

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2009

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This announcement, for which the directors (the “Directors”) of North Asia Strategic Holdings Limited 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

FINANCIAL HIGHLIGHTS

The following is a summary of the consolidated financial statements of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively the “Group” or “NAS Group”) for the respective years as hereunder stated.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	For the year ended 31st March				
	2009	2008	2007	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>2,229,529</u>	<u>1,269,676</u>	<u>559,327</u>	<u>359,948</u>	<u>859,685</u>
(Loss)/profit before income tax	(159,499)	(87,636)	69,736	(16,995)	(4,497)
Income tax credit/(expenses)	<u>23,371</u>	<u>15,036</u>	<u>(2,989)</u>	<u>5,007</u>	<u>(5,946)</u>
(Loss)/profit after income tax but before minority interests	(136,128)	(72,600)	66,747	(11,988)	(10,443)
Minority interests	<u>35</u>	<u>10</u>	<u>—</u>	<u>—</u>	<u>—</u>
(Loss)/profit attributable to the equity holders of the Company	<u>(136,093)</u>	<u>(72,590)</u>	<u>66,747</u>	<u>(11,988)</u>	<u>(10,443)</u>

Note: No dividends have been paid or declared by the Company since its incorporation.

CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 31st March				
	2009	2008	2007	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	560,213	64,606	36,014	478	1,411
Investment properties	2,257	2,288	2,206	—	—
Leasehold land and land use rights	21,684	19,235	11,869	—	—
Intangible assets	583,161	419,647	432,279	6	21
Subscription receivables	13,000	940,429	282,211	765,545	—
Long-term investments	—	—	—	—	780
Available-for-sale financial assets	1,357	3,481	—	—	—
Deferred tax assets	18,810	12,444	—	—	—
Other non-current assets	20,972	3,307	—	—	—
Other current assets	1,593,267	1,185,218	929,641	339,161	163,536
Current liabilities	(716,327)	(490,462)	(440,297)	(40,953)	(163,611)
Non-current liabilities	<u>(167,879)</u>	<u>(27,861)</u>	<u>(22,583)</u>	<u>(14,642)</u>	<u>—</u>
Net assets	<u>1,930,515</u>	<u>2,132,332</u>	<u>1,231,340</u>	<u>1,049,595</u>	<u>2,137</u>
Capital and reserves					
Share capital	134,691	134,691	82,718	74,790	159,659
Other reserves	1,947,614	2,023,492	1,103,559	996,489	13,818
(Accumulated losses)/ retained profits	<u>(155,228)</u>	<u>(27,527)</u>	<u>45,063</u>	<u>(21,684)</u>	<u>(171,340)</u>
Shareholders' equity	1,927,077	2,130,656	1,231,340	1,049,595	2,137
Minority interests	<u>3,438</u>	<u>1,676</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,930,515</u>	<u>2,132,332</u>	<u>1,231,340</u>	<u>1,049,595</u>	<u>2,137</u>

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the “Board”), I hereby present the consolidated results of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively the “Group” or “NAS Group”) for the year ended 31st March 2009 (the “year”). This was a challenging year for the Group’s portfolio companies with the global economic downturn affecting many of our customers and markets we serve. The Group recorded an increase in sales from approximately HK\$1.3 billion last year to approximately HK\$2.2 billion for the year but incurred a loss of approximately HK\$136.1 million on revenue. The key factors in business performance and growth for the year are as follows:

- Increase in sales from our share of post-acquisition revenue of approximately HK\$1.2 billion from TK Chemical Corporation (“TKC”, the 33.74% jointly-controlled entity in Korea acquired by the Group on 30th June 2008).
- The economic downturn in the second half of the year which impacted sales volume for our portfolio companies, especially in our surface mount technology (“SMT”) trading business.
- The significant volatility of the currency and commodity prices affecting margins and exchange losses from short and long term liabilities.
- Start-up costs associated with new store openings in our branded food business in Hong Kong.
- Increase in amortisation expenses of intangible assets arising from acquisitions.

Given the downturn and potential risks to the business, the Board has been working closely with the management teams to take appropriate measures to minimise the impact of the recession, minimise risks and strengthen the position of the Group in the future recovery. For their part, the management teams have actively taken actions to capture available sales, reduce costs and closely monitor cash flow. We have also taken advantage of the opportunities afforded by the current economy in lower cost infrastructure (e.g. rents for stores) as evaluating potential pool of investment opportunities which have increased during this time.

Brief summary of the financial performance of each business division for the year

For our 40% jointly-controlled fishmeal and fish oil trading division conducted through Coland Group Limited (“Coland”), its core fishmeal trading business was adversely affected by the volatility of global commodity prices and reduced demand of brown fishmeal in China since September of last year, which resulted in our share of revenue of approximately HK\$430.9 million for the year with a loss of approximately HK\$4.1 million, versus revenue of approximately HK\$418.5 million in last year and profit of approximately HK\$4.2 million. The division successfully completed the building of a new seafood processing factory in Wuhan which will add to revenue diversity and stability in the coming year.

During the year, our branded food division which is a start-up business grew from 1 store to 5 stores in operation in Hong Kong by year end (with 8 by the date of this announcement). The division recorded a revenue of approximately HK\$31.5 million with loss associated with store start-up costs of approximately HK\$16.5 million. Our branded food business is expected to have increased demand as consumers look to lower cost alternatives for dining out and the downturn provides opportunity from lower rents and increased availability of retail space. We will accelerate the store openings in the coming year to take advantage of the lower rental cost in the commercial real estate market.

Our SMT trading division conducted through American Tec Company Limited (“Amtec”) and American Tec Electronic India Private Limited (collectively the “Amtec Group”) recorded a revenue of approximately HK\$564.6 million and a loss of approximately HK\$50.0 million for the year, versus revenue of approximately HK\$841.6 million and loss of approximately HK\$37.5 million in last year. Although the gross margin improved by approximately 3.3%, the overall loss was attributable to the significant reduction and delay of customers orders in the second half of the year and non-recurring adjustments totaling approximately HK\$15.7 million (consisting of trade receivables write-offs of approximately HK\$1.3 million and write-down of inventory by approximately HK\$14.4 million).

For our 33.74% jointly-controlled chemical division conducted through TKC, although the Group shared profit before income tax and foreign exchange difference of approximately HK\$2.8 million on revenue of approximately HK\$1,202.5 million for the year, this profit was then offset by exchange loss caused by the rapid and sizable depreciation of Korean Won (“KRW”) against other major foreign currencies from July 2008 to March 2009, resulting in the Group sharing a loss of approximately HK\$29.3 million from this division for the year. In response to such volatile market conditions, the Group is working with TKC management to take several actions, including shortening the working capital cycle and limiting US\$ liabilities.

Outlook

We expect the downturn in the global economy to continue during 2009. For this reason, challenges will continue in our business in the coming quarters from cautious customer demand, price volatility and tight lending/credit policies of the banks.

But across our business, we have observed improvements in demand and pricing in the recent months:

- Demand has improved in the fishmeal & fish oil business and market prices have stabilised for our fishmeal trading business.
- Domestic manufacturing market in China has improved with orders picking up for our SMT trading business, although orders from multi-national corporations remain weak.
- Demand for man-made fibers have increased and pricing stabilised.
- Gross profit margin has improved in the branded food business and domestic quick service restaurant market is strong in the current economic climate.

We remain cautiously hopeful the improving trend will be sustained and will turn to recovery of the economy.

Our focus will continue to be active management to capture available sales, prudently manage cash flow, reduce and align costs and closely monitor risks. Our companies are leaders in their respective markets and we will build strength during this time by working with our management teams to improve capability and efficiency.

Our investment strategy

The current economic environment has opened up attractive new opportunities for us, as valuations have come down and well-managed companies are looking for capital. We are evaluating opportunities to complement and augment our existing companies by investing in acquisitions in new products, capabilities and/or markets. We will continue to seek attractive investments to grow shareholder value during this time.

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 year. I also wish to take this opportunity to offer my appreciation to our shareholders for their confidence in our Group, as well as our staff for their hard works, dedication and continuous commitment to excellence.

Göran Sture Malm

Chairman

Hong Kong, 3rd June 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and business performance

The downturn in the global economy and its impact, on our customers and the markets we serve, created a challenging environment for our companies in the year. The management teams focused on insuring continuity and strength of the business by actively capturing available sales, reducing costs and closely managing the risks from the economy, especially cash flow management. At the same time, we have been taking advantage of the opportunities from the downturn such as lower costs of facilities and increased availability of potential acquisitions to augment our business. Our companies remain leaders in their sectors and we will position to take advantage of the eventual recovery in the economy.

For the year, the Group recorded a consolidated revenue of approximately HK\$2,229,529,000, representing a 75.6% increase from the year before. At the same time, the Group recorded a consolidated loss of approximately HK\$136,093,000 in the year versus a loss of approximately HK\$72,590,000 last year. The increase in sales was mainly from our share of post-acquisition revenue of approximately HK\$1,202,512,000 from TKC, the 33.74% jointly-controlled entity in Korea acquired by the Group on 30th June 2008 and the addition of new stores to our branded food division. The increase of loss in the consolidated financials is detailed below. The profit/loss figures of each major business division disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

Fishmeal and fish oil trading division

For our 40% jointly-controlled fishmeal and fish oil trading division conducted through Coland, its core fishmeal trading business was adversely affected by the volatility of global commodity prices and reduced demand of brown fishmeal in China since September of last year, which resulted in our share of revenue of approximately HK\$430,887,000 for the year with a loss of approximately HK\$4,078,000, versus revenue of approximately HK\$418,499,000 and profit of approximately HK\$4,239,000 in last year. To improve the management of price volatility, Coland has implemented smaller lot purchases (made possible by the change in the fishing policies in South America) and improved inventory management by analysis of near term supply & demand data. With the expected opening of the fish fillet and crayfish processing factory in Wuhan of China in late June 2009, the division will begin to diversify its current trading business and position us to move into higher-value-added margin business in the future.

Going forward, we are seeing positive trends in demand, price and volatility in the recent months. We will continue to take a cautious approach in monitoring our trading operation and recapture our sales growth.

- The market price and demand for brown fishmeal and aquatic feeds have been increasing since April 2009, which is driven by a seasonal increase in demand from the aquaculture industry. We expect these trends to continue and help stabilise the market for brown fishmeal demand and price in the near term.
- The demand for higher-margin white fishmeal and its market price are improving, which is driven by the demand from different segments of the customer market (e.g. turtle feed farms).
- The fish oil market price and demand have been improving since May 2009. We expect the demand and market price will be stabilised in the coming months.

Branded food division

Our start-up business, the branded food division, gained good momentum with increase of stores from 1 to 5 in Hong Kong by the year end. The division recorded a revenue of approximately HK\$31,518,000 with loss of approximately HK\$16,489,000 for the year versus a revenue of approximately HK\$5,038,000 and loss of approximately HK\$8,061,000 in last year. The net loss was attributable to the start-up costs associated with 4 new restaurants in Wanchai, Fortress Hill, Mongkok and Wong Tai Sin opened in second half of the year.

In the current economic climate, the quick service restaurant business is expected to have increased demand as consumers look to lower cost alternatives for dining out. As of the date of this announcement, we have opened eight restaurants in renowned tourist spots, commercial districts and residential districts in Hong Kong, including Tsim Sha Tsui, Wanchai, Mongkok, Fortress Hill, Wong Tai Sin, Hunghom, Shatin and Causeway Bay. We will accelerate the store openings in the coming year to take advantage of the lower rental prices in the Hong Kong retail space market.

SMT trading division

The SMT trading division had a difficult second half of the year as the whole sector experienced dramatic decline of sales across the globe. The management team focused on capturing available sales, aggressively reducing costs and restructuring the organisation. The division remains one of the top distributors in the globe for our suppliers and will continue to actively manage the business with the eventual recovery of customer demand.

This division recorded a revenue of approximately HK\$564,612,000 and a net loss of approximately HK\$50,021,000 for the year, versus a revenue of approximately HK\$841,625,000 and a net loss of approximately HK\$37,483,000 in last year. The increase of net loss of approximately HK\$12,538,000 was mainly attributable to the delay, cancellation or slow down of manufacturing customer orders resulting from the global recession in the second half of the year. Additionally, the division incurred a

write-down of approximately HK\$15,694,000, including trade receivables of approximately HK\$1,286,000 and old inventories of approximately HK\$14,408,000. Although the year's sales dropped by about 32.9% compared to last year, the year's gross profit margin exceeded that of last year by approximately 3.3% as a result of the division's focus sales capture with local customers, aggressive cost cutting and active financial/margin management.

Given the continuing global economic situation and uncertainty in the currency movement, we are focusing a number of areas to minimise the impact from the economic downturn and strengthen the division's position for the recovery:

- Sustain profit margin to protect our profitability by effectively managing pricing and sales terms.
- Continue to reduce and align our cost structure (especially variable) with expected sales volume.
- Strengthen our collaboration with suppliers to enhance our competitiveness in the market.
- Continue to diversify our customer mix and sell more products to the customers in those sectors which are benefited from stimulus programs, especially in China.
- Strengthen our product portfolio to focus on line solution in selected market segment of the electronics sector to gain more steady business with stable margins.
- Revamp our service organization to become a value-added and proactive business.
- Continue to enter into hedging arrangements to minimise the risk arising from the fluctuation of Japanese Yen ("Yen") against US\$.

Our customer focus continues to be in the electronics manufacturing industry in China, India and Vietnam, where both international and domestic demand will continue although at a reduced rate in the medium term. Although demand for our products from electronics manufacturers in China has been increasing since early May 2009, they are expected to continue to be cautious in their capital investment plan in the coming months.

Chemical operation division

For our chemical operation division conducted through TKC, we shared 33.74% of its revenue of approximately HK\$1,202,512,000 with net loss of approximately HK\$29,258,000 for the year. Although it recorded a profit before income tax and foreign exchange difference of approximately HK\$2,776,000, this profit was offset by exchange loss of approximately HK\$46,914,000, resulting in the loss for the year. The exchange loss was mainly due to the rapid and sizable depreciation of KRW against other major foreign currencies by approximately 24.3% from July 2008 to March 2009.

Given the uncertain global economic situation and uncertainty in the currency movement between US\$ and KRW, TKC's management focused on the following actions to reduce the risk of foreign currency exposure:

- Continue to shorten TKC's working capital cycle to increase US\$ cash balance.
- Continue to keep more cash balance in US\$.
- Continue to explore with suppliers to change the billing currency to KRW to the extent of minimising the net liabilities in foreign currency.
- To work with suppliers and creditors to manage cash flow by negotiating flexible and revised payment schedules and to obtain new banking facilities, if necessary.

The downturn significantly impacted customer demand and exert downward pressure on prices during the last five months of the year. Recently, demand and pricing have improved across our product lines. We remain cautiously optimistic this will stabilise and improve over time.

For spandex, we expect increasing demand and pricing especially with seasonal increase. Competitive environment should also improve with the exit of several marginal Chinese players from the market. Polyester business should also see good seasonal demand for textile but will continue to face strong competition and lower prices. For PET resin, demand for bottles will continue to be reduced under the current global economy.

As with many companies in the Korean economy, the near term market will continue to be a challenging environment for TKC to manage the working capital requirements and debt management. The key focus of the business will be to continue to reduce cost structure, work with suppliers and creditors to manage short term cash flow issues by negotiating flexible payment schedules and obtain shareholders' or other credit facility providers' support for working capital requirement. We have also been exploring various options to enhance our position in TKC at the board and shareholder level.

Financial resources, liquidity and charges on assets

As at 31st March 2009, NAS Group had bank and cash balance of approximately HK\$1,109,669,000 (2008: HK\$674,493,000), of which approximately HK\$46,086,000 (2008: HK\$48,390,000) was pledged to secure trade financing facilities of HK\$924,365,000 (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) land and buildings, (e) investment properties, (f) leasehold land and land use rights payments and (g) discounted bills receivables with recourse.

As at 31st March 2009, NAS Group had convertible bonds of approximately HK\$18,267,000 (2008: HK\$16,990,000) and borrowings of approximately HK\$437,296,000 (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 0.24 as at 31st March 2009, as compared to 0.10 as at 31st March 2008.

Significant investments held and material acquisition and disposals of investments and subsidiaries

As at 31st March 2009, the Group had no significant investments. Apart from the investments in TKC, there were no other material acquisitions or disposals of investments and subsidiaries during the year.

Foreign currency exposure

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

The 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.

Contingent liabilities

As at 31st March 2009, the Company had provided guarantees of approximately HK\$356,460,000 (2008: HK\$265,363,000) with respect to banking facilities made available to its subsidiaries and a jointly-controlled entity.

Number of employees and remuneration policies

As at 31st March 2009, NAS Group employed 1,100 (2008: 528) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the year under review amounted to approximately HK\$148,700,000 (2008: HK\$60,161,000).

CONSOLIDATED INCOME STATEMENT

		For the year ended 31st March	
		2009	2008
	Notes	HK\$'000	HK\$'000
Continuing operations			
Revenue	3	2,229,529	1,265,162
Cost of sales		<u>(2,009,191)</u>	<u>(1,176,622)</u>
Gross profit		220,338	88,540
Other gains — net	9	8,669	2,529
Selling and distribution expenses		(127,116)	(41,722)
General and administration expenses		<u>(265,992)</u>	<u>(144,528)</u>
Operating loss		(164,101)	(95,181)
Finance income	10	46,518	37,526
Finance costs	10	<u>(41,916)</u>	<u>(27,047)</u>
Loss before income tax	11	(159,499)	(84,702)
Income tax credit	12	<u>23,371</u>	<u>14,334</u>
Loss for the year from continuing operations		(136,128)	(70,368)
Discontinued operations			
Loss for the year from discontinued operations		<u>—</u>	<u>(2,232)</u>
Loss for the year		<u><u>(136,128)</u></u>	<u><u>(72,600)</u></u>
Loss for the year attributable to:			
— Equity holders of the Company		(136,093)	(72,590)
— Minority interests		<u>(35)</u>	<u>(10)</u>
		<u><u>(136,128)</u></u>	<u><u>(72,600)</u></u>
Loss per share from continuing operations attributable to the equity holders of the Company	13		
— Basic (HK cents)		(142.07)	(73.45)
— Diluted (HK cents)		<u>(142.07)</u>	<u>(73.45)</u>
Loss per share from discontinued operations attributable to the equity holders of the Company	13		
— Basic (HK cents)		—	(2.33)
— Diluted (HK cents)		<u>—</u>	<u>(2.33)</u>

CONSOLIDATED BALANCE SHEET

		As at 31st March	
		2009	2008
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		560,213	64,606
Investment properties		2,257	2,288
Leasehold land and land use rights		21,684	19,235
Intangible assets		583,161	419,647
Available-for-sale financial assets		1,357	3,481
Deferred tax assets		18,810	12,444
Other non-current assets		20,972	3,307
		<u>1,208,454</u>	<u>525,008</u>
Current assets			
Inventories		265,690	314,345
Trade and other receivables	4	211,474	196,038
Subscription receivables		13,000	940,429
Non-current assets held for sale		6,264	—
Current income tax recoverable		170	342
Pledged bank deposits		46,086	48,390
Cash and cash equivalents		1,063,583	626,103
		<u>1,606,267</u>	<u>2,125,647</u>
Total assets		<u><u>2,814,721</u></u>	<u><u>2,650,655</u></u>

		As at 31st March	
		2009	2008
	Notes	HK\$'000	HK\$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	7	134,691	134,691
Reserves	8	<u>1,792,386</u>	<u>1,995,965</u>
		1,927,077	2,130,656
Minority interests		<u>3,438</u>	<u>1,676</u>
Total equity		<u>1,930,515</u>	<u>2,132,332</u>
LIABILITIES			
Current liabilities			
Borrowings		361,357	182,836
Trade and other payables	5	351,703	300,776
Derivative financial instruments		—	310
Current income tax liabilities		<u>3,267</u>	<u>6,540</u>
		<u>716,327</u>	<u>490,462</u>
Non-current liabilities			
Borrowings		75,939	10,338
Convertible bonds	6	18,267	16,990
Deferred tax liabilities		13,792	11
Severance and retirement benefits		48,926	—
Derivative financial instruments		9,069	—
Other non-current liabilities		<u>1,886</u>	<u>522</u>
		<u>167,879</u>	<u>27,861</u>
Total liabilities		<u>884,206</u>	<u>518,323</u>
Total equity and liabilities		<u>2,814,721</u>	<u>2,650,655</u>
Net current assets		<u>889,940</u>	<u>1,635,185</u>
Total assets less current liabilities		<u>2,098,394</u>	<u>2,160,193</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		For the year ended 31st March 2009				
		Attributable to equity holder of the Company			Minority interest	
	Notes	Share capital HK\$'000	Reserves HK\$'000	Sub-total HK\$'000	Total HK\$'000	
Balances at 1st April 2007		82,718	1,148,622	1,231,340	—	1,231,340
Translation adjustments — income and expense recognised directly in equity		—	11,128	11,128	—	11,128
Decrease in fair value of available-for-sale financial assets	8	—	(193)	(193)	—	(193)
Loss for the year		—	(72,590)	(72,590)	(10)	(72,600)
Total recognised income and expense for the year		—	(61,655)	(61,655)	(10)	(61,665)
Issue of preference shares	7, 8	51,973	914,968	966,941	—	966,941
Share issue expenses — preference shares	8	—	(5,970)	(5,970)	—	(5,970)
Capital contribution from minority interests		—	—	—	1,686	1,686
Balance at 31st March 2008 and 1st April 2008		134,691	1,995,965	2,130,656	1,676	2,132,332
Translation adjustments — income and expense recognised directly in equity	8	—	(72,316)	(72,316)	—	(72,316)
Disposal of subsidiaries	8	—	(1,055)	(1,055)	—	(1,055)
Actuarial gain from pension	8	—	5,692	5,692	—	5,692
Impairment of fair value of available- for-sale financial assets	8	—	193	193	—	193
Loss for the year		—	(136,093)	(136,093)	(35)	(136,128)
Total recognised income and expense for the year		—	(203,579)	(203,579)	(35)	(203,614)
Capital contribution from minority interests		—	—	—	1,797	1,797
Balance at 31st March 2009		134,691	1,792,386	1,927,077	3,438	1,930,515

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and its jointly-controlled entities are principally engaged in the following business:

- trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repairs and maintenance services for SMT assembly 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;
- developing and operating Burger King restaurants in Hong Kong and Macau;
- manufacturing of polyester fiber, PET resin and spandex; and
- investment holding.

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.

These financial statements are presented in thousand of Hong Kong dollars, unless otherwise stated.

These financial statements have been approved for issue by the Company’s Board of Directors on 3rd June 2009.

2 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale financial assets and derivative financial instruments, which have been measured at fair value.

2.1 Impact of new and revised HKFRSs

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. The adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures — Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 — Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The Group has not early adopted the amendments, new standards and interpretations issued by HKICPA that are not yet effective for year ended 31st March 2009, and is in the process of assessing their impact on future accounting periods.

3 Turnover, Revenue and Segment Information

3.1 Turnover and revenue

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

	2009 HK\$'000	2008 HK\$'000
Continuing operations		
Sales of goods	2,181,527	1,241,429
Revenue from branded food operation	31,518	5,038
Commission and other income	<u>16,484</u>	<u>18,695</u>
	2,229,529	1,265,162
Discontinued operations		
Sales of goods	<u>—</u>	<u>4,514</u>
	<u>2,229,529</u>	<u>1,269,676</u>

3.2 *Segment information*

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

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

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

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 and corporate. The SMT trading, fishmeal and fish oil, and chemical operations business segments derive revenue from the sale of goods. Branded food operation segment derives revenue from Burger King restaurant operations through the operation of fast food hamburger restaurants in Hong Kong under Burger King brand. The corporate segment derives revenue from dividend income.

The business segment results for the year ended 31st March 2009 are analysed as follows:

	Year ended 31st March 2009					
	SMT trading HK\$'000	Fishmeal and fish oil HK\$'000	Branded food operation HK\$'000	Chemical operation HK\$'000	Corporate HK\$'000	Total HK\$'000
Revenue — Sales to external customers	<u>564,612</u>	<u>430,887</u>	<u>31,518</u>	<u>1,202,512</u>	<u>—</u>	<u>2,229,529</u>
Segment results before amortisation of intangible assets	(35,916)	(4,002)	(19,887)	(17,229)	(69,438)	(146,472)
Amortisation of intangible assets	<u>(11,920)</u>	<u>(2,648)</u>	<u>(241)</u>	<u>(7,744)</u>	<u>—</u>	<u>(22,553)</u>
Segment results	<u>(47,836)</u>	<u>(6,650)</u>	<u>(20,128)</u>	<u>(24,973)</u>	<u>(69,438)</u>	<u>(169,025)</u>
Fair value gains on call option liability						<u>4,924</u>
Finance income						(164,101)
Finance costs						<u>46,518</u> <u>(41,916)</u>
Loss before income tax						(159,499)
Income tax credit						<u>23,371</u>
Loss for the year						<u>(136,128)</u>
Capital expenditure	1,531	15,757	26,554	407,830	63	451,735
Depreciation	4,471	2,389	2,774	29,865	59	39,558
Amortisation	11,920	3,107	241	7,744	—	23,012
Write-down/(write-back) of inventories to net realisable value	14,408	(3,007)	—	102	—	11,503
Provision for impairment and write-off of receivables	<u>1,286</u>	<u>1,706</u>	<u>3,767</u>	<u>—</u>	<u>—</u>	<u>6,759</u>

The business segment results for the year ended 31st March 2008 are analysed as follows:

	Year ended 31st March 2008						Total
	Continuing operations					Discontinued operations	
	SMT trading <i>HK\$'000</i>	Fishmeal and fish oil <i>HK\$'000</i>	Branded food operation <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Steel trading and procurement services <i>HK\$'000</i>	
Revenue — Sales to external customers	<u>841,625</u>	<u>418,499</u>	<u>5,038</u>	<u>—</u>	<u>1,265,162</u>	<u>4,514</u>	<u>1,269,676</u>
Segment results before amortisation of intangible assets	(31,060)	8,276	(10,058)	(47,557)	(80,399)	(3,054)	(83,453)
Amortisation of intangible assets	<u>(11,931)</u>	<u>(2,650)</u>	<u>(201)</u>	<u>—</u>	<u>(14,782)</u>	<u>—</u>	<u>(14,782)</u>
Segment results	<u>(42,991)</u>	<u>5,626</u>	<u>(10,259)</u>	<u>(47,557)</u>	(95,181)	(3,054)	(98,235)
Finance income					37,526	120	37,646
Finance costs					<u>(27,047)</u>	<u>—</u>	<u>(27,047)</u>
Loss before income tax					(84,702)	(2,934)	(87,636)
Income tax credit					<u>14,334</u>	<u>702</u>	<u>15,036</u>
Loss for the year					<u>(70,368)</u>	<u>(2,232)</u>	<u>(72,600)</u>
Capital expenditure	2,002	10,990	9,912	71	22,975	—	22,975
Depreciation	3,775	2,202	695	44	6,716	—	6,716
Amortisation	11,931	3,024	201	—	15,156	—	15,156
Write-down of inventories to net realisable value	22,449	6,327	—	—	28,776	—	28,776
Provision for impairment and write-off of receivables	<u>—</u>	<u>722</u>	<u>—</u>	<u>—</u>	<u>722</u>	<u>—</u>	<u>722</u>

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

	SMT trading HK\$'000	Fishmeal and fish oil HK\$'000	Branded food operation HK\$'000	Chemical operation HK\$'000	Corporate HK\$'000	Total HK\$'000
As at 31st March 2009						
Assets						
Segment assets	512,307	311,262	43,263	803,902	13,981	1,684,715
Unallocated assets						<u>1,130,006</u>
						<u>2,814,721</u>
Liabilities						
Segment liabilities	49,534	101,678	22,185	225,580	3,538	402,515
Unallocated liabilities						<u>481,691</u>
						<u>884,206</u>
As at 31st March 2008						
Assets						
Segment assets	676,697	333,839	11,919	—	940,917	1,963,372
Unallocated assets						<u>687,283</u>
						<u>2,650,655</u>
Liabilities						
Segment liabilities	176,414	120,310	3,459	—	1,344	301,527
Unallocated liabilities						<u>216,796</u>
						<u>518,323</u>

There are no significant sales between these business segments during the year (2008: Nil).

Secondary reporting format — geographical segments

The Group's activities are conducted predominantly in Hong Kong, Mainland China and the Republic of 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 operations, location of sellers for online commission income, and location of the investment for dividend income.

Geographical segments results and capital expenditure for the year are analysed as follows:

	Year ended 31st March 2009					
	Hong Kong HK\$'000	Mainland China HK\$'000	Republic of Korea HK\$'000	India HK\$'000	Others HK\$'000	Total HK\$'000
Revenue — Sales to external customers	<u>31,518</u>	<u>945,995</u>	<u>878,111</u>	<u>72,764</u>	<u>301,141</u>	<u>2,229,529</u>
Segment results	<u>(84,640)</u>	<u>(59,495)</u>	<u>(18,235)</u>	<u>8,945</u>	<u>(10,676)</u>	<u>(164,101)</u>
Finance income						46,518
Finance costs						<u>(41,916)</u>
Loss before income tax						<u>(159,499)</u>
Capital expenditure	<u>27,745</u>	<u>15,911</u>	<u>407,830</u>	<u>249</u>	<u>—</u>	<u>451,735</u>

Year ended 31st March 2008							
	Continuing operations					Discontinued operations	Total
	Hong Kong HK\$'000	Mainland China HK\$'000 (Restated)	Republic of Korea HK\$'000	India HK\$'000 (Restated)	Others HK\$'000	Sub-total HK\$'000	Mainland China HK\$'000
Revenue — Sales to external customers	<u>5,038</u>	<u>1,239,970</u>	<u>—</u>	<u>626</u>	<u>19,528</u>	<u>1,265,162</u>	<u>4,514</u>
Segment results	<u>(57,816)</u>	<u>(45,236)</u>	<u>—</u>	<u>(382)</u>	<u>8,253</u>	<u>(95,181)</u>	<u>(3,054)</u>
Finance income						37,526	120
Finance costs						<u>(27,047)</u>	<u>—</u>
Loss before income tax						<u>(84,702)</u>	<u>(2,934)</u>
Capital expenditure	<u>7,968</u>	<u>15,007</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,975</u>	<u>—</u>

There are no significant sales between these geographical segments (2008: Nil).

The segment assets based on assets located at the balance sheet date are as follows:

	Hong Kong	Mainland China	Republic of Korea	India	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Restated)	(Restated)		(Restated)	(Restated)	
As at 31st March 2009						
Assets						
Segment assets	120,071	752,774	764,776	7,708	39,386	1,684,715
Unallocated assets						<u>1,130,006</u>
						<u>2,814,721</u>
As at 31st March 2008						
Assets						
Segment assets	998,484	937,003	—	13,277	14,608	1,963,372
Unallocated assets						<u>687,283</u>
						<u>2,650,655</u>

4 Trade and Other Receivables

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills receivables	184,485	174,888
Less: Provision for trade receivables	<u>(15,306)</u>	<u>(8,285)</u>
Trade and bills receivables, net (<i>note (a)</i>)	169,179	166,603
Prepayments	10,022	10,259
Deposits to suppliers	1,102	7,464
Rental deposits	1,896	840
Interest receivables	743	97
Finance lease receivables (<i>note (b)</i>)	2,535	4,676
Other receivables	<u>25,997</u>	<u>6,099</u>
	<u>211,474</u>	<u>196,038</u>

(a) *Trade and bills receivables*

The Group generally requires letter of credit or documents against payment, with some cases granting a credit period of 30 to 90 days. At 31st March 2009, the aging analysis of trade receivables is as follows:

	2009 HK\$'000	2008 HK\$'000
90 days or less	131,391	118,083
91 to 180 days	17,610	21,434
181 to 270 days	5,603	15,652
271 to 365 days	3,384	4,946
Over 365 days	11,191	6,488
	<u>169,179</u>	<u>166,603</u>

(b) *Finance lease receivables*

	2009 HK\$'000	2008 HK\$'000
Finance lease receivables are analysed as follows:		
Finance leases — gross receivables	2,699	5,169
Unearned finance income	<u>(164)</u>	<u>(493)</u>
	<u>2,535</u>	<u>4,676</u>
Finance leases receivables:		
— Within 1 year	2,535	4,619
— Between 1 and 2 years	<u>—</u>	<u>57</u>
	<u>2,535</u>	<u>4,676</u>

5 **Trade and Other Payables**

	2009 HK\$'000	2008 HK\$'000
Trade payables (<i>note (a)</i>)	261,466	239,078
Accrual for operating expenses	48,227	6,348
Receipts in advance	18,067	36,516
Other payables	<u>23,943</u>	<u>18,834</u>
	<u>351,703</u>	<u>300,776</u>

(a) *Trade payables*

The aging analysis of trade payables is as follows:

	2009 HK\$'000	2008 HK\$'000
90 days or less	249,528	198,723
91 to 180 days	3,521	30,823
181 to 270 days	853	3,587
271 to 365 days	2,221	1,640
Over 365 days	<u>5,343</u>	<u>4,305</u>
	<u>261,466</u>	<u>239,078</u>

6 **Convertible Bonds**

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

The bonds will be mature in August 2010 or can be converted into a total of approximately 127,713,920 shares in the Company, with a par value of HK\$0.01 each, at the holders' option, at HK\$0.1566 per share. In addition, the holders have the right to request the Company 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 remaining amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves.

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

	2009 HK\$'000	2008 HK\$'000
Face value of convertible bonds issued on 8th August 2005	20,000	20,000
Equity component	<u>(6,388)</u>	<u>(6,388)</u>
Liability component on initial recognition on 8th August 2005	13,612	13,612
Accrued interest expenses	<u>4,655</u>	<u>3,378</u>
Liability component at 31st March	<u>18,267</u>	<u>16,990</u>

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

Accrued interest expenses recognised as expenses and included in finance costs amounted to approximately HK\$1,277,000 (2008: HK\$1,278,000) (note 10).

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

7 Share Capital

	Ordinary shares		Preference shares		
	Number of shares '000	Ordinary shares capital HK\$'000	Number of shares '000	Preference share capital HK\$'000	Total HK\$'000
Authorised:					
At 31st March 2008 and 2009	40,000,000	400,000	30,000,000	300,000	700,000
Analysed as —					
Ordinary shares of HK\$0.01 each	40,000,000	400,000	—	—	400,000
Preference shares of HK\$0.01 each	—	—	30,000,000	300,000	300,000
	<u>40,000,000</u>	<u>400,000</u>	<u>30,000,000</u>	<u>300,000</u>	<u>700,000</u>
Issued:					
At 1st April 2007	95,795	958	8,176,014	81,760	82,718
Issue of preference shares	—	—	5,197,240	51,973	51,973
At 31st March 2008 and 2009	<u>95,795</u>	<u>958</u>	<u>13,373,254</u>	<u>133,733</u>	<u>134,691</u>

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 regard to dividends.

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

8 Reserves

	Shares premium HK\$'000	Contributed surplus HK\$'000	Equity portion of convertible bonds HK\$'000	Capital reserve HK\$'000	Investment revaluation reserves HK\$'000	Cumulative translation adjustments HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
Balances at 1st April 2007	1,083,637	8,984	6,388	2,700	—	1,850	45,063	1,148,622
Loss attributable to equity holders of the Company	—	—	—	—	—	—	(72,590)	(72,590)
Issue of preference shares	914,968	—	—	—	—	—	—	914,968
Share issue expenses — preference shares	(5,970)	—	—	—	—	—	—	(5,970)
Decrease in fair value of available-for-sale financial assets	—	—	—	—	(193)	—	—	(193)
Translation adjustments — net	—	—	—	—	—	11,128	—	11,128
Balances at 31st March 2008 and 1st April 2008	1,992,635	8,984	6,388	2,700	(193)	12,978	(27,527)	1,995,965
Loss attributable to equity holders of the Company	—	—	—	—	—	—	(136,093)	(136,093)
Impairment of available-for- sale financial assets	—	—	—	—	193	—	—	193
Disposal of subsidiaries	—	—	—	(2,700)	—	(1,055)	2,700	(1,055)
Actuarial gain from pension	—	—	—	—	—	—	5,692	5,692
Translation adjustments — net	—	—	—	—	—	(72,316)	—	(72,316)
Balances at 31st March 2009	<u>1,992,635</u>	<u>8,984</u>	<u>6,388</u>	<u>—</u>	<u>—</u>	<u>(60,393)</u>	<u>(155,228)</u>	<u>1,792,386</u>

9 Other Gains — Net

	2009 HK\$'000	2008 HK\$'000
Continuing operations		
Fair value gains on call option liability	4,924	—
Gain on disposal of subsidiaries	1,130	—
Gross rental income	150	—
Loss on disposal of items of property, plant and equipment	—	(613)
Net exchange gains	—	1,149
Others	2,465	1,993
	<u>8,669</u>	<u>2,529</u>
Discontinued operations		
Others	—	32
	<u>8,669</u>	<u>2,561</u>

10 Finance Income and Costs

	2009 HK\$'000	2008 HK\$'000
Finance income:		
Continuing operations		
Interest income from bank deposits	5,074	15,358
Amortised interest income from subscription receivables	41,444	22,168
	<u>46,518</u>	<u>37,526</u>
Discontinued operations		
Interest income from bank deposits	—	120
	<u>46,518</u>	<u>37,646</u>
Finance costs:		
Continuing operations		
Interest on bank loans wholly repayable within five years	34,062	16,717
Amortisation of interest expenses	4,815	—
Net foreign exchange losses on financing activities	1,089	7,015
Convertible bonds redeemable within five years	1,277	1,278
Notional interest expense — fair valuation of deferred consideration	—	1,324
Interest on finance lease obligations	673	713
	<u>41,916</u>	<u>27,047</u>

11 Loss before income tax

The Group's loss before income tax is arrived at after charging:

	2009 HK\$'000	2008 HK\$'000
Continuing operations:		
Cost of inventories sold	1,755,363	1,105,700
Depreciation	39,558	6,716
Amortisation	23,012	15,156
Loss on disposal of items of property, plant and equipment	1,105	—
Discontinued operations:		
Cost of inventories sold	—	7,543

12 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% (2008: 17.5%) on the estimated assessable profit for the year. The lower Hong Kong profit tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31st March 2009.

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%). A five-year transactional period with a progressive tax rate from 15% to 25% has been granted from 1st January 2008.

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

The amounts of income tax credit recorded in the consolidated income statement represent:

	2009 HK\$'000	2008 HK\$'000
Continuing operations:		
Current taxation		
Hong Kong profits tax		
— current year	(273)	(1,184)
— overprovision/(underprovision) in prior years	3,232	(385)
Mainland China enterprise income tax		
— current year	(1,016)	(1,080)
— overprovision in prior years	233	2,319
Overseas taxation	5	(102)
Deferred taxation	21,190	14,766
	23,371	14,334
Discontinued operations:		
Current taxation — overprovision in prior years	—	702
	23,371	15,036

During the year, as a result of the change in the Hong Kong corporation tax rate from 17.5% to 16.5% that will be effective from 1st April 2008, deferred tax balance have been remeasured. Deferred tax expected to reverse in the year to 31st March 2010 has been measured using the effective rate that will apply in Hong Kong.

13 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 is issued during the financial year.

	2009		2008	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Loss for the year (HK\$'000)	(136,128)	—	(70,368)	(2,232)
Loss for the year attributable to minority interests (HK\$'000)	<u>35</u>	<u>—</u>	<u>10</u>	<u>—</u>
Loss attributable to equity holders of the Company (HK\$'000)	(136,093)	—	(70,358)	(2,232)
Weighted average number of ordinary shares in issue	<u>95,794,716</u>	<u>—</u>	<u>95,794,716</u>	<u>95,794,716</u>
Basic loss per share (HK cents)	<u>(142.07)</u>	<u>—</u>	<u>(73.45)</u>	<u>(2.33)</u>

Diluted loss per share

No diluted loss per share from continuing and discontinued operations for the years ended 31st March 2009 and 2008 as the potential ordinary shares are anti-dilutive.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31st March 2009 (2008: Nil).

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 year ended 31st March 2009.

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 year ended 31st March 2009.

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 Appendix 15 of 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 audit committee meets the external auditors at least four times a year to discuss any area of concern during the audits or review. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. Senior representatives of the external auditors, executive Directors and senior management are invited to attend the meetings, if required.

During the year, the audit committee has approved the nature and scope of the statutory audits, and reviewed the quarterly, interim and annual accounts of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong.

The Group's annual results for the year ended 31st March 2009 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, 3rd June 2009

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Göran Sture Malm (Chairman), Mr. Savio Chow Sing Nam (Deputy Chairman) and 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.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the Company's website at www.nasholdings.com.