

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

First Quarterly Report
第一季度業績報告

* For identification purpose only 僅供識別

FIRST QUARTERLY REPORT FOR THE THREE MONTHS ENDED 30TH JUNE 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 at www.hkgem.com 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 three months ended 30th June 2007 (“current quarter”) was approximately HK\$303,217,000, an increase of approximately 357% from the same period last year.
- During the current quarter, revenue and net profit generated from the surface mount technology assembly equipment trading operation were approximately HK\$238,253,000 and HK\$2,857,000 respectively.
- During the current quarter, the Company shared 40% of revenue and net loss of the fishmeal, fish oil and aquatic feeds processing and sale operation invested by the Company on 7th December 2006 of approximately HK\$60,450,000 and HK\$478,000 respectively.
- Revenue from steel trading operation for the current quarter was approximately HK\$4,514,000, a decrease of approximately 86% from the same period last year. Net loss recorded by this operation during the current quarter was approximately HK\$2,313,000, an increase of approximately 109% from the same period last year.
- Total unaudited consolidated net loss attributable to equity holders for the current quarter was approximately HK\$9,845,000, a decrease of approximately HK\$16,008,000 from the same period last year.
- Total unaudited consolidated net assets value of the Group was approximately HK\$1,225,434,000 as at 30th June 2007, which is approximately HK\$5,906,000 less than the audited consolidated net assets value of approximately HK\$1,231,340,000 as at 31st March 2007.

RESULTS

The following are the unaudited consolidated results of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively, the “Group” or “NAS Group”) for the three months ended 30th June 2007 together with the comparative unaudited figures for the corresponding period in 2006:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

| | Note | For the three months ended 30th June | |
|---|------|---|---------------------------------|
| | | 2007 HK\$'000 (Unaudited) | 2006 HK\$'000 (Unaudited) |
| Continuing operations | | | |
| Revenue | 3 | 298,703 | 33,784 |
| Cost of sales | | (274,510) | (33,089) |
| Gross profit | | 24,193 | 695 |
| Other income and gains — net | 4 | 8,820 | — |
| Selling and distribution expenses | | (10,376) | — |
| General and administrative expenses | | (31,869) | (9,376) |
| Finance income | 5 | 8,303 | 16,099 |
| Finance costs | 5 | (6,235) | (146) |
| (Loss)/profit before income tax | | (7,164) | 7,272 |
| Income tax expense | 6 | (378) | — |
| (Loss)/profit for the period from continuing operations | | (7,542) | 7,272 |
| Discontinued operations | | | |
| Loss for the period from discontinued operations | 7 | (2,313) | (1,109) |
| (Loss)/profit for the period | | (9,855) | 6,163 |
| (Loss)/profit for the period attributable to: | | | |
| Equity holders of the Company | | (9,845) | 6,163 |
| Minority interests | | (10) | — |
| | | (9,855) | 6,163 |
| (Loss)/profit per share from continuing operations attributable to the equity holders of the Company for the period | | | |
| — Basic | 8 | HK(7.86) cents | HK7.59 cents |
| — Diluted | 8 | N/A | HK0.10 cents |
| Loss per share from discontinued operations attributable to the equity holders of the Company for the period | | | |
| — Basic | 8 | HK(2.41) cents | HK(1.16) cents |
| — Diluted | 8 | N/A | N/A |

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 trading of surface mount technology (“SMT”) assembly equipments, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipments; processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; and investment holding. The Group has decided to cease its steel trading operation.

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 HK dollars, unless otherwise stated.

This unaudited condensed consolidated financial information has been approved for issue by the Company’s Board of Directors on 15th August 2007.

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.

These 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.

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 11 “Group and Treasury Share Transfer”, effective for accounting periods beginning on or after 1st March 2007;
- HK(IFRIC)-Int 12 “Service Concession Arrangements”, 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.

The preparation of the unaudited condensed consolidated financial information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated financial information include fair values of assets acquired and identifiable intangible assets, useful lives and residual values of property, plant and equipment and intangible assets, goodwill impairment assessment, net realisable value of inventories, provision for impairment of receivables and income taxes.

3. Revenue

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is presented, net of value added tax, rebates and discounts and after eliminating sales within the Group.

4. Other income and gains – net

| | For the three months ended 30th June | |
|--------------------------------|---|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| Continuing operations | | |
| Exchange gains | 8,486 | — |
| Others | 334 | — |
| | 8,820 | — |
| Discontinued operations | | |
| Others | — | 2 |
| | — | 2 |
| | 8,820 | 2 |

5. Finance income and costs

| | For the three months ended 30th June | |
|---|---|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| Continuing operations | | |
| Finance income: | | |
| — Interest income from bank deposits | 3,717 | 2,868 |
| — Amortised interest income from subscription receivables | 4,586 | 13,231 |
| | 8,303 | 16,099 |
| Finance costs: | | |
| Interest expense | | |
| — Interest on bank loans wholly repayable within five years | 4,594 | 35 |
| — Convertible bonds redeemable after five years | 318 | 111 |
| — Notional interest expense of fair valuation of deferred consideration | 1,323 | — |
| | 6,235 | 146 |
| Discontinued operations | | |
| Finance income: | | |
| — Interest income from bank deposits | 20 | 49 |

6. Income tax expense/(credit)

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 17.5% (2006: 17.5%, no assessable profit subject to Hong Kong profits tax) on the estimated assessable profit for the period. Subsidiaries established in the Mainland China are subjected to the Mainland China enterprise income tax 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 expense/(credit) recognised in the unaudited condensed consolidated income statement represent:

| | For the three months ended 30th June | |
|--------------------------------------|---|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| Continuing operations | | |
| Current taxation | | |
| Hong Kong profits tax | 1,035 | — |
| Mainland China enterprise income tax | | |
| — Provision | 734 | — |
| — Overprovision in prior years | (1,429) | — |
| Profits tax of overseas subsidiaries | 38 | — |
| | 378 | — |
| Discontinued operations | | |
| Current taxation | | |
| Mainland China enterprise income tax | | |
| — Provision | — | 2 |
| — Overprovision in prior years | (703) | — |
| | (703) | 2 |

7. Discontinued operations

The Group has decided to cease its steel trading operation and the unaudited consolidated results of the steel trading operation for the three months ended 30th June 2007 together with the comparative unaudited figures for the corresponding period in 2006 were as follows:

| | Note | For the three months ended 30th June | |
|--|------|---|------------------|
| | | 2007 HK\$'000 | 2006 HK\$'000 |
| Revenue | 3 | 4,514 | 32,536 |
| Cost of sales | | (7,543) | (33,301) |
| Gross loss | | (3,029) | (765) |
| Other income and gains - net | 4 | — | 2 |
| Selling and distribution expenses | | (4) | (21) |
| General and administrative expenses | | (3) | (372) |
| Finance income | 5 | 20 | 49 |
| Loss before income tax | | (3,016) | (1,107) |
| Income tax credit/(expense) | 6 | 703 | (2) |
| Loss for the period from discontinued operations | | (2,313) | (1,109) |

8. (Loss)/Profit per share

Continuing operations

The calculation of basic loss per share for the three months ended 30th June 2007 is based on the unaudited consolidated loss attributable to shareholders of approximately HK\$7,532,000 (2006: profit of HK\$7,272,000) and on the weighted average number of approximately 95,795,000 shares (2006: 95,795,000 shares) in issue during the period.

No diluted loss per share has been presented for the three months ended 30th June 2007 as the potential ordinary shares were anti-dilutive.

The calculation of diluted profit per share for the three months ended 30th June 2006 is based on the unaudited consolidated profit of approximately HK\$7,383,000, which is the profit attributable to shareholders plus an adjustment for convertible bonds accrued interest expense of approximately HK\$111,000 and on the weighted average number of approximately 7,606,675,000 shares, which is the weighted average number of shares in issue during the period plus the conversion of all potential dilutive shares from convertible bonds and preference shares of approximately 127,714,000 and 7,383,166,000 shares respectively.

Discontinued operations

The calculation of basic loss per share for the three months ended 30th June 2007 is based on the unaudited consolidated loss attributable to shareholders of approximately HK\$2,313,000 (2006: HK\$1,109,000) and on the weighted average number of approximately 95,795,000 shares (2006: 95,795,000 shares) in issue during the period.

No diluted loss per share has been presented for the three months ended 30th June 2007 as the potential ordinary shares were anti-dilutive.

9. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2007.

10. Movements in share capital and reserves

Movements in share capital and reserves are as follows:

| | Unaudited | | | | | | |
|--|---|-----------------------------|-------------------|---------------------|-----------|-----------------------|-----------|
| | Attributable to equity holders of the Company | | | | | | |
| | Ordinary share capital | Preference share capital | Other reserves | Accumulated | | Minority interests | Total |
| | | | | (losses)/ profit | Total | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Balance, 1st April 2006 | 958 | 73,832 | 996,489 | (21,684) | 1,049,595 | — | 1,049,595 |
| Profit for the period | — | — | — | 6,163 | 6,163 | — | 6,163 |
| Translation adjustments — net | — | — | 151 | — | 151 | — | 151 |
| Balance, 30th June 2006 | 958 | 73,832 | 996,640 | (15,521) | 1,055,909 | — | 1,055,909 |
| Profit for the period | — | — | — | 60,584 | 60,584 | — | 60,584 |
| Issue of preference shares | — | 7,928 | 106,271 | — | 114,199 | — | 114,199 |
| Share issue expenses | | | | | | | |
| — preference shares | — | — | (741) | — | (741) | — | (741) |
| Translation adjustments — net | — | — | 1,389 | — | 1,389 | — | 1,389 |
| Balance, 31st March 2007 | 958 | 81,760 | 1,103,559 | 45,063 | 1,231,340 | — | 1,231,340 |
| Contribution from the minority | | | | | | | |
| shareholder of a PRC subsidiary | — | — | — | — | — | 1,686 | 1,686 |
| Loss for the period | — | — | — | (9,845) | (9,845) | (10) | (9,855) |
| Translation adjustments — net | — | — | 1,305 | — | 1,305 | — | 1,305 |
| Revaluation of available for sale investment | — | — | 958 | — | 958 | — | 958 |
| Balance, 30th June 2007 | 958 | 81,760 | 1,105,822 | 35,218 | 1,223,758 | 1,676 | 1,225,434 |

Movements in other reserves

| | Share | Contributed | Convertible | Capital | Other | Cumulative | Total |
|--|-----------|-------------|-------------|----------|----------|-------------|-----------|
| | premium | surplus | bonds | reserve | reserve | translation | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | adjustments | |
| Balance, 1st April 2006 | 978,107 | 8,984 | 6,388 | 2,700 | — | 310 | 996,489 |
| Translation adjustments — net | — | — | — | — | — | 151 | 151 |
| Balance, 30th June 2006 | 978,107 | 8,984 | 6,388 | 2,700 | — | 461 | 996,640 |
| Issue of preference shares | 106,271 | — | — | — | — | — | 106,271 |
| Share issue expenses | | | | | | | |
| — preference shares | (741) | — | — | — | — | — | (741) |
| Translation adjustments — net | — | — | — | — | — | 1,389 | 1,389 |
| Balance, 31st March 2007 | 1,083,637 | 8,984 | 6,388 | 2,700 | — | 1,850 | 1,103,559 |
| Translation adjustments — net | — | — | — | — | — | 1,305 | 1,305 |
| Revaluation of available for sale investment | — | — | — | — | 958 | — | 958 |
| Balance, 30th June 2007 | 1,083,637 | 8,984 | 6,388 | 2,700 | 958 | 3,155 | 1,105,822 |

11. Convertible bonds

In August 2005, the Company issued convertible bonds at face value of HK\$20,000,000, which are denominated in Hong Kong dollar.

The bonds will mature in August 2010 or can be converted into a total of approximately 127,714,000 ordinary shares in the Company, with a par value of HK\$0.01 each, at the holders' option, at HK\$0.1566 per share. In addition, the holders have the right to request the Group to redeem in whole or in part the outstanding bonds on 7th December 2007.

The fair values of the liability component and the equity conversion component were determined upon issuance of the bonds. 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 residual amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves (*Note 10*).

The convertible bonds recognised in the balance sheet are calculated as follows:

| | As at | |
|---|----------------|-----------------|
| | 30th June 2007 | 31st March 2007 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Continuing operations | | |
| Face value of convertible bonds issued on 8th August 2005 | 20,000 | 20,000 |
| Equity component | (6,388) | (6,388) |
| Liability component on initial recognition at 8th August 2005 | 13,612 | 13,612 |
| Accrued interest expense | 2,418 | 2,100 |
| Liability component at 30th June 2007 | 16,030 | 15,712 |

Interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 8% to the liability component.

Accrued interest expense recognised as expense and included in finance costs amounted to approximately HK\$318,000 (2006: HK\$111,000).

The carrying amounts of liability components of convertible bonds approximate their fair values.

12. Preference shares

In February and March 2006, the Company issued a total of approximately 7,383,167,000 non-redeemable preference shares, with a par value of HK\$0.01 each, at a subscription price of HK\$0.1566 each through placement, for an aggregated amount of approximately HK\$1,156,200,000 ("First Tranche").

In September 2006, the Company issued a total of approximately 792,847,000 non-redeemable preference shares, with a par value of HK\$0.01 each, at a subscription price of HK\$0.1566 each through placement, for an aggregated amount of approximately HK\$124,164,000 ("Second Tranche").

The preference shares are non-redeemable and are convertible into ordinary shares of 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 price is payable in cash by the subscribers in four equal instalments. The first was received by the Company in February and March 2006, upon completion of the subscription of the First Tranche. For the Second Tranche, first instalment was received by the Company in September 2006. The remaining three instalments are receivable in February 2007, February 2008 and February 2009 respectively. In the event that by the first anniversary (28th February 2007) or the second anniversary (28th February 2008), the Company is unable to utilise at least 75% of the subscription monies previously received for investments, the Company will not be entitled to receive the instalments which would otherwise be due on such anniversaries. However, even if the Company were not entitled to receive the instalments on the first and second anniversaries, the remaining unpaid balance would be receivable by the third anniversary (28th February 2009) or, if earlier, upon the conversion of the preference shares into ordinary shares.

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. The second instalment and third instalment of the subscription price have been received by the Company in October and December 2006 respectively.

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 the fourth anniversary (28th February 2010), whichever is earlier.

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

| | As at | |
|---------------------------------------|------------------|-----------------|
| | 30th June 2007 | 31st March 2007 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| Continuing operations | | |
| Subscription receivables | 991,313 | 991,313 |
| <i>Less: Future interest</i> | (111,573) | (111,573) |
| <i>Add: Amortised interest income</i> | 78,279 | 73,693 |
| | 958,019 | 953,433 |
| <i>Less: Subscriptions received</i> | (671,222) | (671,222) |
| | 286,797 | 282,211 |
| <i>Less: Non-current portion</i> | (286,797) | (282,211) |
| Current portion | — | — |

The carrying amounts of subscription receivables approximate their fair values.

Amortised interest income recognised as income and included in finance income amounted to approximately HK\$4,586,000 (2006: HK\$13,231,000).

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

BUSINESS REVIEW

Financial and Business Performance

For the three months ended 30th June 2007 ("current quarter"), the Group recorded a revenue from both continuing and discontinued operations of approximately HK\$303,217,000, representing a 357% increase from that in corresponding period last year. This was mainly due to aggregate revenue of approximately HK\$298,703,000 contributed by our surface mount technology assembly equipment ("SMT") trading operation and our 40% jointly controlled fishmeal and fish oil trading and processing operation (collectively "new businesses"), which were invested by NAS in late 2006. During the current quarter, the SMT trading operation recorded a net profit of approximately HK\$2,857,000 on revenue of approximately HK\$238,253,000. For the 40% jointly controlled fishmeal and fish oil trading and processing operation, NAS recorded attributable revenue and net loss of approximately HK\$60,450,000 and 478,000 respectively during the current quarter. Supply of fishmeal, fish oil and animal feeds exceeded market demand in this quarter due to (i) unexpected weather pattern in Mainland China which delayed the purchases of these products by customers and (ii) epidemic diseases in pigs in Mainland China. As a result, there was a drop of the market price of fishmeal and feeds in the quarter and our operation recorded a lower-than-expected revenue and a small loss in the current quarter. During the current quarter, the Group's steel trading operation recorded a net loss of approximately HK\$2,313,000 on revenue of approximately HK\$4,514,000, versus a net loss of approximately HK\$1,109,000 on revenue of approximately HK\$32,536,000 for the corresponding period last year. No revenue was generated from our Burger King business in current quarter, as the first restaurant has not yet been opened.

During the current quarter, the Group recorded a net loss attributable to shareholders of approximately HK\$9,845,000, versus net profit of approximately HK\$6,163,000 for the same period last year. Discounting interest income related to the subscription receivables from the Company's preference shareholders of approximately HK\$4,586,000 in current quarter and approximately HK\$13,231,000 in the same period last year, current quarter's net loss was approximately HK\$14,431,000, versus net loss of approximately HK\$7,068,000 for the same period last year. This was mainly due to net profit of approximately HK\$2,857,000 from the SMT trading operation and bank interest income of approximately HK\$2,807,000 recorded by NAS headquarters in current quarter were more than offset by the Group's overheads, and the aggregate net loss of approximately HK\$2,791,000 from the steel trading operation and the fishmeal and fish oil trading and processing operation.

OUTLOOK

As the steel trading operation has continued to make loss, we have decided to cease its operation and allocate more resources to our new businesses, which we are confident in their underlying strength and the economies in which they operate. Growing consumer demand and increased capital formation are expected to continue to underpin economic performance in Hong Kong, India and the Mainland China. Our SMT trading operation is expected to continue to benefit from the strong growth of the electronics business in the Mainland China and India. It will continue to explore diversification of its products portfolio. For our fishmeal and fish oil trading and processing operation, we expect that the typical peak season for fishmeal demand will start in September 2007 and will last till December 2007. The demand of aquatic feed has been back to normal level since early August 2007. The demand for processed fish oil has been increasing, particularly from overseas customers. We believe that this operation is well-positioned to benefit from the growth of aquaculture industry in Mainland China. For our Burger King business, we believe that we are in a unique position to capture the market potential of the quick service restaurant industry in Hong Kong and Macau. We intend to open at least four restaurants in the next nine months, primarily in the business districts, shopping areas and tourist spots in Hong Kong. It is expected that the Group will open the first restaurant by December 2007. We will continue to bring added value to these new businesses and assist them to build up a scalable business platform to facilitate future expansion.

We will also continue to seek new sizable investment opportunities in the acquisition of strategic, possible controlling, 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.

NAS has been in discussions with potential investors relating to a potential fund raising exercise which is likely to issue non-redeemable convertible preference shares similar to our existing issued preference shares to raise up to US\$350 million (equivalent to approximately HK\$2,730 million) in 2007 ("Second Placement") to pursue new investment opportunities. We are continuing the discussions with prospective investors and certain potential investors have indicated interest to participate in the Second Placement. As of the date of this report, there have been no agreements entered into by the Company with any potential investor.

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 quarter. 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 30th June 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 (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 "Placement"). 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 30th June 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 | 10,592,098 | — | 10,592,098 | 11.06% | 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 6,336,309 shares of the Company owned by Van Shung Chong (B.V.I.) Limited ("VSC BVI"), a wholly-owned subsidiary of Van Shung Chong Holdings Limited ("VSC"). Huge Top owns approximately 47.05% of the issued share capital of VSC. Mr. Yao is one of the two directors of VSC BVI. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by VSC BVI. These shares were the same 6,336,309 shares referred to in note 23 under the section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below;
 - (iii) a deemed interest in 1,633,676 shares of the Company owned by TN Development Limited ("TN"). VSC BVI owns 54% of the issued share capital of TN and Mr. Yao owns 10% of the issued share capital of TN. Mr. Yao is one of the two directors of TN. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by TN. These shares were the same 1,633,676 shares referred to in note 23 under the section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below; and
 - (iv) 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 Kentomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless which was interested in 99,106,003 underlying shares. These underlying shares were the same underlying shares referred to in note 18 under section "Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO" below.

Save as disclosed above, as at 30th June 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 30th June 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. 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 30th June 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 |
| | | | | 208,248,863 | 217.39% | |
| 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 | 88,326,947 | 132,490,421 | 138.31% | 4 & 5 |
| Ajia Partners Inc. ("API") | Interest of controlled corporation | 44,163,474 | 88,326,947 | 132,490,421 | 138.31% | 4 to 6 |

Substantial shareholders (interests related to preference shareholders)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|--|------------------------------------|--------------------------------|----------------------------------|---------------|---|------|
| The Goldman Sachs Group, Inc. ("Goldman") | Interest of controlled corporation | — | 2,477,650,064 | 2,477,650,064 | 2,586.42% | 7 |
| ABN AMRO Asset Management Holding N.V. | Beneficial owner | — | 1,238,825,032 | 1,238,825,032 | 1,293.21% | |
| Woori Bank ("Woori") | Beneficial owner | — | 792,848,020 | 792,848,020 | 827.65% | 8 |
| Woori Finance Holdings Co., Ltd. | Interest of controlled corporation | — | 792,848,020 | 792,848,020 | 827.65% | 8 |
| United Overseas Bank Limited | Beneficial owner | — | 743,295,019 | 743,295,019 | 775.92% | |
| Oikos Asia Fund ("Oikos") | Beneficial owner | — | 495,530,013 | 495,530,013 | 517.28% | 9 |
| Tiger International Management Inc. ("Tiger") | Beneficial owner | — | 297,318,008 | 297,318,008 | 310.37% | 10 |
| Mr. Chen Jong-Tai | Interest of controlled corporation | — | 297,318,008 | 297,318,008 | 310.37% | 10 |
| Ms. Chen Wu, Feng-Tsai | Interest of controlled corporation | — | 297,318,008 | 297,318,008 | 310.37% | 10 |
| Banca Monte Dei Paschi Di Siena Spa | Beneficial owner | — | 247,765,006 | 247,765,006 | 258.64% | |
| Grand Loyal (China) Limited ("Grand Loyal") | Nominee | — | 247,765,006 | 247,765,006 | 258.64% | 11 |
| Mr. Ho Yiu Wing | Interest of controlled corporation | — | 247,765,006 | 247,765,006 | 258.64% | 11 |
| Grand Partners Group Limited ("Grand Partner") | Nominee | — | 247,765,006 | 247,765,006 | 258.64% | 12 |
| Mr. William Doo Wai Hoi | Interest of controlled corporation | — | 247,765,006 | 247,765,006 | 258.64% | 12 |
| Fubon Bank (Hong Kong) Limited | Beneficial owner | — | 199,233,717 | 199,233,717 | 207.98% | |
| Chevalier International Holdings Limited ("Chevalier") | Beneficial owner | — | 198,212,005 | 198,212,005 | 206.91% | 13 |

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(a) | Note |
|--|------------------------------------|--------------------------------|----------------------------------|-------------|---|---------|
| Mr. Chow Yei Ching | Interest of controlled corporation | — | 198,212,005 | 198,212,005 | 206.91% | 13 |
| Ms. Miyakawa Michiko | Family interest | — | 198,212,005 | 198,212,005 | 206.91% | 13 |
| Asia Internet Capital Ventures LP ("AICV") | Beneficial owner | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| Asia Internet Capital Management LLC | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| EC.com Inc. | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| Smart Channel Investments Inc. | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| MKT Holdings (Cayman Islands) LLC | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| HSBC International Trustee Limited | Trustee | — | 148,659,004 | 148,659,004 | 155.18% | 14 |
| Gentfull Investment Limited ("Gentfull") | Beneficial owner | — | 148,659,004 | 148,659,004 | 155.18% | 15 |
| Ms. Vivien Chen Wai Wai | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 15 |
| Doutdes S.P.A. ("Doutdes") | Beneficial owner | — | 148,659,004 | 148,659,004 | 155.18% | 16 |
| UFI Filters SPA | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 16 |
| GGG SPA | Interest of controlled corporation | — | 148,659,004 | 148,659,004 | 155.18% | 16 |
| G.G.G. S.A. | Beneficial owner | — | 99,106,003 | 99,106,003 | 103.46% | 17 |
| Mr. Giorgio Girondi | Interest of controlled corporation | — | 247,765,007 | 247,765,007 | 258.64% | 16 & 17 |
| Timeless | Beneficial owner | — | 99,106,003 | 99,106,003 | 103.46% | 18 |
| Kenthomas Company Limited | Nominee | — | 99,106,003 | 99,106,003 | 103.46% | 18 |

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(a) | Note |
|--|-------------------------------------|--------------------------------|----------------------------------|-------------|---|------|
| KKR Group Investments II LLC ("KKR") | Beneficial owner | — | 89,080,460 | 89,080,460 | 92.99% | 19 |
| Mr. George Rosenberg Roberts | Interest of controlled corporation | — | 89,080,460 | 89,080,460 | 92.99% | 19 |
| Mr. Henry Roberts Kravis | Interest of controlled corporation | — | 89,080,460 | 89,080,460 | 92.99% | 19 |
| Glint Delta II NV ("Glint") | Nominee | — | 78,544,061 | 78,544,061 | 81.99% | 20 |
| Mr. Harold Fentener van Vlissingen ("Mr. Fentener van Vlissingen") | Beneficial owner | — | 78,544,061 | 78,544,061 | 81.99% | 20 |
| Rawlco Capital Ltd. ("Rawlco") | Beneficial owner | — | 49,553,001 | 49,553,001 | 51.73% | 21 |
| Mr. Gordon Stanley Rawlinson | Interests of controlled Corporation | — | 49,553,001 | 49,553,001 | 51.73% | 21 |
| UBS España, S.A. ("UBS") | Nominee | — | 128,441,377 | 128,441,377 | 134.08% | 22 |
| Ms. Angeles González Garcia | Interest of controlled corporation | — | 49,553,001 | 49,553,001 | 51.73% | 22 |
| Mr. Jorge Garcia 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 |
| Kobrither, S.A. | Nominee | — | 14,865,900 | 14,865,900 | 15.52% | 22 |
| Mr. Antonio Del Cano Barbón | Interest of controlled corporation | — | 14,865,900 | 14,865,900 | 15.52% | 22 |
| Mr. Ramón Suarez Beltrán | Beneficial owner | — | 9,910,600 | 9,910,600 | 10.35% | 22 |
| Mr. Ricardo Sanz Ferrer | Beneficial owner | — | 9,910,600 | 9,910,600 | 10.35% | 22 |
| Mr. Miguel Orúe-Echeverria | Beneficial owner | — | 9,910,600 | 9,910,600 | 10.35% | 22 |

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 |
|-----------------------------|------------------------------------|--------------------------------|----------------------------------|-----------|---|------|
| Arcosilo, S.L. | Nominee | — | 7,432,950 | 7,432,950 | 7.76% | 22 |
| Mr. Blanca Rueda Sabater | Interest of controlled corporation | — | 7,432,950 | 7,432,950 | 7.76% | 22 |
| Mr. Fernando Rueda Sabater | Interest of controlled corporation | — | 7,432,950 | 7,432,950 | 7.76% | 22 |
| Mr. Ricardo de Ponga Bianco | Beneficial owner | — | 5,946,360 | 5,946,360 | 6.21% | 22 |

Other persons (interests related to ordinary shareholders)

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|----------|------------------------------------|--------------------------------|----------------------------------|-----------|---|----------|
| VSC BVI | Beneficial owner | 6,336,309 | — | 6,336,309 | 6.61% | 23 |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | 23 |
| | | | | <hr/> | <hr/> | |
| | | | | 7,969,985 | 8.32% | |
| VSC | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | | <hr/> | <hr/> | |
| | | | | 7,969,985 | 8.32% | 23 & 24 |
| Huge Top | Beneficial owner | 1,598,113 | — | 1,598,113 | 1.67% | |
| | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | | <hr/> | <hr/> | |
| | | | | 9,568,098 | 9.99% | 23 to 25 |

| Name | Capacity | Number of ordinary shares held | Number of underlying shares held | Total | Approximate % of shareholdings ^(d) | Note |
|-----------------------------------|------------------------------------|--------------------------------|----------------------------------|-----------|---|----------|
| Perfect Capital | Interest of controlled corporation | 1,598,113 | — | 1,598,113 | 1.67% | |
| | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | | 9,568,098 | 9.99% | 23 to 25 |
| Ms. Miriam Yao Che Li ("Ms. Yao") | Interest of controlled corporation | 1,598,113 | — | 1,598,113 | 1.67% | |
| | Interest of controlled corporation | 6,336,309 | — | 6,336,309 | 6.61% | |
| | Interest of controlled corporation | 1,633,676 | — | 1,633,676 | 1.71% | |
| | | | | 9,568,098 | 9.99% | 23 to 26 |

Notes:

- 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.
- These 509,400 shares were directly held by Oboe Development Trading Limited, which was wholly owned by Mr. Tsang.
- Mr. Tsang was deemed to be interested in 148,659,004 underlying shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited ("HSBC Trustee"). HSBC Trustee, through its controlling interests in Asia Internet Capital Management LLC which acted as the investment manager of AICV, was deemed to be interested in 148,659,004 underlying shares. These 148,659,004 underlying shares are the same underlying shares referred to in note 14 below. Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 208,248,863 shares.
- 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.
- NASA held the single voting participating share of NASAC and was therefore deemed to be interested in 132,490,421 shares.
- API is the controlling company of NASA which in turn controls 100% voting capital of NASAC. API was therefore deemed to be interested in 132,490,421 shares.

7. These underlying shares were held by Goldman Sachs (Asia) Finance, a company controlled by The Goldman Sachs (Asia) Finance Holdings L.L.C.. The Goldman Sachs Group, Inc. was deemed to have interests in these underlying shares through its direct subsidiary, The Goldman Sachs Global Holdings L.L.C., and its indirect subsidiary, The Goldman Sachs & Co., which was in turn the controlling company of The Goldman Sachs (Asia) Finance Holdings L.L.C.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in Goldman Sachs (Asia) Finance.
8. These underlying shares were held by Woori, a company controlled by Woori Finance Holdings Co., Ltd.
9. These underlying shares were held by Oikos, a company controlled by Walkers SPV Limited.
10. These underlying shares were held by Tiger, a company controlled by Mr. Chen Jong-Tai and Ms. Chen Wu, Feng-Tsai. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Tiger.
11. These underlying shares were held by Grand Loyal, a company controlled by Mr. Ho Yiu Wing. Accordingly, Mr. Ho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Loyal.
12. These underlying shares were held by Grand Partners, a company controlled by Mr. William Doo Wai Hoi. Accordingly, Mr. Doo was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Partners.
13. These underlying shares were held by Chevalier, a company 52.5% controlled by Mr. Chow Yei Ching and Ms. Miyakawa Michiko. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Chevalier.
14. These underlying shares were held by AICV which was managed by Asia Internet Capital Management LLC, a company 99% controlled by EC.com Inc.. HSBC International Trustee Limited was deemed to have interests in these underlying shares through its direct wholly-owned subsidiary MKT Holdings (Cayman Islands) LLC and its indirect wholly-owned subsidiary Smart Channel Investments Inc.. Smart Channel Investments Inc. had 48.66% controlling interests in EC.com Inc.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in AICV. These underlying shares are the same underlying shares referred to in note 3 above.
15. These underlying shares were held by Gentfull, a company 100% controlled by Ms. Vivien Chen Wai Wai. Accordingly, Ms. Chen was taken to be interested in these underlying shares under the SFO by virtue of her interests in Gentfull.
16. These underlying shares were held by Doutdes, a company 83.98% controlled by UFI Filters SPA which was in turn controlled by GGG SPA, a company controlled by Mr. Giorgio Girondi. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their corporate interests in Doutdes.
17. These underlying shares were held by G.G.G. S.A., a company 100% controlled by Mr. Giorgio Girondi. Accordingly, Mr. Girondi was taken to be interested in these underlying shares under the SFO by virtue of his interests in G.G.G. S.A.
18. These underlying shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless. These underlying shares are the same underlying shares referred to in note 2 under "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above.

19. These underlying shares were held by KKR, a company controlled by Messrs. George Rosenberg Roberts and Henry Roberts Kravis. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in KKR.
20. These underlying shares were held by Glint, a company 99% controlled by Mr. Fentener van Vlissingen. Accordingly, Mr. Fentener van Vlissingen was taken to be interested in these underlying shares under the SFO by virtue of his interests in Glint.
21. These underlying shares were held by Rawlco, a company controlled by Mr. Gordon Stanley Rawlinson. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Rawlco.
22. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Sphirantes, a company controlled by Ms. Angeles González 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 Kobrither, S.A., 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 Arcosilo, S.L., a company controlled by Messrs. Blanca Rueda Sabater and Fernando Rueda Sabater; and 5,946,360 underlying shares were held by Mr. Richardo de Ponga Bianco.
23. VSC BVI owned 54% of the share capital of TN and was deemed to be interested in the 1,633,676 shares held by TN. VSC BVI directly owned 6,336,309 shares. VSC BVI was therefore directly and indirectly interested in an aggregate of 7,969,985 shares.
24. VSC owned the entire issued share capital of VSC BVI, VSC was therefore deemed to be interested in an aggregate of 7,969,985 shares.
25. Perfect Capital owned approximately 42.86% of the issued share capital of Huge Top. Huge Top was beneficially interested in approximately 47.05% of the issued share capital of VSC; Perfect Capital and Huge Top were therefore deemed to be interested in 1,633,676 shares held by TN and 6,336,309 shares held by VSC BVI. Huge Top also directly owned 1,598,113 shares. Huge Top was therefore directly and indirectly interested in an aggregate of 9,568,098 shares, and Perfect Capital was indirectly interested in the same aggregate interests.
26. Ms. Yao is one of the two directors for TN and Huge Top while the remaining director of these two companies is Mr. Yao who is the brother of Ms. Yao. Ms. Yao was therefore through Huge Top indirectly interested in an aggregate of 9,568,098 shares.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who 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 30th June 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 30th June 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. No share options for Best Creation have been granted under the Best Creation Scheme since its adoption.

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 2006/07 annual report of VSC, Huge Top held 173,424,000 shares (approximately 47.05%) in VSC as at 31st March 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 0.44%) in VSC as at 31st March 2007. VSC is also engaged in steel trading business. As disclosed in the “Outlook” section above, the Board has decided to cease the Group’s steel trading operation and the Group has no business that may compete with that of VSC.

Save as disclosed above, none of the Directors or the management shareholders of the Company or 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 three months ended 30th June 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 three months ended 30th June 2007.

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 three 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 on Corporate Governance Practices 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 three months ended 30th June 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, 15th August 2007

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. Philip Ma King Huen, Mr. Kenny Tam King Ching and Mr. Edgar Kwan Chi Ping (being the independent non-executive Directors).

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

Principal Place of Business

78th Floor, The Center, 99 Queen's Road Central, Hong Kong

Tel : (852) 2905 9000

Fax : (852) 2169 0209

主要營業地點

香港皇后大道中99號中環中心78樓

電話 : (852) 2905 9000

傳真 : (852) 2169 0209

www.nasholdings.com