

North Asia Strategic Holdings Limited

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 8080)



2007/08

Third Quarterly Report
第三季度業績報告

* For identification purpose only 僅供識別

THIRD QUARTERLY REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

HIGHLIGHTS

- Total unaudited consolidated revenue from both continuing and discontinued operations for the third quarter ended 31st December 2007 was approximately HK\$304,854,000, representing an increase of approximately 49.1% from the same period last year. Total unaudited consolidated revenue from both continuing and discontinued operations for the nine months ended 31st December 2007 was approximately HK\$975,616,000, representing an increase of approximately 235.3% from the same period last year.
- During the quarter, revenue and net loss generated from the surface mount technology equipment trading operation acquired by the Company on 3rd November 2006 were approximately HK\$206,538,000 and HK\$5,010,000 respectively.
- During the quarter, the Company shared 40% of the post-acquisition turnover and net profit of the fishmeal, fish oil and aquatic feeds processing and sale operation invested by the Company on 7th December 2006 of approximately HK\$97,534,000 and HK\$861,000 respectively.
- Total unaudited consolidated net loss attributable to shareholders for the quarter and for the nine months ended 31st December 2007 was approximately HK\$15,285,000 and HK\$44,260,000 respectively, versus net profit attributable to shareholders of approximately HK\$43,156,000 and HK\$68,367,000 for the corresponding periods last year.
- Total unaudited consolidated net assets value of the Group was approximately HK\$2,156,846,000 as at 31st December 2007, which exceeds the unaudited consolidated net assets value of approximately HK\$1,206,905,000 as at 30th September 2007 by approximately HK\$949,941,000.

RESULTS

The followings are the unaudited consolidated results of North Asia Strategic Holdings Limited (the “Company” or the “NAS”) and its subsidiaries (collectively the “Group” or “NAS Group”) for the nine months and three months ended 31st December 2007 together with the comparative unaudited figures for the corresponding periods in 2006:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the nine months ended 31st December		For the three months ended 31st December	
		2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Continuing operations					
Revenues	3	971,102	230,999	304,854	196,365
Cost of sales		(891,139)	(195,416)	(272,283)	(161,480)
Gross profit		79,963	35,583	32,571	34,885
Other gains/(losses) — net	4	1,856	3,867	(1,395)	3,867
Selling and distribution expenses		(31,472)	(6,647)	(13,012)	(6,646)
General and administrative expenses		(108,606)	(38,488)	(36,818)	(20,390)
Finance income	5	25,863	80,584	8,170	36,301
Finance costs	5	(14,980)	(2,657)	(4,653)	(1,660)
(Loss)/Profit before income tax		(47,376)	72,242	(15,137)	46,357
Income tax credit/(expense)	6	5,236	(3,372)	(236)	(3,372)
(Loss)/Profit for the period from continuing operations		(42,140)	68,870	(15,373)	42,985
Discontinued operations					
(Loss)/Profit for the period from discontinued operations	7	(2,193)	(503)	76	171
(Loss)/Profit for the period		(44,333)	68,367	(15,297)	43,156
(Loss)/Profit for the period attributable to:					
Equity holders of the Company		(44,260)	68,367	(15,285)	43,156
Minority interests		(73)	—	(12)	—
		(44,333)	68,367	(15,297)	43,156
(Loss)/Profit per share from continuing operations attributable to the equity holders of the Company for the period					
— Basic (HK cents)	8	(43.91)	71.89	(16.04)	44.87
— Diluted (HK cents)	8	N/A	0.88	N/A	0.52
(Loss)/Profit per share from discontinued operations attributable to the equity holders of the Company for the period					
— Basic (HK cents)	8	(2.29)	(0.53)	0.08	0.18
— Diluted (HK cents)	8	N/A	N/A	0.00	0.00

The notes are an integral part of this unaudited condensed consolidated financial information.

Notes:

1. General information

North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively, the “Group” or “NAS Group”) are principally engaged in (i) trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, trading, repair and maintenance services; and (ii) developing and operating Burger King restaurants in Hong Kong and Macau. Its jointly controlled entity 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. During the period, the Group ceased its steel trading operations.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is 78th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

The Company’s ordinary shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This unaudited condensed consolidated financial information is presented in thousand of Hong Kong dollars, unless otherwise stated.

This unaudited condensed consolidated financial information has been approved for issue by the Company’s Board of Directors on 1st February 2008.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial information has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

The accounting policies used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st March 2007.

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standard (“HKAS”, collectively, “HKFRS”).

The following new standards, amendments and interpretations are mandatory for the financial year ending 31st March 2008.

- HKFRS 7 “Financial Instruments: Disclosures” and the complementary amendment to HKAS 1 “Amendments to Capital Disclosures” (effective for accounting periods beginning on or after 1st January 2007). HKFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group’s financial instruments; and amendment to HKAS 1 requires the disclosure of information that enables user of financial statements to evaluate the entity’s objectives, policies and processes for managing capital. The Group has adopted the standards starting from 1st April 2007, and the disclosures as required by these standards will be disclosed in the Group’s 2008 annual report;
- HK(IFRIC)-Int 7 “Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies” (effective for accounting periods beginning on or after 1st March 2006), provides guidance on how to apply the requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group’s operations;
- HK(IFRIC)-Int 8 “Scope of HKFRS 2” (effective for accounting periods beginning on or after 1st May 2006) requires consideration of transactions involving the issuance of equity instruments — where the identifiable consideration received is less than the fair value of the equity instruments issued — to establish whether or not they fall within the scope of HKFRS 2. This interpretation has no material financial impact on the Group, and does not result in substantial changes to the Group’s accounting policies, financial statement disclosures or presentation as compared to that used in the preparation of the financial statements as of and for the year ended 31st March 2007;

- HK(IFRIC)-Int 9 “Reassessment of Embedded Derivatives” (effective for accounting periods beginning on or after 1st June 2006) requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, HK(IFRIC)-Int 9 is not relevant to the Group’s operations;
- HK(IFRIC)-Int 10 “Interim Financial Reporting and Impairment” (effective for accounting periods beginning on or after 1st November 2006) prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation has no material financial impact on the Group; and
- HK(IFRIC)-Int 11 “Group and Treasury Share Transfer” (effective for accounting periods beginning on or after 1st March 2007) clarifies that certain types of transaction are accounted for as equity-settled or cash-settled under HKFRS 2. It also addresses the accounting for share-based payment transactions involving two or more entities within one group. As none of the group entities have granted any share options to their staff as at 31st December 2007, this interpretation had no material financial impact on the Group.

The following new standards, and interpretations have been issued but are not effective for the year ended 31st March 2008 and have not been early adopted by the Group:

- HKFRS 8 “Operating Segments” (effective for accounting periods beginning on or after 1st January 2009)
- HK(IFRIC)-Int 12 “Service Concession Arrangements” (effective for accounting periods beginning on or after 1st January 2008)
- HK(IFRIC)-Int 13 “Customer Loyalty Programs” (effective for accounting periods beginning on or after 1st July 2008)
- HK(IFRIC)-Int 14 “The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective for accounting periods beginning on or after 1st January 2008)

Management is assessing the impact of the above new standards and interpretations which have been issued but are not effective for the year ending 31st March 2008 on the Group’s operations and the Group will adopt these standards and interpretations when they become effective.

3. Turnover and revenues

Turnover represents sales of goods, commission and other income. The amount of each category of revenues recognised during the period is as follows:

	For the nine months ended		For the three months ended	
	31st December		31st December	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Sales of goods	956,824	230,489	300,536	195,855
Commission and other income	14,278	510	4,318	510
	971,102	230,999	304,854	196,365
Discontinued operations				
Sales of goods	4,514	59,944	—	8,147
	975,616	290,943	304,854	204,512

4. Other gains/(losses) — net

	For the nine months ended		For the three months ended	
	31st December		31st December	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Net exchange gains/(losses)	2,454	2,751	(1,679)	2,751
Loss on disposal of property, plant and equipment	(2,639)	—	(970)	—
Others	2,041	1,116	1,254	1,116
	1,856	3,867	(1,395)	3,867
Discontinued operations				
Others	32	53	—	8
	32	53	—	8
	1,888	3,920	(1,395)	3,875

5. Finance income and costs

	For the nine months ended		For the three months ended	
	31st December		31st December	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Finance income:				
Interest income from bank deposits	12,105	8,869	3,584	3,283
Amortised interest income from subscription receivables	13,758	68,969	4,586	32,740
Others	—	2,746	—	278
	25,863	80,584	8,170	36,301
Discontinued operations				
Finance income:				
Interest income from bank deposits	56	159	4	9
	25,919	80,743	8,174	36,310
Continuing operations				
Finance costs:				
Interest on bank loans wholly repayable within five years	12,696	1,742	4,331	1,178
Convertible bonds redeemable after five years	960	755	322	322
Notional interest expense on deferred subscription payables	1,324	160	—	160
	14,980	2,657	4,653	1,660

6. Income tax credit/(expense)

The Company is exempted from taxation in Bermuda until 2016. No Hong Kong profits tax has been provided as no estimated assessable profit for the period. Subsidiaries established in the Mainland China are subject to Mainland China enterprise income tax ("EIT") at rates ranging from 15% to 33% (2006: 15% to 33%). Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profit for the period at the applicable rates of taxation prevailing in the countries in which the Group operates.

The amounts of income tax credit/(expense) recognised in the unaudited condensed consolidated income statements represent:

	For the nine months ended		For the three months ended	
	31st December		31st December	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations				
Current income tax:				
Hong Kong profits tax				
— Current period	—	(3,462)	—	(3,462)
EIT				
— Current period	(901)	—	(1,393)	—
— Over provision in prior period	2,221	109	1,556	109
Overseas taxation				
— Current period	—	(19)	—	(19)
— Over provision in prior period	6	—	6	—
Deferred taxation	3,910	—	(405)	—
	5,236	(3,372)	(236)	(3,372)
Discontinued operations				
Current income tax				
EIT				
— Over provision in prior period	703	120	—	—
	703	120	—	—
	5,939	(3,252)	(236)	(3,372)

7. Discontinued operations

During the period, the Group ceased its steel trading operation. The unaudited consolidated results of the steel trading operation for the nine months ended 31st December 2007 together with the comparative unaudited figures for the corresponding periods in 2006 were as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Revenues	4,514	59,944	—	8,147
Cost of sales	(7,543)	(59,693)	—	(7,651)
Gross (loss)/profit	(3,029)	251	—	496
Other gains — net	32	53	—	8
Selling and distribution expenses	(5)	(143)	—	(45)
General and administrative expenses	50	(943)	72	(297)
Finance income	56	159	4	9
(Loss)/Profit before income tax	(2,896)	(623)	76	171
Income tax credit	703	120	—	—
(Loss)/Profit for the period from discontinued operation	(2,193)	(503)	76	171

8. (Loss)/Profit per share

Basic (loss)/profit per share

Basic (loss)/profit per share is calculated by dividing the Group's (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the nine months ended 31st December 2007		For the nine months ended 31st December 2006	
	Continuing operations (Unaudited)	Discontinued operations (Unaudited)	Continuing operations (Unaudited)	Discontinued operations (Unaudited)
(Loss)/Profit for the period (HK\$'000)	(42,140)	(2,193)	68,870	(503)
Loss for the period attributable to minority interests (HK\$'000)	73	—	—	—
(Loss)/Profit attributable to equity holders of the Company (HK\$'000)	(42,067)	(2,193)	68,870	(503)
Weighted average number of ordinary shares in issue	95,794,716	95,794,716	95,794,716	95,794,716
Basic (loss)/profit per share (HK cents)	(43.91)	(2.29)	71.89	(0.53)

	For the three months ended 31st December 2007		For the three months ended 31st December 2006	
	Continuing operations (Unaudited)	Discontinued operations (Unaudited)	Continuing operations (Unaudited)	Discontinued operations (Unaudited)
(Loss)/Profit for the period (HK\$'000)	(15,373)	76	42,985	171
Loss for the period attributable to minority interests (HK\$'000)	12	—	—	—
(Loss)/Profit attributable to equity holders of the Company (HK\$'000)	(15,361)	76	42,985	171
Weighted average number of ordinary shares in issue	95,794,716	95,794,716	95,794,716	95,794,716
Basic (loss)/profit per share (HK cents)	(16.04)	0.08	44.87	0.18

Diluted (loss)/profit per share

No diluted loss per share from continuing and discontinued operations for the nine months ended 31st December 2007, from continuing operations for the three months ended 31st December 2007, and from discontinued operations for the three months ended 31st December 2006 has been presented as the potential ordinary shares are anti-dilutive.

Diluted profit per share from continuing operations for the nine months and the three months ended 31st December 2006 and from discontinued operations for the three months ended 31st December 2006 are calculated by adjusting 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 profit for the period is adjusted to eliminate the interest expenses.

	For the nine months ended 31st December 2006 Continuing operations (Unaudited)	For the three months ended 31st December 2006 Continuing operations (Unaudited)	For the three months ended 31st December 2007 Discontinued operations (Unaudited)	For the three months ended 31st December 2006 Discontinued operations (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	68,870	42,985	76	171
Adjustment for convertible bonds accrued interest expense	755	322	—	—
Adjusted profit attributable to equity holders of the Company (HK\$'000)	69,625	43,307	76	171
Weighted average number of ordinary shares in issue	95,794,716	95,794,716	95,794,716	95,794,716
Adjustment for convertible bonds	127,713,920	127,713,920	127,713,920	127,713,920
Adjustment for non-redeemable preference shares	7,703,189,085	8,176,014,813	8,379,597,894	8,176,014,813
Weighted average number of ordinary shares for diluted profit per share	7,926,697,721	8,399,523,449	8,603,106,530	8,399,523,449
Diluted profit per share (HK cents)	0.88	0.52	0.00	0.00

9. Dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 31st December 2007.

10. Subscription receivables

Up to 31st December 2007, the Company issued a total of approximately 13,373,254,000 non-redeemable preference shares, with a par value of HK\$0.01 each, through placement, for an aggregated 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	7,383,167,000	792,847,000	5,197,240,000
Subscription price per share	HK\$0.1566	HK\$0.1566	HK\$0.191
Aggregated subscription price	HK\$1,156,204,000	HK\$124,160,000	HK\$992,673,000

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. The preference shares will rank *pari passu* with the ordinary shares of the Company with regards to dividends.

The subscription monies 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 and the remaining instalment are receivable in February 2009.

The subscription monies of the Second Placement are payable in cash by the subscribers in three equal instalments. The first was received by the Company in December 2007, upon completion of the subscription of the Second Placement. The remaining two instalments are receivable in February 2008 and February 2009 respectively provided that payment of the second instalment shall not be required unless at least 75% of the subscription monies previously received for investments have been paid out for or committed to investments for the Company.

In the event that the subscription monies previously paid to the Company from time to time for the preference shares are insufficient to make any potential investments approved by the board of directors of the Company and/or pay fees or expenses which are payable by the Company under the services agreement signed between the Company and North Asia Strategic Advisors on 26th September 2005 (as amended and restated on 30th December 2005), the Company shall be entitled to require the relevant amount of instalment to be paid on a date specified by the Company but not earlier than 45 days from the date serving the payment notice by the Company.

Any unpaid balance of the subscription monies remaining payable immediately prior to 28th February 2009 or, if earlier, the business day immediately preceding the date of conversion of the preference shares into ordinary shares, shall in any event be receivable by the Company on such date, as the case may be.

The preference shares will be automatically converted into ordinary shares upon the listing of the ordinary shares on the Main Board of the Stock Exchange or on 28th February 2010, whichever is earlier.

The subscription receivables recognised in the balance sheet is calculated as follows:

	As at 31st December 2007 HK\$'000 (Unaudited)	As at 31st March 2007 HK\$'000 (Audited)
Subscription receivables	1,653,095	991,313
<i>Less: Future interest</i>	(136,369)	(111,573)
<i>Add: Amortised interest income</i>	87,451	73,693
	1,604,177	953,433
<i>Less: Subscriptions received</i>	(671,222)	(671,222)
Subscription receivables	932,955	282,211
<i>Less: Non-current portion</i>	(605,185)	(282,211)
Current portion	327,770	—

The carrying amounts of subscription receivables approximately their fair values.

Amortised interest income recognised as income and included in finance income amounted to approximately HK\$13,758,000 (nine months ended 31st December 2006: HK\$68,969,000)

Interest income on the subscription receivables is calculated using the effective interest method by applying the effective interest rate of 6% to 6.5% per annum.

11. Share capital and reserves

Movements in share capital and reserves are as follows:

	(Unaudited)						
	Attributable to equity holders of the Company						
	Ordinary share capital HK\$'000	Preference share capital HK\$'000	Other reserves (note) HK\$'000	Retained	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
				profits/ (Accumulated losses) HK\$'000			
Balances at 1st April 2007	958	81,760	1,103,559	45,063	1,231,340	—	1,231,340
Loss for the period	—	—	—	(44,260)	(44,260)	(73)	(44,333)
Issuance of preference shares	—	51,972	915,904	—	967,876	—	967,876
Share issue expenses							
— preference shares	—	—	(5,865)	—	(5,865)	—	(5,865)
Capital contribution from minority interests	—	—	—	—	—	1,686	1,686
Translation adjustments	—	—	5,834	—	5,834	—	5,834
Increase in fair value of available-for-sale financial assets	—	—	307	—	307	—	307
Balances at 31st December 2007	958	133,732	2,019,739	803	2,155,232	1,613	2,156,845
Balances at 1st April 2006	958	73,832	996,489	(21,684)	1,049,595	—	1,049,595
Profit for the period	—	—	—	68,367	68,367	—	68,367
Issue of preference shares	—	7,928	106,267	—	114,195	—	114,195
Share issue expenses							
— preference shares	—	—	(731)	—	(731)	—	(731)
Translation adjustments	—	—	755	—	755	—	755
Balances at 31st December 2006	958	81,760	1,102,780	46,683	1,232,181	—	1,232,181

Note:

Other reserves comprise share premium, contributed surplus, equity portion of convertible bonds, capital reserve, investment revaluation reserve and cumulative translation adjustments. As at 31st December 2007, share premium amounted to approximately HK\$1,993,677,000 (As at 31st December 2006: HK\$1,083,643,000), contributed surplus amounted to approximately HK\$8,984,000 (As at 31st December 2006: HK\$8,984,000), equity portion of convertible bonds amounted to approximately HK\$6,388,000 (As at 31st December 2006: HK\$6,388,000), capital reserve amounted to approximately HK\$2,700,000 (As at 31st December 2006: HK\$2,700,000), investment revaluation reserve amounted to approximately HK\$307,000 (As at 31st December 2006: Nil) and cumulative translation adjustments amounted to approximately HK\$7,683,000 (As at 31st December 2006: HK\$1,065,000).

BUSINESS REVIEW

Financial and Business Performance

For the three months and nine months ended 31st December 2007, the Group recorded unaudited consolidated revenue from both continuing and discontinued operations of approximately HK\$304,854,000 and HK\$975,616,000, representing increases of approximately 49.1% and 235.3% respectively from the corresponding periods last year. This was mainly because last year's figures include only approximately two months' operating results of our surface mount technology ("SMT") assembly equipment trading division and approximately 3 weeks' operating results of our 40% jointly controlled fishmeal and fish oil trading and processing operation, as we completed these investments in early November and December 2006.

During the third quarter, our SMT trading division recorded a net loss of approximately HK\$5,010,000 on revenue of approximately HK\$206,538,000. Even though the gross profit margin has been improving since August 2007, many purchases by customers were delayed due to the credit tightening measures imposed by the Chinese government to limit the overheated economy in early December 2007. As a result, the SMT trading division generated lower-than-expected sales and gross profit to cover its overheads and resulted in a net loss for this quarter. For the nine months ended 31st December 2007 ("the 9-month period"), this division recorded a net loss of approximately HK\$7,021,000 on revenue of approximately HK\$694,607,000. This loss was mainly due to an unrealized exchange loss of approximately HK\$4,666,000 arising from the translation of monetary assets and liabilities denominated in Japanese Yen and United States dollars at exchange rates prevailing at 31st December 2007, impairment loss of approximately HK\$1,249,000 arising from the write-down of trade receivables to their recoverable amount and loss on disposal of some old demo machines of approximately HK\$2,639,000. Discounting such unrealized exchange loss, impairment loss on trade receivables and loss of disposal of old demo machines totalling approximately HK\$8,554,000, the net profit of this SMT trading division for the 9-month period was approximately HK\$1,533,000.

For our 40% jointly controlled fishmeal and fish oil trading and processing division, NAS recorded attributable revenue and net profit of approximately HK\$97,534,000 and HK\$861,000 respectively for the third quarter. For the 9-month period, we recorded a net loss of approximately HK\$6,407,000 on revenue of approximately HK\$275,713,000. This net loss of approximately HK\$6,407,000 included a write-down of fishmeal and feed inventories to their net realizable values of approximately HK\$5,465,000. Supply of fishmeal exceeded market demand in the 9-month period due to (i) unexpected weather pattern in the Mainland China which delayed the purchases of fishmeal by customers and (ii) epidemic diseases in pigs in the Mainland China. As a result, excess inventory built up that caused drastic drop of the market prices of fishmeal in the period, resulting in a lower-than-expected revenue and a net loss in the 9-month period.

For our quick service restaurant division, it recorded a net loss of approximately HK\$4,536,000 and HK\$7,170,000 in the third quarter and the 9-month period respectively. This was mainly due to revenue generated from our first Burger King restaurant opened in Hong Kong on 20th December 2007 was more than offset by the division's overheads in these periods.

No revenue was generated from our steel trading division in the third quarter as we have ceased the operation of this division after August 2007. NAS recorded net loss of approximately HK\$2,193,000 on revenue of approximately HK\$4,514,000 during the 9-month period, versus net loss of approximately HK\$503,000 on revenue of HK\$59,944,000 for the same period last year.

During the third quarter and the 9-month period, the Group recorded unaudited net loss attributable to shareholders of approximately HK\$15,285,000 and HK\$44,260,000 respectively, versus unaudited net profit of approximately HK\$43,156,000 and HK\$68,367,000 respectively for the corresponding periods last year. Discounting interest income related to the subscription receivables from the Company's preference shareholders of approximately HK\$4,586,000 and HK\$13,758,000

recorded in the third quarter and the 9-month period respectively, the net loss for the third quarter and the 9-month period was approximately HK\$19,763,000 and HK\$57,910,000 respectively, versus net profit of approximately HK\$10,416,000 and net loss of approximately HK\$602,000 for the same periods last year. This was mainly due to bank interest income of approximately HK\$2,989,000 and HK\$10,006,000 recorded by NAS headquarters in the third quarter and the 9-month period respectively was more than offset by the Group's overheads and the aggregate net loss of approximately HK\$8,609,000 and HK\$22,791,000 respectively from the continuing and discontinued businesses.

OUTLOOK

We expect that our local customers in the Mainland China will continue to be affected by the credit tightening measures imposed by the Chinese government. For our SMT machinery trading operation, it is expected that the demand for SMT machinery will continue, primarily driven by the demand from our new and existing big multinational EMS customers in India, Vietnam and the Mainland China. We also see there are healthy repeat orders from our existing customer base. We will continue to improve our operating efficiency and manage our costs cautiously to strengthen our revenue stream and improve our profitability.

For our jointly-controlled fishmeal and fish oil trading and processing operation conducted through Coland Group Limited ("Coland"), we expect that the demand for our fishmeal and feeds in the fourth quarter will be less than that of third quarter due to the Chinese New Year holiday in February 2008 and the demand will be back to normal again from April 2008 due to the start of the breeding season. Demands on our high-quality fish oil and the market price have been increasing since August 2007, particularly from overseas customers. As disclosed previously, Coland decided on expanding into other downstream businesses. The joint venture formed between Coland and Nosan Corporation, a company listed on Tokyo and Osaka stock exchanges, in June 2007 to produce and sell premium feed has started operation since August 2007. The construction of Coland's seafood processing and feed factories in Wuhan of China has been started in late December 2007 and we target to start its operation in autumn 2008. These new business lines, together with the expansion of Coland's fish oil processing capacity in Fuzhou of China to be completed in late 2008, will help strengthening Coland's revenue stream and improving Coland's profitability in the future.

For our quick service restaurant division, we opened our first Burger King restaurant in Tsim Sha Tsui, a renowned tourist spots in Hong Kong on 20th December 2007. We intend to open another five restaurants shortly, primarily in the business districts, shopping areas and tourist spots in Hong Kong.

We are confident in the underlying strength and the economies in which our business operate. Growing consumer demand and increased capital formation are expected to continue to underpin economic performance in Hong Kong, Macau, India, Vietnam and the Mainland China. We are taking strategic and tactical actions to mitigate risks in business cycles and epidemic in animals in our respective business divisions. We believe that these actions will facilitate future expansion in upstream, downstream and other similar markets.

On 31st December 2007, NAS successfully completed the placement of non-redeemable convertible preference shares similar to our existing issued preference shares to 17 institutional and professional investors (the "Second Placement") for a total of approximately HK\$992.7 million before expenses. This Second Placement raised additional financial resources for the Group which strengthens its financial capability to pursue new investment opportunities and the capital base of NAS. We will also continue to seek new sizable investment opportunities in the acquisition of strategic stakes in profitable companies in North Asia with strong cash flow in growth sectors such as the consumer, industrial, technology, media and telecommunications businesses, where our competencies can deliver greater value to our shareholders.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our worldwide suppliers and customers for their trust and support in our products and services throughout the period. I also wish to take this opportunity to offer my appreciation to our shareholders for their confidence in NAS, as well as our staff for their dedication and continuous commitment to excellence.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December 2007, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise 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:

Long positions in the shares and underlying shares^(a) of the Company

- (a) The underlying shares referred to in note 2 arise as a result of the conversion rights attaching to the preference shares issued by the Company under the placement as disclosed in the circulars to shareholders dated 24th January 2006 and 17th August 2006. The preference shares shall be automatically converted into ordinary shares, credited as fully paid, at the conversion ratio of one preference share for one ordinary share in accordance with the terms of the preference shares.
- (b) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares (each the "share" or "ordinary share") in issue as at 31st December 2007, not on the total number of issued shares upon full conversion of the preference shares and the convertible bonds (the "Convertible Bonds") as set out in the circular to shareholders dated 20th June 2005.

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(b)	Note
Mr. Andrew Yao Cho Fai ("Mr. Yao")	Interest of controlled corporation	4,255,789	—	4,255,789	4.44%	1
Mr. Henry Cho Kim ("Mr. Cho")	Interest of controlled corporation	—	99,106,003	99,106,003	103.46%	2

Notes:

1. These interests represented:
 - (i) a deemed interest in 1,598,113 shares of the Company owned by Huge Top Industrial Ltd. ("Huge Top"). Mr. Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owns approximately 42.86% of the issued share capital of Huge Top. Mr. Yao owns the entire issued share capital of Perfect Capital and is one of the two directors of Huge Top. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by Huge Top;
 - (ii) a deemed interest in 1,633,676 shares of the Company owned by TN Development Limited ("TN"). Van Shung Chong (B.V.I.) Limited ("VSC BVI") owns 54% of the issued share capital of TN and Mr. Yao owns 10% of the issued share capital of TN. Mr. Yao is one of the two directors of TN. VSC BVI is a wholly-owned subsidiary of Van Shung Chong Holdings Limited ("VSC") of which Huge Top owns approximately 45.59%. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by TN; and
 - (iii) an interest in 1,024,000 shares of the Company owned by Right Action Offshore Inc. ("Right Action"). Mr. Yao owns the entire issued share capital of Right Action and is also the sole director of that company.

2. These underlying shares were held by Timeless Enterprises Limited ("Timeless"), a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless which was interested in 99,106,003 underlying shares. These underlying shares were the same underlying shares referred to in note 24 under section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below.

Save as disclosed above, as at 31st December 2007, none of the Directors and the chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or taken to have under such provisions of the SFO, or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Rule 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 31st December 2007, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group together with particulars of any options in respect of such capital:

Long positions in the shares and underlying shares^(c) of the Company

- (c) The underlying shares referred to in the following table (other than those referred to in notes 1 and 4 below) arise as a result of the conversion rights attaching to the preference shares issued by the Company under the placement as disclosed in the circulars dated 24th January 2006, 17th August 2006 and 23rd November 2007. The preference shares shall be automatically converted into ordinary shares, credited as fully paid, at the conversion ratio of one preference share for one ordinary share in accordance with the terms of the preference shares. Those underlying shares referred in notes 1 and 4 below arise as a result of the conversion of the Convertible Bonds.
- (d) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares in issue as at 31st December 2007, not on the total number of issued shares upon full conversion of the preference shares and the Convertible Bonds.

Substantial shareholders (interests related to ordinary shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Moses Tsang Kwok Tai ("Mr. Tsang")	Beneficial owner	19,693,486	39,386,973	59,080,459	61.68%	1
	Interest of controlled corporation	509,400	—	509,400	0.53%	2
	Interest of a discretionary trust	—	148,659,004	148,659,004	155.18%	3
				<u>208,248,863</u>	<u>217.39%</u>	
North Asia Strategic Acquisition Corp. ("NASAC")	Beneficial owner	44,163,474	88,326,947	132,490,421	138.31%	4
North Asia Strategic Advisors ("NASA")	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4, 5, 25 & 31
Ajia Partners Inc. ("API")	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4 to 6, 25 & 31

Substantial shareholders (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
The Goldman Sachs Group, Inc.	Interest of controlled corporation	—	2,477,650,064	2,477,650,064	2,586.42%	7
National Nominees Limited ("NNL")	Nominee	—	2,041,884,817	2,041,884,817	2,131.52%	8
Military Superannuation and Benefits Board of Trustees No 1	Trustee	—	2,041,884,817	2,041,884,817	2,131.52%	8
ABN AMRO Asset Management Holding N.V.	Beneficial owner	—	1,238,825,032	1,238,825,032	1,293.21%	
C.L Davids Fond og Samling	Beneficial owner	—	1,061,780,105	1,061,780,105	1,108.39%	
Woori Bank ("Woori")	Beneficial owner	—	792,848,020	792,848,020	827.65%	9
Woori Finance Holdings Co., Ltd.	Interest of controlled corporation	—	792,848,020	792,848,020	827.65%	9
United Overseas Bank Limited	Beneficial owner	—	743,295,019	743,295,019	775.92%	
Oikos Asia Fund ("Oikos")	Beneficial owner	—	495,530,013	495,530,013	517.28%	10

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Realdania	Beneficial owner	—	408,376,963	408,376,963	426.30%	
Tiger International Management Inc. ("Tiger")	Beneficial owner	—	297,318,008	297,318,008	310.37%	11
Mr. Chen Jong-Tai	Interest of controlled corporation	—	297,318,008	297,318,008	310.37%	11
Ms. Chen Wu, Feng-Tsai	Interest of controlled corporation	—	297,318,008	297,318,008	310.37%	11
Banca Monte Dei Paschi Di Siena Spa	Beneficial owner	—	247,765,006	247,765,006	258.64%	
Grand Loyal (China) Limited ("Grand Loyal")	Nominee	—	247,765,006	247,765,006	258.64%	12
Mr. Ho Yiu Wing	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	12
Grand Partners Group Limited ("Grand Partners")	Nominee	—	247,765,006	247,765,006	258.64%	13
Mr. William Doo Wai Hoi	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	13
J.T. International Asset Management Corp	Beneficial owner	—	245,026,178	245,026,178	255.78%	
Mozart Verwaltungsgesellschaft mbH ("Mozart")	Beneficial owner	—	204,188,482	204,188,482	213.15%	14
Dr. Thomas Helmut Jetter	Interest of controlled corporation	—	204,188,482	204,188,482	213.15%	14
Bankpension	Beneficial owner	—	204,188,482	204,188,482	213.15%	
Fubon Bank (Hong Kong) Limited	Beneficial owner	—	199,233,717	199,233,717	207.98%	
Chevalier International Holdings Limited ("Chevalier")	Beneficial owner	—	198,212,005	198,212,005	206.91%	15
Mr. Chow Yei Ching	Interest of controlled corporation	—	198,212,005	198,212,005	206.91%	15
Ms. Miyakawa Michiko	Family interest	—	198,212,005	198,212,005	206.91%	15
K.B. (C.I.) Nominees Limited ("KBCI")	Beneficial owner	—	182,524,084	182,524,084	190.54%	16
Frank Nominees Limited ("Frank")	Beneficial owner	—	104,495,497	104,495,497	109.08%	17

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Kleinwort Benson ("KB")	Interest of controlled corporation	—	287,019,581	287,019,581	299.62%	16 & 17
Asia Internet Capital Ventures LP ("AICV")	Beneficial owner	—	148,659,004	148,659,004	155.18%	18
Asia Internet Capital Management LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	18
EC.com Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	18
Smart Channel Investments Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	18
MKT Holdings (Cayman Islands) LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	18
HSBC International Trustee Limited	Trustee	—	148,659,004	148,659,004	155.18%	18
Gentfull Investment Limited ("Gentfull")	Beneficial owner	—	148,659,004	148,659,004	155.18%	19
Ms. Vivien Chen Wai Wai	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	19
Doutdes S.P.A. ("Doutdes")	Beneficial owner	—	148,659,004	148,659,004	155.18%	20
UFI Filters SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	20
GGG SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	20
G.G.G. S.A.	Beneficial owner	—	99,106,003	99,106,003	103.46%	21
Mr. Giorgio Girondi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	20 & 21
UBS España, S.A. ("UBS")	Nominee	—	128,441,377	128,441,377	134.08%	22
Ms. Angeles González Garcia	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	22
Mr. Jorge Garcia González	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	22
Spirantes	Nominee	—	49,553,001	49,553,001	51.73%	22
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	22
Duserali, S.L.	Beneficial owner	—	14,865,900	14,865,900	15.52%	22
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	22

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Ramón Suarez Beltrán	Beneficial owner	—	9,910,600	9,910,600	10.35%	22
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	22
Mr. Miguel Orúe-Echeverría	Beneficial owner	—	9,910,600	9,910,600	10.35%	22
ALCO Beteiligungsgesellschaft mbH ("ALCO")	Beneficial owner	—	122,513,089	122,513,089	127.89%	23
Albert Büll Kommanditgesellschaft ("ABK")	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	23
Mr. Albert Henri Karl Büll	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	23
Wittelsbacher Ausgleichsfonds	Beneficial owner	—	122,513,089	122,513,089	127.89%	
Timeless	Beneficial owner	—	99,106,003	99,106,003	103.46%	24
Kentthomas Company Limited	Nominee	—	99,106,003	99,106,003	103.46%	24
North Asia Strategic Acquisition Corp. 2 ("NASAC 2")	Beneficial owner	—	98,502,618	98,502,618	102.83%	25
KKR Group Investments II LLC ("KKR")	Beneficial owner	—	89,080,460	89,080,460	92.99%	26
Mr. George Rosenberg Roberts	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	26
Mr. Henry Roberts Kravis	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	26
GAUD Holding B.V. ("GAUD")	Beneficial owner	—	81,675,393	81,675,393	85.26%	27
Ms. Dorothee Emma Margareta Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	27
Ms. Sabine Marie Antoinette Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	27
Ms. Anna Petra Elisabeth Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	27
Mr. Frederik Harold Fentener van Vlissingen	Beneficial owner	—	78,544,061	78,544,061	81.99%	
Jajebi Holding B.V. ("Jajebi")	Beneficial owner	—	68,062,822	68,062,822	71.05%	28

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Jan van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	28
Latoer Holding B.V. ("Latoer")	Beneficial owner	—	68,062,822	68,062,822	71.05%	29
Mr. Roderik Johannes Rolanda van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	29
NUI Holding B.V. ("NUI")	Beneficial owner	—	68,062,822	68,062,822	71.05%	30
Mr. Patrick Jolyon van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	30
North Asia Strategic Acquisition Corp. 3 ("NASAC 3")	Beneficial owner	—	58,210,000	58,210,000	60.77%	31
Rawlco Capital Ltd. ("Rawlco")	Beneficial owner	—	49,553,001	49,553,001	51.73%	32
Mr. Gordon Stanley Rawlinson	Interests of controlled corporation	—	49,553,001	49,553,001	51.73%	32
Fides Management Services Limited ("Fides")	Nominee	—	57,172,775	57,172,775	59.68%	33
Mr. Willem Auke Hekstra	Beneficial owner	—	16,335,079	16,335,079	17.05%	33
Clover Three Investments Ltd. ("Clover")	Beneficial owner	—	10,209,424	10,209,424	10.66%	33
Mr. Jan de Marez Oijens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	33
Mr. Pieter de Marez Oijens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	33

Other persons (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Christopher McLeod	Beneficial owner	—	8,167,540	8,167,540	8.53%	33
Mr. Menno de Kuyser	Beneficial owner	—	6,125,654	6,125,654	6.39%	33
Mr. Martijn Sven van der Veen	Beneficial owner	—	6,125,654	6,125,654	6.39%	33
Mr. David Flemming	Beneficial owner	—	6,125,654	6,125,654	6.39%	33
Mr. Fernando Rueda Sabater	Beneficial owner	—	7,432,950	7,432,950	7.76%	22
Mr. Richardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	22

Notes:

1. Mr. Tsang was directly interested in 19,693,486 shares and a further 39,386,973 underlying shares which may fall to be issued if the Convertible Bonds are converted at the initial conversion price of HK\$0.1566.
2. These 509,400 shares were directly held by Oboe Development Trading Limited, which was wholly owned by Mr. Tsang.
3. Mr. Tsang was deemed to be interested in 148,659,004 underlying shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited ("HSBC Trustee"). HSBC Trustee, through its controlling interests in Asia Internet Capital Management LLC which acted as the investment manager of AICV, was deemed to be interested in 148,659,004 underlying shares. These 148,659,004 underlying shares are the same underlying shares referred to in note 18 below. Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 208,248,863 shares.
4. NASAC was directly interested in 44,163,474 shares and a further 88,326,947 underlying shares which may fall to be issued if the Convertible Bonds are converted at an initial conversion price of HK\$0.1566. Accordingly, NASAC was deemed to be interested in a total of 132,490,421 shares.
5. NASA held the single voting participating share of NASAC and the single ordinary voting share of each of NASAC 2 and NASAC 3, NASA was therefore deemed to be interested in 289,203,039 shares.
6. API is the controlling company of NASA which in turn controls 100% voting capital of each of NASAC, NASAC 2 and NASAC 3. API was therefore deemed to be interested in 289,203,039 shares.
7. These underlying shares were held by Goldman Sachs (Asia) Finance, a company controlled by The Goldman Sachs (Asia) Finance Holdings L.L.C.. The Goldman Sachs Group, Inc. was deemed to have interests in these underlying shares through its direct subsidiary, The Goldman Sachs Global Holdings L.L.C., and its indirect subsidiary, The Goldman Sachs & Co., which was in turn the controlling company of The Goldman Sachs (Asia) Finance Holdings L.L.C.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in Goldman Sachs (Asia) Finance.
8. These underlying shares were held by NNL, a nominee for Military Superannuation and Benefits Board of Trustees No 1 as a trustee for an Australian pension fund.
9. These underlying shares were held by Woori, a company controlled by Woori Finance Holdings Co., Ltd.
10. These underlying shares were held by Oikos, a company controlled by Walkers SPV Limited.
11. These underlying shares were held by Tiger, a company controlled by Mr. Chen Jong-Tai and Ms. Chen Wu, Feng-Tsai. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Tiger.
12. These underlying shares were held by Grand Loyal, a company controlled by Mr. Ho Yiu Wing. Accordingly, Mr. Ho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Loyal.
13. These underlying shares were held by Grand Partners, a company controlled by Mr. William Doo Wai Hoi. Accordingly, Mr. Doo was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Partners.
14. These underlying shares were held by Mozart, a company controlled by Dr. Thomas Helmut Jetter. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Mozart.
15. These underlying shares were held by Chevalier, a company 52.5% controlled by Mr. Chow Yei Ching and Ms. Miyakawa Michiko. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Chevalier.
16. These underlying shares were held by KBCI, a company controlled by KB. Accordingly, KB was taken to be interested in these underlying shares under the SFO by virtue of its corporate interests in KBCI.
17. These underlying shares were held by Frank, a company controlled by KB. Accordingly, KB was taken to be interested in these underlying shares under the SFO by virtue of its corporate interests in Frank.

18. These underlying shares were held by AICV which was managed by Asia Internet Capital Management LLC, a company 99% controlled by EC.com Inc.. HSBC International Trustee Limited was deemed to have interests in these underlying shares through its direct wholly-owned subsidiary MKT Holdings (Cayman Islands) LLC and its indirect wholly-owned subsidiary Smart Channel Investments Inc.. Smart Channel Investments Inc. had 48.66% controlling interests in EC.com Inc.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in AICV. These underlying shares are the same underlying shares referred to in note 3 above.
19. These underlying shares were held by Gentfull, a company 100% controlled by Ms. Vivien Chen Wai Wai. Accordingly, Ms. Chen was taken to be interested in these underlying shares under the SFO by virtue of her interests in Gentfull.
20. These underlying shares were held by Doutdes, a company 83.98% controlled by UFI Filters SPA which was in turn controlled by GGG SPA, a company controlled by Mr. Giorgio Girondi. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their corporate interests in Doutdes.
21. These underlying shares were held by G.G.G. S.A., a company 100% controlled by Mr. Giorgio Girondi. Accordingly, Mr. Girondi was taken to be interested in these underlying shares under the SFO by virtue of his interests in G.G.G. S.A.
22. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Sphirantes, a company controlled by Ms. Angeles González Garcia and Mr. Jorge Garcia González; 17,343,500 underlying shares were held by Mr. Cesar Molinas Sanz; 14,865,900 underlying shares were held by Duserali, S.L., a company controlled by Mr. Antonio Del Cano Barbón; each of Messrs. Ramón Suarez Beltrán, Ricardo Sanz Ferrer and Miguel Orúe-Echeverria held 9,910,600 underlying shares; 7,432,950 underlying shares were held by Mr. Fernando Rueda Sabater; and 5,946,360 underlying shares were held by Mr. Richardo de Ponga Bianco.
23. These underlying shares were held by ALCO, a company controlled by ABK which in turn controlled by Mr. Albert Henri Karl Büll. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in ALCO.
24. These underlying shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless. These underlying shares are the same underlying shares referred to in note 2 under "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above.
25. These underlying shares were held by NASAC 2. NASA controls 100% of the ordinary voting share capital of NASAC 2 and was therefore deemed to be interested in these underlying shares under the SFO by virtue of its corporate interests in NASAC 2.
26. These underlying shares were held by KKR, a company controlled by Messrs. George Rosenberg Roberts and Henry Roberts Kravis. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in KKR.
27. These underlying shares were held by GAUD, a company controlled by Ms. Dorothee Emma Margareta Goldschmeding, Ms. Sabine Marie Antoinette Goldschmeding and Ms. Anna Petra Elisabeth Goldschmeding. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in GAUD.
28. These underlying shares were held by Jajebi, a company controlled by Mr. Jan van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Jajebi.
29. These underlying shares were held by Latoer, a company controlled by Mr. Roderik Johannes Rolanda van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Latoer.
30. These underlying shares were held by NUI, a company controlled by Mr. Patrick Jolyon van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in NUI.
31. These underlying shares were held by NASAC 3. NASA controls 100% of the ordinary voting share capital of NASAC 3 and was therefore deemed to be interested in these underlying shares under the SFO by virtue of its corporate interests in NASAC 3.
32. These underlying shares were held by Rawlco, a company controlled by Mr. Gordon Stanley Rawlinson. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Rawlco.
33. These underlying shares were held by Fides and beneficially owned by Mr. Willem Auke Hekstra, Clover, Mr. Christopher McLeod, Mr. Menno de Kuyer, Mr. Martijn Sven van der Veen, Mr. David Flemming and Mr. David Koker respectively. Clover was controlled by Messrs. Jan de Marez Oijens and Pieter de Marez Oijens. Accordingly, both were taken to be interested in these 10,209,424 underlying shares under the SFO by virtue of their interests in Clover.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 31st December 2007.

SHARE OPTION SCHEMES

On 10th June 2002, the shareholders approved the adoption of a share option scheme (the “2002 Scheme”). Under the terms of the 2002 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative, including any executive or non-executive director, of any member of the Group or any other person who satisfies the selection criteria as set out in the 2002 Scheme. The principal purpose of the 2002 Scheme is to provide incentives to participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. The 2002 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. As at 31st December 2007, no share options have been granted by the Company pursuant to the 2002 Scheme.

On 31st October 2006, the Company approved a share option scheme (the “Best Creation Scheme”) adopted by Best Creation Investments Limited (“Best Creation”), a wholly-owned subsidiary of the Company, allowing its board of directors to grant options to subscribe for shares in Best Creation to the selected participants under such scheme as incentives or rewards for their contribution to the Best Creation group. The Best Creation Scheme has a life of ten years commencing on the adoption date of 31st October 2006. As at 31st December 2007, no share options have been granted pursuant to the Best Creation Scheme.

COMPETING INTERESTS

Mr. Andrew Yao Cho Fai, an executive Director of the Company, is the chairman and chief executive officer of VSC. According to the interim report 2007/08 of VSC, Huge Top held 173,424,000 shares (approximately 45.91%) in VSC as at 30th September 2007 and Mr. Yao is one of the two directors of Huge Top. Mr. Yao directly held approximately 11.91% and indirectly held approximately 42.86% of the issued share capital of Huge Top. Mr. Yao also has personal interests in 1,614,000 shares (approximately 0.43%) in VSC as at 30th September 2007. VSC is also engaged in steel trading business. The Group has ceased its steel trading operation after August 2007 and has no business that may compete with that of VSC.

Save as disclosed above, none of the Directors, management shareholders and substantial shareholders of the Company and any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the nine months ended 31st December 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the GEM Listing Rules.

The Company has complied with the code provisions set out in the Code throughout the nine months ended 31st December 2007, except that the chairman of the independent board committee was not available to attend the general meeting of the Company held on 14th December 2007 owing to other engagement, however, the financial adviser and independent financial adviser were available at the meeting to answer questions.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises four independent non-executive Directors and is chaired by Mr. Kenny Tam King Ching who has appropriate professional qualifications and experience in financial matters.

Under the terms of reference which are aligned with the code provisions set out in the Code contained in the GEM Listing Rules, the committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the nine months ended 31st December 2007 of the Company now reported on have been reviewed by the audit committee.

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

Hong Kong, 1st February 2008

As at the date of this report, the Board comprises Mr. Göran Sture Malm (Chairman), Mr. Henry Cho Kim (Deputy Chairman), Mr. Savio Chow Sing Nam (Chief Executive Officer) and Mr. Andrew Yao Cho Fai (being the executive Directors), Mr. Takeshi Kadota (being the non-executive Director), Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak (being the independent non-executive Directors).

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