

# 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)

凝聚實力  
**Build Strength**  
and 提升價值  
**Grow Value**

A hand holding a globe with colorful light trails. The globe is the central focus, showing the Americas. The hand is positioned at the bottom, with fingers spread. Multiple horizontal lines of light in various colors (red, orange, yellow, green, blue) streak across the image, creating a sense of motion and energy.

INTERIM REPORT  
中期業績報告

**2008/09**

\* For identification purpose only 僅供識別

## **INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

*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.*

NAS expects the slowdown in the global economy caused by a crisis in the global financial system to continue in the remaining calendar year and into 2009. This will offer challenges but also unique opportunities for our businesses in the coming quarters.

We will most likely face impact from slowing customer demand and pressure on operating margins, especially in the second half of the year which will in turn affect our working capital needs. For this reason, NAS and its portfolio companies will focus on managing risk as well as streamlining operations and improving efficiency. At the same time, the economic climate offers potentially attractive acquisition opportunities which could enhance our growth and profitability in medium term. We are well positioned to weather the downturn and to take advantage of this situation to strengthen our businesses for the future.

### HIGHLIGHTS

- Total unaudited consolidated revenue from continuing operations for the six months ended 30th September 2008 was approximately HK\$1,195,744,000 representing an increase of approximately 79.5% from the same period last year.
- During the period, revenue and net profit generated from the surface mount technology assembly equipment trading division were approximately HK\$439,917,000 and HK\$8,051,000 respectively.
- During the period, the Company shared 40% revenue and net profit of our jointly controlled fishmeal and fish oil trading division of approximately HK\$227,858,000 and HK\$8,144,000 respectively.
- During the period, the Company shared 33.74% of the post-acquisition revenue and net loss of our jointly controlled chemical operation division invested by the Company on 30th June 2008 of approximately HK\$520,922,000 and HK\$13,423,000 respectively.
- Total unaudited consolidated net loss attributable to equity holders of the Company for the six months ended 30th September 2008 was approximately HK\$20,821,000, versus net loss attributable to equity holders of the Company of approximately HK\$28,975,000 for the same period last year.
- Unaudited consolidated total equity attributable to equity holders of the Company was approximately HK\$2,082,289,000 as at 30th September 2008, which was less than the corresponding figure as at 31st March 2008 of approximately HK\$2,130,656,000 by approximately HK\$48,367,000.

## RESULTS

The followings are the unaudited consolidated interim results of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively, the “Group” or “NAS Group”) for the six months and three months ended 30th September 2008 together with the comparative unaudited figures for the corresponding periods in 2007:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30th September		For the three months ended 30th September	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
<b>Continuing operations</b>					
Revenue	3	1,195,744	666,248	843,758	367,545
Cost of sales		(1,062,264)	(618,857)	(756,320)	(344,347)
Gross profit		133,480	47,391	87,438	23,198
Other gains/(losses) — net	4	10,864	3,252	(337)	(5,568)
Selling and distribution expenses		(48,625)	(18,460)	(36,163)	(8,084)
General and administrative expenses		(98,157)	(71,788)	(53,758)	(39,919)
Operating loss		(2,438)	(39,605)	(2,820)	(30,373)
Finance income	5	25,751	17,693	10,312	9,390
Finance costs	5	(46,080)	(10,327)	(42,048)	(4,092)
Loss before income tax		(22,767)	(32,239)	(34,556)	(25,075)
Income tax credit	6	2,040	5,472	5,821	5,850
Loss for the period from continuing operations		(20,727)	(26,767)	(28,735)	(19,225)
<b>Discontinued operations</b>					
(Loss)/profit for the period from discontinued operations	7	—	(2,269)	—	44
Loss for the period		(20,727)	(29,036)	(28,735)	(19,181)
(Loss)/profit for the period attributable to:					
Equity holders of the Company		(20,821)	(28,975)	(28,797)	(19,130)
Minority interests		94	(61)	62	(51)
		(20,727)	(29,036)	(28,735)	(19,181)
Loss per share from continuing operations attributable to the equity holders of the Company for the period					
— Basic (HK cents)	8	(21.74)	(27.88)	(30.07)	(20.02)
— Diluted (HK cents)	8	N/A	N/A	N/A	N/A
(Loss)/profit per share from discontinued operations attributable to the equity holders of the Company for the period					
— Basic (HK cents)	8	N/A	(2.37)	N/A	0.05
— Diluted (HK cents)	8	N/A	N/A	N/A	0.00

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

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30th September 2008 HK\$'000 (Unaudited)	As at 31st March 2008 HK\$'000 (Audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	628,045	64,606
Investment properties	10	2,300	2,288
Leasehold land and land use rights	10	21,667	19,235
Intangible assets	10	604,037	419,647
Available-for-sale financial assets		1,908	3,481
Non-current deposits		4,205	3,307
Deferred tax assets		10,232	12,444
Other non-current assets		26,159	—
		<b>1,298,553</b>	<b>525,008</b>
<b>Current assets</b>			
Inventories		356,029	314,345
Trade and other receivables	12	317,047	196,038
Subscription receivables	11	963,160	940,429
Tax recoverable		3,350	342
Derivative financial instruments		148	—
Pledged bank deposits		72,380	48,390
Cash and cash equivalents		205,441	626,103
		<b>1,917,555</b>	<b>2,125,647</b>
<b>Total assets</b>		<b>3,216,108</b>	<b>2,650,655</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company:</b>			
Share capital	15	134,691	134,691
Reserves	15	1,947,598	1,995,965
		<b>2,082,289</b>	<b>2,130,656</b>
Minority interests	15	3,567	1,676
<b>Total equity</b>		<b>2,085,856</b>	<b>2,132,332</b>

		<b>As at</b>	As at
		<b>30th September</b>	31st March
		<b>2008</b>	2008
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	(Audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	13	359,482	182,836
Trade and other payables	14	489,776	300,776
Derivative financial instruments		—	310
Tax payables		6,750	6,540
Deferred income		68	—
		<b>856,076</b>	490,462
<b>Non-current liabilities</b>			
Borrowings	13	174,267	10,338
Convertible bonds		17,630	16,990
Deferred tax liabilities		26,074	11
Severance and retirement benefits		55,621	—
Provision for reinstatement costs		160	522
Other non-current liabilities		424	—
		<b>274,176</b>	27,861
<b>Total liabilities</b>		<b>1,130,252</b>	518,323
<b>Total equity and liabilities</b>		<b>3,216,108</b>	2,650,655
<b>Net current assets</b>		<b>1,061,479</b>	1,635,185
<b>Total assets less current liabilities</b>		<b>2,360,032</b>	2,160,193

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited				
	Attributable to equity holders of the Company			Minority interests	Total
	Share capital	Reserves	Sub-total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balances at 1st April 2008</b>	<b>134,691</b>	<b>1,995,965</b>	<b>2,130,656</b>	<b>1,676</b>	<b>2,132,332</b>
<b>(Loss)/profit for the period</b>	<b>—</b>	<b>(20,821)</b>	<b>(20,821)</b>	<b>94</b>	<b>(20,727)</b>
<b>Capital contribution from minority interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,797</b>	<b>1,797</b>
<b>Decrease in fair value of available-for-sale financial assets</b>	<b>—</b>	<b>(1,259)</b>	<b>(1,259)</b>	<b>—</b>	<b>(1,259)</b>
<b>Translation adjustments</b>	<b>—</b>	<b>(26,287)</b>	<b>(26,287)</b>	<b>—</b>	<b>(26,287)</b>
<b>Balances at 30th September 2008</b>	<b>134,691</b>	<b>1,947,598</b>	<b>2,082,289</b>	<b>3,567</b>	<b>2,085,856</b>
Balances at 1st April 2007	82,718	1,148,622	1,231,340	—	1,231,340
Loss for the period	—	(28,975)	(28,975)	(61)	(29,036)
Capital contribution from minority interests	—	—	—	1,686	1,686
Increase in fair value of available- for-sale financial assets	—	27	27	—	27
Translation adjustments	—	2,888	2,888	—	2,888
Balances at 30th September 2007	82,718	1,122,562	1,205,280	1,625	1,206,905

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

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30th September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Net cash used in operating activities	<b>(46,524)</b>	(112,240)
Net cash used in investing activities	<b>(382,006)</b>	(5,245)
Net cash generated from financing activities	<b>7,868</b>	34,141
Net decrease in cash and cash equivalents	<b>(420,662)</b>	(83,344)
Cash and cash equivalents at 1st April	<b>626,103</b>	441,553
Cash and cash equivalents at 30th September	<b>205,441</b>	358,209

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

Notes:

## 1. General Information

North Asia Strategic Holdings Limited (the "Company" or "NAS") and its subsidiaries (collectively, the "Group" or "NAS Group") principally engaged in (i) trading of surface mount technology ("SMT") assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment; (ii) developing and operating Burger King restaurants in Hong Kong and Macau; and (iii) investment holding. Its jointly controlled entities principally engaged in: (i) the processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; and (ii) manufacturing of polyester fiber, PET resin and spandex. During the period, the Group disposed of 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 interim financial information is presented in thousand of Hong Kong dollars, unless otherwise stated.

This unaudited condensed consolidated interim financial information has been approved for issue by the Company's Board of Directors on 11th November 2008.

## 2. Basis of preparation and accounting policies

The unaudited condensed consolidated interim 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 interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2008.

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". This unaudited condensed consolidated interim financial information should be read conjunction with the annual financial statements for the year ended 31st March 2008.

### 3. Turnover, revenue and segment information

#### 3.1 Turnover and revenue

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

	For the six months ended		For the three months ended	
	30th September		30th September	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>				
Sales of goods	1,179,120	656,288	836,427	361,956
Revenue from branded food	7,047	—	3,643	—
Commission and other income	9,577	9,960	3,688	5,589
	<b>1,195,744</b>	666,248	<b>843,758</b>	367,545
<b>Discontinued operations</b>				
Sales of goods	—	4,514	—	—
	<b>1,195,744</b>	670,762	<b>843,758</b>	367,545

#### 3.2 Segment information

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

Segment liabilities comprise primarily of trade and other payables and other non-current liabilities. Unallocated liabilities comprise borrowings, tax payables, deferred income, convertible bonds and deferred tax liabilities.

##### Primary reporting format — business segments

The Group and its jointly controlled entities are organised into five major business segments — SMT trading, fishmeal and fish oil, branded food, chemical operation division and corporate. The SMT trading, fishmeal and fish oil and chemical operation business segment derives revenue from the sale of goods. Branded food derives revenue from Burger King restaurant operations through the operation of fast food hamburger restaurants in Hong Kong under Burger King brand. The corporate derives revenue from dividend income.

The business segment results, depreciation, amortisation, (written back)/provision for inventories and provision for impairment and write off of receivables for the period are analysed as follows:

Six months ended 30th September 2008 (Unaudited)						
	SMT trading HK\$'000	Fishmeal and fish oil HK\$'000	Branded food HK\$'000	Chemical operation HK\$'000	Corporate HK\$'000	Total HK\$'000
Revenue — Sales to external customers	439,917	227,858	7,047	520,922	—	1,195,744
Segment results before amortisation of intangible assets	12,486	13,601	(8,390)	20,235	(32,978)	4,954
Amortisation of intangible assets	(5,960)	(1,324)	(108)	—	—	(7,392)
Segment results	6,526	12,277	(8,498)	20,235	(32,978)	(2,438)
Finance income						25,751
Finance costs						(46,080)
Loss before income tax						(22,767)
Income tax credit						2,040
Loss for the period						(20,727)
Depreciation	2,546	1,289	847	10,351	29	15,062
Amortisation	6,003	1,362	108	—	—	7,473
(Written back)/provision for inventories	(1,560)	1,364	—	—	—	(196)
Provision for impairment and write off of receivables	320	1,289	—	—	—	1,609
Six months ended 30th September 2007 (Unaudited)						
	Continuing operations				Discontinued operations	Total
	SMT trading HK\$'000	Fishmeal and fish oil HK\$'000	Corporate HK\$'000	Sub-total HK\$'000	Steel trading and procurement services HK\$'000	HK\$'000
Revenue — Sales to external customers	488,069	178,179	—	666,248	4,514	670,762
Segment results before amortisation of intangible assets	(2,350)	(6,722)	(23,243)	(32,315)	(3,024)	(35,339)
Amortisation of intangible assets	(5,966)	(1,324)	—	(7,290)	—	(7,290)
Segment results	(8,316)	(8,046)	(23,243)	(39,605)	(3,024)	(42,629)
Finance income				17,693	52	17,745
Finance costs				(10,327)	—	(10,327)
Loss before income tax				(32,239)	(2,972)	(35,211)
Income tax credit				5,472	703	6,175
Loss for the period				(26,767)	(2,269)	(29,036)
Depreciation	1,597	1,017	106	2,720	—	2,720
Amortisation	5,966	1,324	—	7,290	—	7,290
Provision for inventories	—	4,435	—	4,435	—	4,435
Provision for impairment and write off of receivables	—	2,701	—	2,701	—	2,701

There are no significant sales between these business segments during the period (2007: Nil).

Unallocated costs represent corporate and administrative expenses that cannot be allocated into the individual segment.

The segment assets and liabilities as at the balance sheet date are as follows:

	SMT trading HK\$'000	Fishmeal and fish oil HK\$'000	Branded food HK\$'000	Chemical operation HK\$'000	Corporate HK\$'000	Total HK\$'000
<b>As at 30th September 2008 (Unaudited)</b>						
<b>Assets</b>						
Segment assets	620,382	357,616	16,213	966,762	963,585	2,924,558
Unallocated assets						291,550
						<b>3,216,108</b>
<b>Liabilities</b>						
Segment liabilities	119,014	119,357	4,814	299,854	2,940	545,979
Unallocated liabilities						584,273
						<b>1,130,252</b>
<b>As at 31st March 2008 (Audited)</b>						
<b>Assets</b>						
Segment assets	676,697	333,839	11,919	—	940,917	1,963,372
Unallocated assets						687,283
						<b>2,650,655</b>
<b>Liabilities</b>						
Segment liabilities	176,414	120,310	3,459	—	1,344	301,527
Unallocated liabilities						216,796
						<b>518,323</b>

### 3.3 Secondary reporting format – geographical segments

The Group's activities are conducted predominantly in Hong Kong, Mainland China and Korea. Revenue by geographical segment is determined on the basis of the destination of shipment of goods for SMT trading, fishmeal and fish oil, and steel trading, location of service performed for branded food and chemical operation, location of sellers for online commission income, and location of the investment for dividend income.

Geographical segments results for the period are analysed as follows:

	<b>Six months ended 30th September 2008 (Unaudited)</b>				
	Hong Kong HK\$'000	Mainland China HK\$'000	Korea HK\$'000	Others HK\$'000	Total HK\$'000
<b>Revenue — Sales to external customers</b>	<b>7,047</b>	<b>661,659</b>	<b>520,922</b>	<b>6,116</b>	<b>1,195,744</b>
<b>Segment results</b>	<b>(41,475)</b>	<b>18,615</b>	<b>20,235</b>	<b>187</b>	<b>(2,438)</b>
<b>Finance income</b>					<b>25,751</b>
<b>Finance costs</b>					<b>(46,080)</b>
<b>Loss before income tax</b>					<b>(22,767)</b>
<b>Income tax credit</b>					<b>2,040</b>
<b>Loss for the period</b>					<b>(20,727)</b>

	Six months ended 30th September 2007 (Unaudited)						
	Continuing operations				Discontinued operations		
	Hong Kong	Mainland China	Others	Sub-total	Mainland China	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue — Sales to external customers	—	650,677	15,571	666,248	4,514	4,514	670,762
Segment results	(23,243)	(14,436)	(1,926)	(39,605)	(3,024)	(3,024)	(42,629)
Finance income				17,693		52	17,745
Finance costs				(10,327)		—	(10,327)
Loss before income tax				(32,239)		(2,972)	(35,211)
Income tax credit				5,472		703	6,175
Loss for the period				(26,767)		(2,269)	(29,036)

There are no significant sales between these geographical segments during the period (2007: Nil).

#### 4. Other gains/(losses) — net

	For the six months ended 30th September 2008		For the three months ended 30th September 2008	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
<b>Continuing operations</b>				
Net exchange gains/(losses)	9,008	4,134	(1,327)	(4,352)
Gain on disposal of subsidiaries	1,022	—	—	—
(Loss)/gain on disposal of property, plant and equipment	(596)	(1,670)	61	(1,670)
Others	1,430	788	929	454
	<b>10,864</b>	3,252	<b>(337)</b>	(5,568)
<b>Discontinued operations</b>				
Others	—	31	—	31
	<b>10,864</b>	3,283	<b>(337)</b>	(5,537)

## 5. Finance income and costs

	For the six months ended 30th September		For the three months ended 30th September	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
<b>Continuing operations</b>				
Finance income:				
Interest income from bank deposits	3,020	8,521	1,333	4,804
Amortised interest income from subscription receivables	22,731	9,172	8,979	4,586
	<b>25,751</b>	17,693	<b>10,312</b>	9,390
<b>Discontinued operations</b>				
Finance income:				
Interest income from bank deposits	—	52	—	32
	<b>25,751</b>	17,745	<b>10,312</b>	9,422
<b>Continuing operations</b>				
Finance costs:				
Interest on bank loans wholly repayable within five years	(6,421)	(8,365)	(2,842)	(3,771)
Convertible bonds redeemable within five years	(641)	(639)	(322)	(321)
Notional interest expenses on deferred subscription payables	—	(1,323)	—	—
Interest on finance lease obligations	(4)	—	130	—
Net foreign exchange losses on financing activities — net	(39,014)	—	(39,014)	—
	<b>(46,080)</b>	(10,327)	<b>(42,048)</b>	(4,092)

## 6. Income tax credit

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the period.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 25% (2007: 15% to 33%).

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

The amounts of income tax credit recognised in the unaudited condensed consolidated income statement represent:

	For the six months ended 30th September		For the three months ended 30th September	
	2008	2007	2008	2007
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>Continuing operations</b>				
Current taxation				
Hong Kong profits tax				
— current period	(2,086)	—	37	—
— (under)/overprovision in prior periods	(553)	—	—	1,035
Mainland China enterprise income tax				
— current period	(1,881)	492	(370)	1,226
— over/(under)provision in prior periods	—	664	—	(765)
Profits tax of overseas subsidiaries	11	1	(27)	39
Deferred taxation	6,549	4,315	6,181	4,315
	<b>2,040</b>	<b>5,472</b>	<b>5,821</b>	<b>5,850</b>
<b>Discontinued operations</b>				
Current taxation				
Mainland China enterprise income tax				
— overprovision in prior periods	—	703	—	—
	<b>2,040</b>	<b>6,175</b>	<b>5,821</b>	<b>5,850</b>

## 7. Discontinued operations

During the period, the Group disposed of its steel trading operation. The unaudited consolidated results of the steel trading operation for the six months and three months ended 30th September 2008 were as follows:

	For the six months ended 30th September		For the three months ended 30th September	
	2008	2007	2008	2007
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	—	4,514	—	—
Cost of sales	—	(7,543)	—	—
Gross loss	—	(3,029)	—	—
Other gains — net	—	31	—	31
Selling and distribution expenses	—	(4)	—	—
General and administrative expenses	—	(22)	—	(19)
Finance income	—	52	—	32
(Loss)/profit before income tax	—	(2,972)	—	44
Income tax credit	—	703	—	—
(Loss)/profit for the period from discontinued operations	—	(2,269)	—	44

## 8. Profit/(loss) per share

### Basic loss per share

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

	For the six months ended 30th September 2008		For the three months ended 30th September 2008	
	Continuing operations (Unaudited)	Discontinued operations (Unaudited)	Continuing operations (Unaudited)	Discontinued operations (Unaudited)
Loss for the period (HK\$'000)	(20,727)	—	(28,735)	—
Profit for the period attributable to minority interests (HK\$'000)	(94)	—	(62)	—
<b>Loss attributable to equity holders of the Company (HK\$'000)</b>	<b>(20,821)</b>	<b>—</b>	<b>(28,797)</b>	<b>—</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>95,794,716</b>	<b>—</b>	<b>95,794,716</b>	<b>—</b>
<b>Basic loss per share (HK cents)</b>	<b>(21.74)</b>	<b>—</b>	<b>(30.07)</b>	<b>—</b>

	For the six months ended 30th September 2007		For the three months ended 30th September 2007	
	Continuing operations (Unaudited)	Discontinued operations (Unaudited)	Continuing operations (Unaudited)	Discontinued operations (Unaudited)
(Loss)/profit for the period (HK\$'000)	(26,767)	(2,269)	(19,225)	44
Loss for the period attributable to minority interests (HK'000)	61	—	51	—
<b>(Loss)/profit attributable to equity holders of the Company (HK\$'000)</b>	<b>(26,706)</b>	<b>(2,269)</b>	<b>(19,174)</b>	<b>44</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>95,794,716</b>	<b>95,794,716</b>	<b>95,794,716</b>	<b>95,794,716</b>
<b>Basic (loss)/profit per share (HK cents)</b>	<b>(27.88)</b>	<b>(2.37)</b>	<b>(20.02)</b>	<b>0.05</b>

### Diluted (loss)/profit per share

No diluted loss per share from continuing and discontinued operations for the six months ended 30th September 2008 and 2007, and for the three months ended 30th September 2008, and from continuing operations for the three months ended 30th September 2007 has been presented as the potential ordinary shares are anti-dilutive.

Diluted profit per share from discontinued operations for the three months ended 30th September 2007 is 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 three  
months ended  
30th September  
2007  
Discontinued  
operations  
(Unaudited)

Adjusted profit attributable to equity holders of the Company (HK\$'000)	44
Weighted average number of ordinary shares in issue for diluted profit per share	8,399,523,449
Diluted profit per share (HK cents)	0.00

#### 9. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September 2008 (six months ended 30th September 2007: Nil).

#### 10. Capital expenditure

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)	Leasehold land and land use rights <i>HK\$'000</i> (Unaudited)	Intangible assets <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>At 1st April 2008</b>	<b>64,606</b>	<b>2,288</b>	<b>19,235</b>	<b>419,647</b>	<b>505,776</b>
<b>Addition upon subscription of shares in a jointly controlled entity</b>	<b>662,977</b>	<b>—</b>	<b>—</b>	<b>191,825</b>	<b>854,802</b>
<b>Additions</b>	<b>17,179</b>	<b>—</b>	<b>2,306</b>	<b>—</b>	<b>19,485</b>
<b>Disposals/written off</b>	<b>(672)</b>	<b>—</b>	<b>—</b>	<b>(43)</b>	<b>(715)</b>
<b>Depreciation/amortisation</b>	<b>(14,878)</b>	<b>(38)</b>	<b>(227)</b>	<b>(7,392)</b>	<b>(22,535)</b>
<b>Transfer to inventories</b>	<b>(2,553)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,553)</b>
<b>Exchange realignments</b>	<b>(98,614)</b>	<b>50</b>	<b>353</b>	<b>—</b>	<b>(98,211)</b>
<b>At 30th September 2008</b>	<b>628,045</b>	<b>2,300</b>	<b>21,667</b>	<b>604,037</b>	<b>1,256,049</b>
At 1st April 2007	36,014	2,206	11,869	432,279	482,368
Additions	3,158	—	6,787	1,858	11,803
Disposals	(10)	—	—	—	(10)
Depreciation/amortisation	(2,604)	(26)	(90)	(7,290)	(10,010)
Transfer from inventories	19,392	—	—	—	19,392
Exchange realignments	643	49	148	—	840
At 30th September 2007	56,593	2,229	18,714	426,847	504,383

## 11. Subscription receivables

Up to 30th September 2008, the Company issued a total of 13,373,254,851 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:

	<b>First Tranche of the First Placement</b>	<b>Second Tranche of the First Placement</b>	<b>Second Placement</b>
Month of issue	February and March 2006	September 2006	December 2007
Number of non-redeemable preference shares issued	7,383,166,793	792,848,020	5,197,240,038
Subscription price per share (HK\$)	0.1566	0.1566	0.1910
Aggregated subscription price (HK\$)	1,156,204,000	124,160,000	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 prices are payable in cash by the subscribers in four equal instalments for the First Placement. For the First Tranche of the First Placement, the first instalment was received by the Company in February and March 2006 upon completion of the subscriptions. For the Second Tranche of the First Placement, the first instalment was received by the Company in September 2006. The second and third instalments have been received by the Company in October and December 2006 respectively in accordance with the terms of the preference shares and the remaining instalment are receivable in February 2009.

The subscription prices 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 prices previously received for investments have been paid out for or committed to investments for the Company. No drawdown of the second instalment was made in February 2008 since less than 75% of the subscription prices received has been utilised.

In the event that the subscription prices 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 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 prices 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:

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
Subscription receivables	1,622,055	1,622,055
<i>Less: Future interest</i>	<b>(137,305)</b>	(137,305)
<i>Add: Amortised interest income</i>	<b>118,592</b>	95,861
	<b>1,603,342</b>	1,580,611
<i>Less: Subscriptions received</i>	<b>(640,182)</b>	(640,182)
Subscription receivables	<b>963,160</b>	940,429

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\$22,731,000 (six months ended 30th September 2007: HK\$9,172,000).

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.

## 12. Trade and other receivables

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
Trade receivables	285,982	174,888
<i>Less: Provision for impairment of trade receivables</i>	<b>(10,498)</b>	(8,285)
	<b>275,484</b>	166,603
Prepayments	19,107	10,259
Deposits to suppliers	4,841	7,464
Rental deposits	663	840
Interest receivables	500	97
Finance lease receivables	2,502	4,676
Other receivables	13,950	6,099
	<b>317,047</b>	196,038

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

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
90 days or less	228,352	118,083
91 to 180 days	31,327	21,434
181 to 270 days	5,064	15,652
271 to 365 days	2,872	4,946
Over 365 days	7,869	6,488
	<b>275,484</b>	<b>166,603</b>

The carrying amounts of trade receivables approximate their fair values.

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

### 13. Borrowings

Borrowings are analysed as follows:

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
Non-current		
Bank loan	169,088	—
Mortgage loan	2,954	3,440
Finance lease obligations	2,225	6,898
	<b>174,267</b>	<b>10,338</b>
Current		
Discounted bills with recourse	32,106	30,833
Trust receipt loans	230,089	99,955
Bank loans	50,701	41,636
Mortgage loans	1,460	931
Others loans	35,734	—
Finance lease obligations	9,392	9,481
	<b>359,482</b>	<b>182,836</b>
Total borrowings	<b>533,749</b>	<b>193,174</b>

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

#### 14. Trade and other payables

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
Trade payables	415,922	239,078
Accrual for operating expenses	28,663	6,348
Receipts in advance	14,358	36,516
Other payables	30,833	18,834
	<b>489,776</b>	<b>300,776</b>

The aging analysis of trade payables is as follows:

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
90 days or less	380,346	198,723
91 to 180 days	25,716	30,823
181 to 270 days	5,928	3,587
271 to 365 days	2,075	1,640
1 to 2 years	1,857	4,305
	<b>415,922</b>	<b>239,078</b>

#### 15. 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	(Note) Other reserves HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
Balances at 1st April 2008	958	133,733	2,023,492	(27,527)	2,130,656	1,676	2,132,332
(Loss)/profit for the period	—	—	—	(20,821)	(20,821)	94	(20,727)
Capital contribution from minority interests	—	—	—	—	—	1,797	1,797
Translation adjustments — net	—	—	(25,233)	—	(25,233)	—	(25,233)
Decrease in fair value of available-for-sale financial assets	—	—	(1,259)	—	(1,259)	—	(1,259)
Realisation of reserves upon disposal of subsidiaries	—	—	(3,754)	2,700	(1,054)	—	(1,054)
Balances at 30th September 2008	958	133,733	1,993,246	(45,648)	2,082,289	3,567	2,085,856

(Unaudited)							
Attributable to equity holders of the Company							
	Ordinary share capital HK\$'000	Preference share capital HK\$'000	(Note) Other reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total 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	—	—	—	(28,975)	(28,975)	(61)	(29,036)
Capital contribution from minority interests	—	—	—	—	—	1,686	1,686
Translation adjustments	—	—	2,888	—	2,888	—	2,888
Increase in fair value of available-for-sale financial assets	—	—	27	—	27	—	27
Balances at 30th September 2007	958	81,760	1,106,474	16,088	1,205,280	1,625	1,206,905

*Note:*

Other reserves comprise share premium, contributed surplus, equity portion of convertible bonds, capital reserve, investment revaluation reserve and cumulative translation adjustments. The respective balances as at 30th September 2008 and 2007 are as follows:

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 30th September 2007 HK\$'000 (Unaudited)
Share premium	<b>1,992,635</b>	1,083,637
Contributed surplus	<b>8,984</b>	8,984
Equity portion of convertible bonds	<b>6,388</b>	6,388
Capital reserve	<b>—</b>	2,700
Investment revaluation reserve	<b>(1,452)</b>	27
Cumulative translation adjustments	<b>(13,309)</b>	4,738
	<b>1,993,246</b>	1,106,474

#### 16. Investment in a jointly controlled entity

On 30th June 2008, the Group successfully completed its purchase of 2,699,347 ordinary shares (being 33.74% of total issued capital) in TKC, a joint stock corporation established under the laws of Korea, from third parties at a total consideration of approximately HK\$376,288,000. TKC is principally engaged in the business of manufacturing polyester fiber, PET resin and spandex, which are materials widely used in the textile and bottle manufacturing industries. Pursuant to a shareholders' agreement entered into between the Group and other major shareholders of TKC, who hold 56.26% of total issued capital of TKC, dated 26th June 2008, certain financial and operating decisions of TKC that are made in the ordinary course of its business are required to have unanimous consent by the Group and the other major shareholders of TKC. Accordingly, TKC is accounted for as a jointly controlled entity by the Group.

The fair value of the Group's share of TKC's identifiable assets acquired and liabilities and contingent liabilities assumed could only be determined on a provisional basis pending completion of the fair value appraisal process. The Group is still in the process of identifying and valuing intangible assets that can be recognised separately from goodwill.

Set forth below is a preliminary calculation of goodwill:

	<i>HK\$'000</i>
Purchase consideration	
Cash consideration	<b>376,288</b>
Direct cost relating the acquisition	<b>12,418</b>
	<hr/>
	<b>388,706</b>
Less: 33.74% share of fair value of net assets acquired and determined on a provisional basis	<b>(196,881)</b>
	<hr/>
Goodwill and other intangible assets	<b>191,825</b>

In connection with the acquisition of 33.74% of the ordinary shares of TKC, the Group entered into various option arrangements with the major shareholders of TKC in relation to the future disposal of the Group's interests in TKC upon occurrence of certain future events within the three years from 30th June 2008. These options are classified as derivatives. They are accounted for at fair value initially. Subsequent changes in fair value are recognised through the income statement. Management is in the process of determining the fair values of these options.

#### 17. Related party transactions

As at 30th September 2008, the Company was owned by North Asia Strategic Acquisition Corp. ("NASAC"), a company incorporated in the Cayman Islands, and Mr. Moses Tsang Kwok Tai and his related parties as to approximately 46.1% and 21.1% respectively. NASAC and Mr. Moses Tsang Kwok Tai acquired their interest in the Company effective from 9th August 2005. Ajia Partners Inc. is the controlling company of North Asia Strategic Advisors ("NASA") which in turn controls 100% voting capital of NASAC.

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

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

	<b>For the six months ended</b>	
	<b>30th September</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Name of related party/Nature of transaction		
Ajia Partners (HK) Limited ("APHK") (i)		
— Rental expense charged to the Group	<b>1,142</b>	452
— Administrative services fee charged to the Group	<b>498</b>	498
NASA (ii)		
— Service fees charged to the Group	<b>19,230</b>	10,212
	<hr/>	

Notes:

- (i) APHK is a fellow subsidiary of NASAC and associated with Mr. Moses Tsang Kwok Tai.
- (ii) NASA is the holding company of NASAC.

The Group entered into two administrative services agreements with APHK, under which APHK has agreed to provide general administrative services to the Group during the period from 1st July 2007 to 30th June 2008 and from 1st July 2008 to 30th June 2009, at a monthly service fee of HK\$83,000. In addition, the Group is arranging to renew a lease agreement with APHK for leasing of office space from April 2008 to March 2011 at a monthly rental of approximately HK\$190,000.

## BUSINESS REVIEW

### Financial and Business Performance

For the six months ended 30th September 2008 (“current period”), the Group recorded an unaudited consolidated revenue of approximately HK\$1,195,744,000, an increase of approximately HK\$529,496,000 from the same period last year. Such increase was mainly due to our share of the post-acquisition revenue of approximately HK\$520,922,000 contributed by TK Chemical Corporation (“TKC”), a jointly controlled entity in Korea invested by NAS for 33.74% equity stake at a cash consideration of KRW50 billion on 30th June 2008 (equivalent to approximately HK\$376 million at that time). As disclosed previously, TKC is principally engaged in the business of manufacturing of polyester fiber, PET resin and spandex, which are materials widely used in the textile and bottle manufacturing industries.

The unaudited profit/loss figures of each major business division disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

For our surface mount technology (“SMT”) assembly equipment trading division conducted through American Tec Company Limited (“Amtec”) and American Tec Electronic India Private Limited (collectively, “Amtec Group”), it recorded a net profit of approximately HK\$8,051,000 on revenue of approximately HK\$439,917,000, versus a net loss of approximately HK\$2,010,000 on revenue of approximately HK\$488,069,000 in corresponding period last year. Amtec Group has started to turn around since April 2008 and improve its gross profit margin by changing its customer mix to focus more on multinational customers and local customers with good financial position. As a result, current period’s gross profit margin exceeded that of the same period last year by approximately 3.9%. Moreover, Amtec Group was able to match a higher proportion of its receivables on sales against its payables in Yen in current period than that of last year, resulting in a net exchange gain of approximately HK\$4,355,000 in current period, versus a net exchange loss of approximately HK\$994,000 in corresponding period last year.

For our 40% jointly controlled fishmeal and fish oil trading division conducted through Coland Group Limited (“Coland”), NAS shared net profit of approximately HK\$8,144,000 on revenue of approximately HK\$227,858,000 in current period, versus a net loss HK\$7,268,000 on revenue of approximately HK\$178,179,000 in corresponding period last year. Unlike the first six months of last fiscal year when sales of brown fishmeal were significantly affected by unexpected weather pattern and epidemic diseases in pigs in the Mainland China, current period’s demand for brown fishmeal was normal and its market price was higher than that of last year.

During current period, our branded food division recorded a net loss of approximately HK\$7,103,000 on revenue of HK\$7,047,000 in current period, versus net loss of approximately HK\$2,634,000 on nil revenue in the same period last year. Our first restaurant was opened on 20th December 2007 and so no revenue was recorded by this division in corresponding period last year. The increases in losses resulted from start up costs associated with 3 additional stores opening in Hong Kong Island and Kowloon.

For our chemical operation division conducted through TKC, we shared 33.74% of its post-acquisition net loss of approximately HK\$13,423,000 on revenue of approximately HK\$520,922,000 in current period. This was mainly due to a realised exchange loss of approximately HK\$8,998,000 and an unrealised translation loss of approximately HK\$15,393,000 totaling approximately HK\$24,391,000, resulting from the significant depreciation of Korean Won (“KRW”) against United States dollars (“US\$”) by approximately 15% from July 2008 to September 2008 and the imbalance in the US\$ position in the balance sheet of approximately US\$61.1 million at the end of current period.

The reasons for the US\$ imbalance and the exchange loss are as follows:

- (i) On the completion date of our investment into TKC on 30th June 2008, TKC had a US\$ net short position of approximately US\$47.3 million brought forward from the businesses of the polyester filaments, PET resin and spandex businesses transferred from Tongkook Corporation to TKC on 31st January 2008 (“the 3 businesses”). As disclosed in our circular dated 13th June 2008, Tongkook Corporation filed for creditors’ workout program on 16th October 1998. During this creditors’ workout period, more US\$ sales receipts were used for daily working capital of the 3 businesses than payments for the US\$ trade payables, resulting in the US\$ imbalance.
- (ii) Approximately 85% of TKC’s sales receipts and 95% of payments for raw material purchases are mainly denominated in US\$, Yen and Euro, while its bank borrowings and operating expenses are denominated in KRW. The average trade receivables are collected 45 days in advance of average trade payables. Due to the depreciation of KRW from June to September 2008, realized exchange loss was recognized upon settlement of the foreign currency trade payables recorded by TKC in KRW.
- (iii) The amount of outstanding trade payables arose from raw material purchases in the period and the unpaid balance of the US\$47.3 million net short position brought forward from period before 30th June 2008 exceeded the outstanding trade receivables by approximately US\$61.1 million at 30th September 2008. Due to the depreciation of KRW from June to September 2008, TKC therefore incurred an unrealized translation loss of approximately HK\$26,669,000 in the period. NAS Group consolidated 33.74% share of this loss of approximately HK\$8,998,000 in current period.

Given the uncertainty in the currency movement between US\$ and KRW, we have requested TKC’s management to take the following actions to reduce the risk of foreign currency exposure:

- (i) Shorten TKC’s working capital cycle to increase US\$ cash balance;
- (ii) Keep more cash balance in US\$; and
- (iii) Explore with suppliers to change the billing currency to KRW to the extent of minimizing the net liabilities in foreign currency; and
- (iv) Enter into hedging arrangements to minimize the risk arising from the fluctuation of KRW against US\$ in the future, subject to prior approval by TKC’s board of directors and TKC’s creditors.

In summary, the Group recorded a decreased net loss attributable to shareholders of approximately HK\$20,821,000 for current period, versus net loss of approximately HK\$28,975,000 for the same period last year. This loss was mainly resulted from the following changes in current period compared to the corresponding period in last year:

- (a) Increase of Amtec Group's net profit by approximately HK\$10,061,000;
- (b) Increase of Coland's net profit by approximately HK\$15,412,000;
- (c) Increase of net loss of our branded food division by approximately HK\$4,469,000;
- (d) Share of post-acquisition loss of TKC of approximately HK\$13,423,000;
- (e) Increase of the interest income related to the subscription receivables from NAS' preference shareholders by approximately HK\$13,559,000;
- (f) Gain on disposal of the discontinued steel trading operation of approximately HK\$1,022,000 in first quarter of current fiscal year, while this division made a net loss of approximately HK\$2,269,000 in the first six months of last fiscal year;
- (g) Increase of services fees paid to North Asia Strategic Advisors by approximately HK\$9,018,000, due to completion of second placement of non-redeemable convertible preference shares for a total of approximately HK\$992.7 million before expenses in late December 2007; and
- (h) Decrease of bank interest income recorded by NAS' headquarter by approximately HK\$5,143,000, which was mainly due to the use of cash of approximately HK\$389,000,000 at end of June 2008 for investment into TKC.

### **Financial Resources, Liquidity and Charges on Assets**

As at 30th September 2008, NAS Group had bank and cash balance of approximately HK\$277,821,000 (2007: HK\$674,493,000), of which approximately HK\$72,380,000 (At 31st March 2008: HK\$48,390,000) was pledged to secure trade financing facilities of HK\$776,721,000 (At 31st March 2008: HK\$593,024,000) granted by banks to its Group companies for trust receipts loans, mortgage loans and bank borrowings. These banking facilities were also secured by (a) bank deposits, (b) corporate guarantees provided by NAS, (c) the Group's inventories held under trust receipts bank loan arrangement, (d) buildings, (e) investment properties and (f) leasehold land and land use rights payments.

As at 30th September 2008, NAS Group had convertible bonds of approximately HK\$17,630,000 (At 31st March 2008: HK\$16,990,000) and borrowings of approximately HK\$533,749,000 (At 31st March 2008: HK\$193,174,000). The gearing ratio (sum of borrowings and convertible bonds divided by equity attributable to equity holders of the Company) of the Group was 0.26 as at 30th September 2008, as compared to 0.10 as at 31st March 2008.

## Foreign Currency Exposure

The businesses of the Group were primarily transacted in Hong Kong dollars (“HK\$”), US\$, Euro, Japanese Yen (“Yen”), KRW and Renminbi (“RMB”). The Group’s cash and bank deposits, including pledged bank deposits, were mainly denominated in HK\$. The foreign currency exposure of the Group is mainly driven by its business divisions. Below is a summary of the major transaction currencies of each of our four business divisions:

<b>Business Division</b>	<b>Sales Receipts</b>	<b>Purchases</b>	<b>Operating Expenses</b>
SMT Trading	Yen, US\$ and Euro	Yen, US\$ and Euro	HK\$ and RMB
Fishmeal and Fish Oil	RMB	US\$	HK\$ and RMB
Branded Food	HK\$	US\$ and HK\$	HK\$
Chemical Operation	US\$, Yen, Euro and KRW	US\$, Euro and KRW	KRW

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

## Employee Information

As at 30th September 2008, NAS Group employed 874 (At 31st March 2008: 528) staff. Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30th September 2008 amounted to approximately HK\$67,897,000 (2007: HK\$23,362,000).

## COMMITMENTS

### Capital commitments

There was no material change in capital commitments since 31st March 2008.

### Operating lease commitments

As at 30th September 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	<b>As at 30th September 2008 HK\$'000 (Unaudited)</b>	As at 31st March 2008 HK\$'000 (Audited)
Not later than one year	<b>12,950</b>	10,972
Later than one year and not later than five years	<b>17,596</b>	9,580
More than five years	<b>1,248</b>	2,575
	<b>31,794</b>	23,127

## OUTLOOK

### Overall summary

We expect the slowdown in the global economy caused by a crisis in the global financial system to continue in the remaining calendar year and into 2009. This will offer challenges but also unique opportunities for our businesses in the coming quarters. We will most likely face impact from lower customer demand and pressure on operating margins and working capital needs, especially over the next six months. NAS and its portfolio companies will focus on managing risk, while at the same time streamlining operations and improving efficiency. At the same time, the economic climate offers potential new attractive acquisition opportunities which could enhance our growth and profitability in medium term, since we are well positioned to take advantage of this situation.

### SMT trading division

Our customer focus continues to be in the electronics manufacturing industry in China, India and Vietnam, where both international and domestic demand in the medium term will continue. But in the near term, we expect our customers to be more cautious in their capital investment plan, with impact on revenue and margins in the second half of the current fiscal year. In addition they are demanding more efficient equipment and services that can help their businesses during this economic downturn. With this outlook, we are focusing on the following areas to strengthen our leading position in the industry: enhance our sales and servicing teams, diversify our portfolio with complementary products and services, and balance our customer mix with local and international customers. With this approach, we will work to minimise the impact from the economic downturn and strengthen our position for the recovery. At the same time will also continue to monitor our working capital, gross profit margin, operating costs and foreign exchange risk closely to protect our cashflow and profitability.

### **Fishmeal and fish oil trading division**

In the coming quarters, the demand will be mixed across our product portfolio and we expect the volatility of global food prices to continue. The demand for higher-margin white fishmeal and its market price have been increasing since October 2008 and we expect the peak season for white fishmeal will last until mid-January 2009, primarily driven by the demand from turtle farmers before the Chinese New Year holiday in late January 2009. At the same time, the demand for brown fishmeal and aquatic feed, has been decreasing since September 2008 due to (i) drop of the market price of soybean; and (ii) falling pork prices forcing pig breeders to reduce brown fishmeal in feeds. We expect the market price of brown fishmeal to be affected continuously by the price of soybean and the over-supply of brown fishmeal in China in rest of the current fiscal year. Fish oil continues to be in high demand and we expect prices to remain attractive. We will continue to take a cautious approach in monitoring our trading operation.

Construction of our fish fillet factory in Wuhan of China is near completion and we expect it will start operation shortly. The global demand for fish fillet continues to be strong and local demand in China is expected to increase over time. This new downstream business line will help strengthening our revenue stream and improving our profitability in the future.

### **Branded food division**

In this economic climate, the quick service restaurant business is expected to have increased demand as people look to lower cost alternatives for dining out. Our second Burger King restaurant was opened on 27th October 2008 in Fortress Hill, a commercial and residential district on Hong Kong Island. We intend to open at least five more restaurants, primarily in business districts, shopping areas and tourists spots in Hong Kong in the coming months. We will continue to monitor the operation of this division closely to achieve profitability at restaurant level by the end of current fiscal year.

### **Chemical operation division**

Overall, in the near term the global slowdown is expected to impact customer demand and put downward pressure on prices. Pricing pressure will also come from competition and decreasing raw material prices. However, with the depreciation of KRW, our competitive position will be strengthened versus competitors in other countries and help our margins from lower costs. Due to the seasonal peak of textile demand, we expect increasing spandex demand although at a lower rate for the year. The competitive environment should however improve with the exit of several marginal Chinese players from the spandex market. Polyester business should also see good seasonal demand from textile but will continue to face strong competition and lower prices. For PET resin, we expect the demand will decrease in this period as the demand for bottles will be reduced under the current global economic slowdown. The challenge of the business will be to maintain our margins in the face of global market conditions. The key focus of the business will be to strengthen its position in the market by operational improvements to maximize our current cost advantage, maintaining strong cash flow and managing the risks stemming from the volatility of the currency and input costs.

### **Our investment strategy**

Our focus for investments will be to build strength in the business clusters we already operate in by maximizing synergies in costs and distribution with our existing companies. We believe the present economic climate offer good acquisition opportunities to enhance our businesses portfolio strategies and add value to our existing businesses in medium term.

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

As at 30th September 2008, 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 of the Company

(a) 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 September 2008, 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 <sup>(a)</sup>	Note
Mr. Andrew Yao Cho Fai ("Mr. Yao")	Interest of controlled corporation	4,255,789	—	4,255,789	4.44%	1

Note:

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 45.47%. 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.

Save as disclosed above, as at 30th September 2008, 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 rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

## INTERESTS OR SHORT POSITIONS OF OTHER PERSONS

As at 30th September 2008, 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 were recorded in the register required to be kept under section 336 of the SFO:

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

- (b) 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 2007 and 23rd November 2007. The preference shares shall be automatically converted into ordinary share, 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.
- (c) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares in issue as at 30th September 2008, 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 <sup>(c)</sup>	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, 24 & 30
Ajia Partners Inc. ("API")	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4 to 6, 24 & 30

### Substantial shareholders (interest related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(c)</sup>	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
Fortis Investment NL 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%	
J.T. International Asset Management Corp.	Beneficial owner	—	542,344,186	542,344,186	566.15%	
Oikos Asia Fund (“Oikos”)	Beneficial owner	—	495,530,013	495,530,013	517.28%	10
Realdania	Beneficial owner	—	408,376,963	408,376,963	426.30%	
Banca Monte Dei Paschi Di Siena Spa	Beneficial owner	—	247,765,006	247,765,006	258.64%	
Grand Loyal (China) Limited (“Grand Loyal”)	Nominee	—	247,765,006	247,765,006	258.64%	11
Mr. Ho Yiu Wing	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	11
Grand Partners Group Limited (“Grand Partners”)	Nominee	—	247,765,006	247,765,006	258.64%	12
Mr. William Doo Wai Hoi	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	12

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held</b>	<b>Total</b>	<b>Approximate % of shareholdings<sup>(c)</sup></b>	<b>Note</b>
Mozart Verwaltungsgesellschaft mbH ("Mozart")	Beneficial owner	—	204,188,482	204,188,482	213.15%	13
Dr. Thomas Helmut Jetter	Interest of controlled corporation	—	204,188,482	204,188,482	213.15%	13
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%	14
Mr. Chow Yei Ching	Interest of controlled corporation	—	198,212,005	198,212,005	206.91%	14
Ms. Miyakawa Michiko	Family interest	—	198,212,005	198,212,005	206.91%	14
K.B. (C.I.) Nominees Limited ("KBCI")	Beneficial owner	—	182,524,084	182,524,084	190.54%	15
Frank Nominees Limited ("Frank")	Beneficial owner	—	104,495,497	104,495,497	109.08%	16
Kleinwort Benson ("KB")	Interest of controlled corporation	—	287,019,581	287,019,581	299.62%	15 & 16
Asia Internet Capital Ventures LP ("AICV")	Beneficial owner	—	148,659,004	148,659,004	155.18%	17
Asia Internet Capital Management LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17
EC.com Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17
Smart Channel Investments Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17
MKT Holdings (Cayman Islands) LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held</b>	<b>Total</b>	<b>Approximate % of shareholdings<sup>(c)</sup></b>	<b>Note</b>
HSBC International Trustee Limited	Trustee	—	148,659,004	148,659,004	155.18%	17
Gentfull Investment Limited ("Gentfull")	Beneficial owner	—	148,659,004	148,659,004	155.18%	18
Ms. Vivien Chen Wai Wai	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	18
Doutdes S.P.A. ("Doutdes")	Beneficial owner	—	148,659,004	148,659,004	155.18%	19
UFI Filters SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	19
GGG SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	19
G.G.G. S.A.	Beneficial owner	—	99,106,003	99,106,003	103.46%	20
Mr. Giorgio Girondi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	19 & 20
UBS España, S.A. ("UBS")	Nominee	—	128,441,377	128,441,377	134.08%	21
Ms. Angeles González Garcia	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Mr. Jorge Garcia González	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Spirantes	Nominee	—	49,553,001	49,553,001	51.73%	21
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	21
Duserali, S.L.	Beneficial owner	—	14,865,900	14,865,900	15.52%	21
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	21
Mr. Ramón Suarez Beltrán	Beneficial owner	—	9,910,600	9,910,600	10.35%	21

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held</b>	<b>Total</b>	<b>Approximate % of shareholdings<sup>(c)</sup></b>	<b>Note</b>
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
Mr. Miguel Orúe-Echeverria	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
ALCO Beteiligungsgesellschaft mbH ("ALCO")	Beneficial owner	—	122,513,089	122,513,089	127.89%	22
Albert Büll Kommanditgesellschaft ("ABK")	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	22
Mr. Albert Henri Karl Büll	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	22
Wittelsbacher Ausgleichsfonds	Beneficial owner	—	122,513,089	122,513,089	127.89%	
Timeless Enterprises Limited ("Timeless")	Beneficial owner	—	99,106,003	99,106,003	103.46%	23
Kentomas Company Limited	Nominee	—	99,106,003	99,106,003	103.46%	23
Henry Kim Cho ("Mr. Cho")	Interest of controlled corporation	—	99,106,003	99,106,003	103.46%	23
North Asia Strategic Acquisition Corp. 2 ("NASAC 2")	Beneficial owner	—	98,502,618	98,502,618	102.83%	24
KKR Group Investments II LLC ("KKR")	Beneficial owner	—	89,080,460	89,080,460	92.99%	25
Mr. George Rosenberg Roberts	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	25
Mr. Henry Roberts Kravis	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	25
GAUD Holding B.V. ("GAUD")	Beneficial owner	—	81,675,393	81,675,393	85.26%	26
Ms. Dorothée Emma Margareta Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	26
Ms. Sabine Marie Antoinette Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	26

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held</b>	<b>Total</b>	<b>Approximate % of shareholdings<sup>(c)</sup></b>	<b>Note</b>
Ms. Anna Petra Elisabeth Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	26
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%	27
Mr. Jan van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	27
Latoer Holding B.V. ("Latoer")	Beneficial owner	—	68,062,822	68,062,822	71.05%	28
Mr. Roderik Johannes Rolanda van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	28
NUI Holding B.V. ("NUI")	Beneficial owner	—	68,062,822	68,062,822	71.05%	29
Mr. Patrick Jolyon van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	29
North Asia Strategic Acquisition Corp. 3 ("NASAC 3")	Beneficial owner	—	58,210,000	58,210,000	60.77%	30
Rawlco Capital Ltd. ("Rawlco")	Beneficial owner	—	49,553,001	49,553,001	51.73%	31
Mr. Gordon Stanley Rawlinson	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	31
Fides Management Services Limited ("Fides")	Nominee	—	57,172,775	57,172,775	59.68%	32
Mr. Willem Auke Hekstra	Beneficial owner	—	16,335,079	16,335,079	17.05%	32
Clover Three Investments Ltd. ("Clover")	Beneficial owner	—	10,209,424	10,209,424	10.66%	32
Mr. Jan de Marez Oijens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	32
Mr. Pieter de Marez Oijens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	32

## Other persons (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(c)</sup>	Note
Mr. Christopher McLeod	Beneficial owner	—	8,167,540	8,167,540	8.53%	32
Mr. Menno de Kuyser	Beneficial owner	—	6,125,654	6,125,654	6.39%	32
Mr. Martijn Sven van der Veen	Beneficial owner	—	6,125,654	6,125,654	6.39%	32
Mr. David Flemming	Beneficial owner	—	6,125,654	6,125,654	6.39%	32
Mr. Fernando Rueda Sabater	Beneficial owner	—	7,432,950	7,432,950	7.76%	21
Mr. Ricardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	21

### 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 17 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 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.
- 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.
- 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.
- 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.
- 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 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 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.
14. These underlying shares were held by Chevalier, a company 55.52% 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.
15. 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.
16. 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.
17. 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 Trustee 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 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.
18. 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.
19. 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.
20. 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.
21. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Sphirantes, a company controlled by Ms. Angeles González García and Mr. Jorge García González; 17,343,500 underlying shares were held by Mr. Cesar Molinas Sanz; 14,865,900 underlying shares were held by Duserali, S.L., a company controlled by Mr. Antonio Del Cano Barbón; each of Messrs. Ramón Suarez Beltrán, Ricardo Sanz Ferrer and Miguel Orúe-Echeverría held 9,910,600 underlying shares; 7,432,950 underlying shares were held by Mr. Fernando Rueda Sabater; and 5,946,360 underlying shares were held by Mr. Richardo de Ponga Bianco.
22. 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.
23. 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.
24. 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.

25. 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.
26. These underlying shares were held by GAUD, a company controlled by Ms. Dorothee Emma Margaretta 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.
27. 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.
28. 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.
29. 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.
30. 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.
31. 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.
32. 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 that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 30th September 2008.

## 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 September 2008, 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 30th September 2008, no share options have been granted pursuant to the Best Creation Scheme.

## COMPETING INTERESTS

As at 30th September 2008, none of the Directors or substantial 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.

## CONTINUING DISCLOSURE UNDER RULE 17.24 OF THE GEM LISTING RULES

The following is an unaudited condensed consolidated balance sheet as at 30th September 2008 of Coland Group Limited, a jointly controlled entity, of which the Group has an equity interest of 40%, as required therein under rule 17.24 of the GEM Listing Rules:

	<i>HK\$'000</i>
Non-current assets	139,957
Inventories	529,045
Cash and cash equivalents	43,397
Other current assets	332,865
Bank borrowings	(353,240)
Other current liabilities	(313,507)
	<hr/>
Net assets	378,517
	<hr/>

## 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 six months ended 30th September 2008.

## 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 six months ended 30th September 2008.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealing set out in rules 5.48 to 5.68 of the GEM Listing Rules (the "Required Standard") as the code of conduct regarding securities transactions by the Directors of the Company and has complied with the Required Standard throughout the six months ended 30th September 2008. The Company, having made specific enquiry of the Company, confirmed that all the Directors had complied with the Required Standard.

## 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 interim financial information for the six months ended 30th September 2008 of the Company now reported on have been reviewed by the audit committee.

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

Hong Kong, 11th November 2008

*As at the date of this report, the Board comprises three Executive Directors, namely Mr. Göran Sture Malm (Chairman), Mr. Savio Chow Sing Nam (Deputy Chairman), Mr. John Saliling (Chief Executive Officer); two Non-executive Directors, namely Mr. Andrew Yao Cho Fai and Mr. Takeshi Kadota; and four Independent Non-executive Directors, namely Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak.*

# North Asia Strategic Holdings Limited

## 北亞策略控股有限公司\*

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