.

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 rules 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.

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 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 of the Company

Substantial shareholders of the Company

Name	Capacity	Number of Shares held	Approximate % of shareholdings	*Note*
The Goldman Sachs Group, Inc.	Interest of controlled corporation	2,477,650,064	18.22%	*1*
Military Superannuation and Benefits Board of Trustees No 1	Trustee	2,041,884,817	15.02%	*2*

Other shareholders of the Company

Name	Capacity	Number of Shares held	Approximate % of shareholdings	*Note*
BNP Paribas S.A.	Beneficial owner	1,218,951,032	8.97%	*3*
C.L Davids Fond og Samling	Beneficial owner	1,061,780,105	7.81%	
Woori Bank	Beneficial owner	792,848,020	5.83%	*4*
Woori Finance Holdings Co., Ltd.	Interest of controlled Corporation	792,848,020	5.83%	*4*
United Overseas Bank Limited	Beneficial owner	743,295,019	5.47%	

Notes:

1. The Goldman Sachs Group, Inc. was deemed to be interested in these Shares through its indirect subsidiary, Goldman Sachs (Asia) Finance.

2. These Shares were held by Military Superannuation and Benefits Board of Trustees No 1 as a trustee for an Australian pension scheme.

3. BNP Paribas S.A. was deemed to be interested in these Shares through its indirect subsidiary, BNP Paribas Investment Partners NL Holding NV (formerly known as Fortis Investment NL Holding N.V.).

4. Woori Finance Holdings Co., Ltd. was deemed to be interested in these Shares through its controlling company, Woori Bank.

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 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.

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.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the compliance adviser of the Company, the Directors, employees of the Group and their respective associates had interests in a business which competes 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.

LITIGATION

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

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

1. the agreement dated 30th April 2008 entered into among SMT Chemical Co., Ltd. and TK Commercial Holdings Co, Ltd. (together, "SMG") and NASS in relation to the acquisition of a total of 2,699,347 common shares in the issued share capital of TKC (the "TKC Shares");

2. the assignment and assumption agreement dated 26th June 2008 entered into among Kyungnam Wool Textile Co., Ltd ("Kyungnam"), NASS and SMG pursuant to which Kyungnam assigned and NASS assumed the purchase of the TKC Shares and the rights under the amended and restated sale and purchase agreement dated 3rd April 2008 entered into between Kyungnam and SC First Bank;

3. the shareholders' agreement dated 26th June 2008 entered into between NASS and SMG;

4. the supplemental agreement (the "Supplemental Services Agreement") dated 2nd March 2009 entered into between the Company and NASA to renew the services agreement (the "Services Agreement") among themselves for further three years commencing on 1st April 2009; and

5. the Agreement.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

NASA, a party to the Services Agreement and the Supplemental Services Agreement, is a subsidiary of API. Mr. Moses Tsang Kwok Tai, Mr. Henry Kim Cho and Mr. Savio Chow Sing Nam, being Directors of the Company, each holds approximately 31.9%, 21.3% and 8.9% equity interest in API respectively as at the Latest Practicable Date. Save for the Services Agreement and the Supplemental Services Agreement, 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 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The duties of the Audit Committee include reviewing the Company's annual reports and quarterly financial reports and providing advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The Audit Committee comprises four independent non-executive Directors, namely Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak, and their biographies are as follows:

Mr. Philip Ma King Huen, aged 53, joined the Company in March 2000. Mr. Ma is the group managing director of The Sincere Company, Limited, a listed company on the Main Board of the Stock Exchange. Mr. Ma was the chairman of the Hong Kong Retail Management Association from 1996 to 2000 and is very active in community service. He holds a Master degree in Business Administration from McMaster University in Canada. Mr. Ma is a member of the audit committee and nomination committee of the Company.

Mr. Kenny Tam King Ching, aged 61, joined the Company in September 2004. He is a practicing Certified Public Accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Tam is serving as a member of the Ethics Committee and Practice Review Committee in the Hong Kong Institute of Certified Public Accountants. He is also a past president of The Society of Chinese Accountants and Auditors. Mr. Tam serves as an independent non-executive director of five other companies listed on the Main Board of the Stock Exchange, namely, CCT Telecom Holdings Limited, Kingmaker Footwear Holdings Limited, Shougang Concord Grand (Group) Limited, Starlite Holdings Limited and Van Shung Chong Holdings Limited. He was also an independent non-executive director of Yun Sky Chemical (International) Holdings Limited, a listed company on the Main Board of the Stock Exchange, from August 2005 to September 2008. Mr. Tam is a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. Edgar Kwan Chi Ping, J.P., aged 60, joined the Company in August 2005. Mr. Kwan, a civil engineer, has over 30 years of local and international experience in engineering, construction and project management. He is a deputy managing director of SOCAM Asset Management (HK) Limited ("SOCAM"). Prior to SOCAM, he was an executive director and chief operating officer of Paul Y. Engineering Group Limited, a company listed on the Main Board of the Stock Exchange. He holds both Bachelor and Master degrees in Civil Engineering from the University of Hong Kong and a Master degree in Business Administration from the Chinese University of Hong Kong. His major public services include a member of Fight Crime Committee, a member of Appeal Board on Public Meetings and Processions, an adjudicator of the Registration of Persons Tribunal, Vice President of the Hong Kong Construction Association, a member of the Construction Industry Council, a director of Real Estate Developers' Association, and a member of Appeal Tribunal (Building) of the Planning and Lands Bureau. Mr. Kwan is a member of the audit committee, remuneration committee and nomination committee of the Company.

Mr. Yu Wang Tak, aged 54, joined the Company in 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. For six years from 2000, 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 is a member of the audit committee, remuneration committee and nomination committee of the Company.

EXPERT AND CONSENT

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

Name	Qualification
Ernst & Young	Certified Public Accountants

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

As at the Latest Practicable Date, Ernst & Young 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 they have any interest, direct or indirect, in any assets which had, since 31st March 2010 (being the date to which the latest published audited consolidated financial statements of the Company 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.

GENERAL

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and its head office and principal place of business in Hong Kong is at 78th Floor, The Center, 99 Queen's Road Central, Hong Kong.

(b) The compliance officer of the Company is Mr. John Saliling. He is an executive director and the Chief Executive Officer of the Company. He has over 23 years of business management, operations and execution experience in China, India, Korea, Japan, Singapore, United States and Europe. He is a Knight scholar and holds a Master of Business Administration degree in finance, a Master of Engineering and a Bachelor of Science degree from Cornell University.

(c) The company secretary of the Company is Ms. Lam Yee Fan. She has over 15 years of company secretarial experience in listed companies in Hong Kong. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

(d) The principal share registrar and transfer office of the Company in Bermuda is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.

(e) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

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 7th July 2010 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 2009 and 2010;

(c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(d) the review opinion issued by Ernst & Young on the unaudited condensed consolidated financial information of the Group as set out in Appendix I to this circular;

(e) the letter from the reporting accountants on unaudited pro forma financial information issued by Ernst & Young in connection with the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II to this circular;

(f) the written consent as referred to in the paragraph headed "Expert and consent" in this appendix; and

(g) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules which has been issued since the date of the Company's latest published audited accounts.

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 Thursday, 8th July 2010, for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(1) "**THAT**

(a) the conditional agreement ("Agreement") dated 30th April 2010 entered into between (i) North Asia Strategic (Singapore) Pte. Ltd. ("NASS"), as vendor, and (ii) Samra Holdings Co., Ltd. ("Purchaser"), as purchaser, relating to the sale and purchase of a total of 2,699,347 redeemable convertible preferred shares in the share capital of TK Chemical Corporation ("Sale Shares"), representing all the redeemable convertible preferred shares of TK Chemical Corporation in issue (a copy of the Agreement being produced to this meeting and marked "A" and initialed by the chairman for identification purposes), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

(b) the directors of the Company (the "Directors") be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to any matters relating to or in connection with the Agreement."

(2) "**THAT** Mr. Moses Tsang Kwok Tai be re-elected as a Director."

(3) "**THAT** Mr. Henry Kim Cho be re-elected as a Director."

On behalf of the Board
North Asia Strategic Holdings Limited
John Saliling
Executive Director and Chief Executive Officer

Hong Kong, 22nd June 2010

* *For identification purpose only*

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

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

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 17M 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.