NORTH ASIA STRATEGIC HOLDINGS LIMITED
北亞策略控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

This announcement, for which the directors (the "Directors" or the "Board") 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 GEM 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

RESULTS

The Board of directors (the "Board") of North Asia Strategic Holdings Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months and three months ended 31st December 2019, together with the comparative unaudited figures of the corresponding periods in 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the nine months ended 31st December		**For the three months ended 31st December**	
		2019	2018	**2019**	2018
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*3*	**2,599,929**	1,947,831	**820,077**	524,808
Cost of sales		**(2,285,566)**	(1,632,407)	**(717,860)**	(445,129)
Gross profit		**314,363**	315,424	**102,217**	79,679
Other income and gains, net		**15,306**	1,304	**6,601**	285
Selling and distribution expenses		**(113,853)**	(128,250)	**(33,353)**	(31,797)
General and administrative expenses		**(92,283)**	(82,504)	**(22,972)**	(26,174)
Operating profit		**123,533**	105,974	**52,493**	21,993
Finance income	*4*	**7,178**	1,369	**2,713**	682
Finance costs, net	*4*	**(1,638)**	(3)	**(617)**	626
Profit before income tax		**129,073**	107,340	**54,589**	23,301
Income tax expense	*5*	**(20,128)**	(18,147)	**(10,536)**	(3,733)
PROFIT FOR THE PERIOD		**108,945**	89,193	**44,053**	19,568
			(Restated)		(Restated)
Earnings per share attributable to shareholders of the Company	*6*				
Basic *(HK cents)*		**40.0**	32.7	**16.2**	7.2
Diluted *(HK cents)*		**40.0**	32.7	**16.2**	7.2

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the nine months ended 31st December		For the three months ended 31st December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period	**108,945**	89,193	**44,053**	19,568
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences of foreign operations	**(14,824)**	(35,415)	**2,808**	(7,454)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	**(14,824)**	(35,415)	**2,808**	(7,454)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**94,121**	53,778	**46,861**	12,114

Notes:

1. GENERAL INFORMATION

The Group is principally engaged in the following businesses:

- **hi-tech distribution and services:** 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;

- **leasing:** provision of finance to its customers via a wide array of assets under finance lease arrangements and operating lease arrangements; and

- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the "Companies Act"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and that of its principal place of business is 18th Floor, Shanghai Commercial Bank Tower, 12 Queen's Road Central, Hong Kong.

The Company's ordinary shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This announcement is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

This announcement has been approved and authorised for issue by the Company's Board of directors on 6th February 2020.

2. BASIS OF PREPARATION

This announcement has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

This announcement does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31st March 2019.

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st March 2019, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1st April 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's unaudited condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1st April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1st April 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for its office properties and warehouses. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1st April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1st April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1st April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1st April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics

- Relied on its assessment of whether leases are onerous immediately before the date of initial application

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

The impacts arising from the adoption of HKFRS 16 as at 1st April 2019 are as follows:

	Increase
	HK$'000
	(Unaudited)
Asset	
Increase in right-of-use assets	15,844
Liability	
Increase in lease liabilities	15,844

The lease liabilities as at 1st April 2019 reconciled to the operating lease commitments as at 31st March 2019 is as follows:

	HK$'000
	(Unaudited)
Operating lease commitments as at 31st March 2019	17,859
Weighted average incremental borrowing rate as at 1st April 2019	5.4%
Discounted operating lease commitments as at 1st April 2019	16,714
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31st March 2020	(870)
Lease liabilities as at 1st April 2019	15,844

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual consolidated financial statements for the year ended 31st March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1st April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets — Office properties and warehouses	Lease liabilities
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
As at 1st April 2019	15,844	15,844
Additions	22,471	22,471
Depreciation charge	(9,845)	—
Interest expense	—	766
Payments	—	(10,283)
Exchange realignment	(707)	(707)
As at 31st December 2019	27,763	28,091

The Group recognised rental expenses from short-term leases of HK$643,000 for the nine months ended 31st December 2019.

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's unaudited condensed consolidated financial information.

3. REVENUE

An analysis of revenue is as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Note)		*(Note)*
Revenue from contracts with customers *(note)*				
Recognised at a point in time:				
Sales of goods	**2,524,511**	1,845,685	**784,970**	502,720
Recognised over time:				
Commission and other service income	**21,345**	53,861	**11,442**	3,792
	2,545,856	1,899,546	**796,412**	506,512
Revenue from other source				
Income from leasing arrangements	**54,073**	48,285	**23,665**	18,296
	2,599,929	1,947,831	**820,077**	524,808

Note:

Disaggregated revenue information				
Geographic markets				
The PRC including Hong Kong	**2,315,840**	1,871,592	**765,824**	496,148
Asia — others	**230,016**	27,954	**30,588**	10,364
Total revenue from contracts with customers	**2,545,856**	1,899,546	**796,412**	506,512

4. FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	For the nine months ended 31st December		**For the three months ended 31st December**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Finance income:				
Interest income from bank deposits	**7,178**	1,369	**2,713**	682
Finance costs:				
Interest portion of lease payment	**766**	—	**272**	—
Interest on bank loans	**872**	3	**345**	(276)
Net foreign exchange difference on financing activities	**—**	—	**—**	(350)
	1,638	3	**617**	(626)

5. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been calculated at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period.

Subsidiaries established in Mainland China are subject to the Mainland China corporate income tax at the standard rate of 25% (2018: 25%). NAS American Tec (Shenzhen) Co., Limited*, a subsidiary of the Company, was entitled to a preferential tax rate of 15%, as it is recognised as a high technology enterprise.

* *For identification purpose only*

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

	For the nine months ended 31st December		For the three months ended 31st December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	**14,530**	13,455	**6,536**	2,421
Mainland China corporate income tax				
— current period	**6,063**	4,692	**3,185**	1,312
Deferred	**(465)**	—	**815**	—
	20,128	18,147	**10,536**	3,733

6. EARNINGS PER SHARE

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

On 26th March 2019, the Company completed the consolidation of every ten issued and unissued ordinary shares of HK$0.01 each into one consolidated ordinary share of HK$0.10 each and every ten unissued preference shares of HK$0.01 each into one preference share of HK$0.10 each (the "Share Consolidation"). Accordingly, the basic and diluted earnings per share amounts for the periods ended 31st December 2018 had been adjusted to reflect the Share Consolidation.

The calculation of the diluted earnings per share amounts for the nine months ended 31st December 2018 and 2019 was based on the profit for the period attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation was the total of the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options.

The calculation of basic and diluted earnings per share amounts is based on:

	For the nine months ended 31st December		For the three months ended 31st December	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)
Earnings				
Profit attributable to the shareholders of the Company, used in the basic and diluted earnings per share calculation *(HK$'000)*	**108,945**	89,193	**44,053**	19,568
Shares				
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**272,580,805**	272,580,805	**272,580,805**	272,580,805
Effect of dilution — weighted average number of ordinary shares:				
Assumed to have been issued at no consideration on deemed exercise of all share options outstanding during the period	**2,968**	129,864	**—**	—
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	**272,583,773**	272,710,669	**272,580,805**	272,580,805

7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31st December 2019 (2018: Nil).

8. EQUITY

Movements in unaudited consolidated equity are as follows:

	(Unaudited)			
	Share capital	**Other reserves**	**Accumulated losses**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Balances as at 1st April 2019	**27,258**	**1,097,445**	**(135,903)**	**988,800**
Profit for the period	**—**	**—**	**108,945**	**108,945**
Currency translation differences of foreign operations	**—**	**(14,824)**	**—**	**(14,824)**
Total comprehensive income for the period	**—**	**(14,824)**	**108,945**	**94,121**
Equity-settled share-based transactions	**—**	**3,433**	**—**	**3,433**
Balances as at 31st December 2019	**27,258**	**1,086,054**	**(26,958)**	**1,086,354**

	(Unaudited)			
	Share capital	Other reserves	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balances as at 1st April 2018	27,258	1,121,483	(221,901)	926,840
Effect of adoption of HKFRS 15, net of tax	—	—	(15,100)	(15,100)
Restated balances at 1st April 2018	27,258	1,121,483	(237,001)	911,740
Profit for the period	—	—	89,193	89,193
Currency translation differences of foreign operations	—	(35,415)	—	(35,415)
Total comprehensive income for the period	—	(35,415)	89,193	53,778
Balances as at 31st December 2018	27,258	1,086,068	(147,808)	965,518

Note:

Share options of the Company

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the "2014 Scheme"). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the "Participants"). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The movement in the number of share options outstanding and their related weighted average exercise price are as follows:

	Weighted average exercise price per share *HK$*	**Number of share options**
As at 1st April 2018	0.115	73,232,000
Adjustment as a result of Share Consolidation	—	(65,908,800)
As at 31st March 2019	1.15	7,323,200
Granted during the period	0.82	7,608,000
As at 31st December 2019	0.98	14,931,200

The share options are exercisable commencing on the date of grant with a validity period of 10 years from the dates of grant (i.e. 7,323,200 and 7,608,000 share options granted on 16th August 2017 and 26th June 2019, respectively). As at 31st December 2019, none of the share options granted have been exercised.

The fair value of the share options granted during the nine months ended 31st December 2019, determined using a binomial model, was approximately HK$3,433,000. The Group had recognised a share option expense of HK$3,433,000 during the nine months ended 31st December 2019.

The fair value of equity-settled share options granted during the nine months ended 31st December 2019 was determined as at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Expected dividend yield (%)	0.000
Expected volatility (%)	74.808
Risk-free interest rate (%)	1.830
Expected life of share options (year)	10.000

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

BUSINESS REVIEW

Financial and Business Performance

During the nine months ended 31st December 2019 (the "9-month Period"), the Group recorded an unaudited consolidated revenue of approximately HK$2,599,929,000, representing an increase of 33.5% from approximately HK$1,947,831,000 in the corresponding period last year. During the 9-month Period, the revenue from the hi-tech distribution and services division and the leasing division were increased by 34.0% and 12.0% respectively compared with the corresponding period last year.

During the 9-month Period, despite the abrupt changes in manufacturing environment under the China-United States trade war, the Group's hi-tech distribution and services division had maintained a growth momentum due to the fulfillment of huge unprecedented orders received from a customer that has executed strategic purchasing plan. Furthermore, there was also a growth in the operating lease business as influenced by the trade war between the United States and China, more customers became cautious in purchasing SMT equipment for expansion and opt for an operating lease arrangement instead. Simultaneously, there was also a decrease in the scale of finance lease arrangements as well as the finance lease interest income.

During the 9-month Period, the Group's general and administrative expenses were increased by 11.9% to approximately HK$92,283,000 from approximately HK$82,504,000 in the corresponding period last year. Such increase was mainly due to the recognition of share option expenses of approximately HK$3,433,000 in staff costs of the Group arising from granting of share options and an expected credit loss of approximately HK$3,486,000 on receivables. Since a significant amount of the revenue in the 9-month Period was generated from huge orders from a customer and the gross profit margin of these orders was lower than average, the related selling incentive of these orders was also lower accordingly such that the selling and distribution expenses during the 9-month Period was reduced by 11.2% to approximately HK$113,853,000 from approximately HK$128,250,000 in the corresponding period last year. The Group's total operating cost during the 9-month Period was therefore down by 2.2% to approximately HK$206,136,000 from approximately HK$210,754,000 in the corresponding period last year. During the 9-month Period, the Group recorded an unaudited consolidated net profit of approximately HK$108,945,000, representing an increase of 22.1% from approximately HK$89,193,000 in the corresponding period last year.

The unaudited basic earnings per share in the 9-month Period was approximately HK40.0 cents, representing an increase of 22.3% from approximately HK32.7 cents in the corresponding period last year. As at 31st December 2019, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK$4.0, which was increased by HK$0.4 from approximately HK$3.6 as at 31st March 2019.

Below is summary of the financial and business highlights of our business divisions. The profit/loss figures, disclosed below, do not include any intra-group sales and charges, as they are eliminated upon consolidation.

Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited ("AMT"). AMT is an Asia leader in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 30 years serving its customers in the hi-technology sector. AMT's team of more than 240 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. AMT is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the 9-month Period, the unaudited revenue of the division was approximately HK$2,545,856,000, representing an increase of about 34.0% from approximately HK$1,899,546,000 in the corresponding period last year. The reason of increase was mainly due to the fulfillment of huge unprecedented orders received during the 9-month Period from a customer that has executed strategic purchasing plan in response to the abrupt changes in manufacturing under the China-United States trade war.

During the 9-month Period, the division's direct machine sales was approximately HK$2,458,717,000, representing an increase of 38.2% from approximately HK$1,779,425,000 in the corresponding period last year. The increase of direct machine sales was mainly due to the fulfillment of huge unprecedented orders received during the 9-month Period from a customer that has executed strategic purchasing plan in response to the abrupt changes in manufacturing under the China-United States trade war. The division's spare parts sales were approximately HK$62,423,000, decrease 5.1% from approximately HK$65,760,000 in the corresponding period last year. The division's software sales were approximately HK$3,371,000, increased by 574.2% from approximately HK$500,000 in the corresponding period last year. However, the division's commission and other services income was approximately HK$21,345,000 during the 9-month Period, representing a decrease of 60.4% from approximately HK$53,861,000 in the corresponding period last year. The decline was mainly due to one of our local key customers had a significant commission order for its new smartphone production factories in the corresponding period last year which was not repeated in the 9-month period.

During the third quarter, the unaudited revenue and unaudited net profit of the division were approximately HK$796,412,000 and HK$40,398,000 respectively, representing an increase of 57.2% and 108.1% from unaudited revenue of approximately HK$506,512,000 and unaudited net profit of approximately HK$19,413,000 in the corresponding period last year. The increase in unaudited revenue was mainly due to the fulfillment of huge unprecedented orders from a customer that has executed strategic purchasing plan. The significant increase in unaudited net profit during the third quarter was mainly because the division had gained some new orders with very competitive pricing during the third quarter last year while the division was managed to achieve new orders with normal pricing in the third quarter this year.

With management's continued successful effort in the control of operating cost, expansion of customer portfolio and market share enabling us to deliver robust financial results, the division has managed to achieve an unaudited net profit of approximately HK$106,249,000 for the 9-month Period, representing a 21.6% increase in unaudited net profit as compared to corresponding period last year's HK$87,363,000.

Leasing Division

The Group conducts its leasing business through its wholly-owned subsidiaries, North Asia Financial Leasing (Shanghai) Co., Ltd. ("NAFL") in China Shanghai Pilot Free Trade Zone and Fuji North Asia Financial Leasing (Shenzhen) Co., Ltd. ("FNAFL") in Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone. The leasing division provides finance and operating lease arrangements to customers of the Group's hi-tech distribution and services division and other projects.

During the 9-month Period, the division generated a revenue from the leasing business of approximately HK$54,073,000, representing an increase of 12.0% from approximately HK$48,285,000 in the corresponding period last year and recorded a net profit of approximately HK$21,096,000, representing an increase of 5.2% from approximately HK$20,060,000 in the corresponding period last year. There was a growth in revenue from operating lease in contrast to a reduction in revenue from finance lease since more customers opted for operating lease than finance lease as influenced by the uncertainty in business environment under the trade war between the United States and China. As at 31st December 2019, the aggregate principal amount of finance lease loans was approximately HK$196,504,000, representing a decrease of 8.7% from approximately HK$215,218,000 as at 31st March 2019. During the 9-month Period, the leasing division engaged more effort and resources in operating lease business since the new customers were cautious on the scale of finance lease arrangements.

During the third quarter, the division recorded an unaudited revenue of approximately HK$23,665,000, representing an increase of 29.3% from HK$18,296,000 in the corresponding period last year and recorded an unaudited net profit of approximately HK$7,090,000, representing an increase of 19.6% from HK$5,926,000 in the corresponding period last year.

OUTLOOK

Overall Summary

Although the "Phase one" trade agreement between the United States and China was signed in January 2020, the global economic outlook remains uncertain. An outbreak of Wuhan pneumonia, also known as novel coronavirus, further cast shadow over the weakened China economy. Although the management has confidence on the prospects of both the hi-tech distribution and services division and leasing division in the coming quarter, the negative impact of global coronavirus spread on global economy has already emerged and the management assessed that the Group's business performance may become sluggish in remaining of the year 2020.

Hi-tech Distribution and Services Division

Smartphone market, where most of our customers depend on returned to grow. According to latest (November 2019) data from International Data Corporation ("IDC") Worldwide Quarterly Mobile Phone Tracker, global smartphone shipments increased 0.8% year on year in the third quarter of 2019 reversing seven quarters of decline. Global smartphone shipments in total reached 358.3 million during the third quarter 2019, up 8.1% from the previous quarter and bringing the industry back to positive growth, which shows the resilience of this industry as well as the ongoing demand for mobile phones and China remains the world's largest smartphone market. Furthermore, the worldwide smartphone market is expected to grow moderately at 1.5% year over year in 2020 with shipments volumes just over 1.4 billion caused by ambitious China's 5G plans. IDC expects 190 million 5G smartphones to ship in 2020, accounting for 14% of total smartphones shipped, which far exceeds the first year of 4G shipments in 2010 at 1.3%. It is expected that China will quickly become the lead market in terms of 5G volume and 5G smartphone market segment will rapidly grow upon quickly coming down of pricing.

To follow the roadmap of China's 5G infrastructure development and its commercialisation, which offer ultra-fast wireless network speed for future auto pilot vehicle and virtual reality and virtual augmented applications. Our customers including some leading telecommunication companies in China will speed up the upgrade of mobile devices as well as telecom station equipment in the forthcoming 5G transformation.

We will embrace the immense opportunities offered by 5G transformation and continue to manage cash, cost and risks and, to build our strength by working with our management teams to improve capability and efficiency.

AMT will continue to monitor the latest development and work closely with our partners to come up with competitive and innovative solution. As a leading SMT distributor and related service provider in Asia, we will continue to invest in our service and support infrastructure to meet the customer satisfaction. At the same time, we will continue to closely monitor our working capital, gross margin, operating cost and industry developments with a view to maintaining our cash flow and profitability, as well as the long-term sustainability and growth of our business.

Leasing Division

The inclusion of certain Chinese technology companies in Entity List published by the United States Department of Commerce, Bureau of Industry and Security had caused turmoil in China's hi-tech OEM industry. The American technology manufacturing company, Flex, had closed plants making Huawei phones in China. It forced Huawei to seek alternative OEM partners in preparation of the upcoming 5G transformation and deployment. This uncertainty situation and expected huge demand of 5G devices offer an opportunity for the Group's leasing business in the SMT market.

Based on our projection in 2020, operating lease arrangement of the machineries in SMT, semi-conductor packaging and testing will continue to growth in demand, as the customers became more cautious in purchasing equipment and turned to purchase by way of leasing due to the uncertainties in the overall future policies and development. With the Group's financial platform in Hong Kong and abundant industry experience, especially in hi-tech manufacturing equipment, the Group's finance and operating lease businesses will remain focus on SMT and semi-conductor packaging equipment leasing to provide our customers with diversified solutions and services. Furthermore, the Group will closely monitor other different equipment leasing demands to achieve a solid and rapid expansion in new business and income.

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

As at 31st December 2019, the Directors and chief executive of the Company and their respective associates had the following interests or short positions in the shares and/or underlying shares 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/or underlying shares of the Company:

Name of Directors	Capacity	Number of underlying shares held (Share Options)	Approximate percentage of underlying shares held *(Note a)*
Zhang Yifan	Beneficial owner	5,449,600	1.99%
Pierre Tsui Kwong Ming	Beneficial owner	472,000	0.17%
Joseph Liang Hsien Tse	Beneficial owner	472,000	0.17%
Joseph Chan Nap Kee	Beneficial owner	472,000	0.17%
Kenneth Kon Hiu King	Beneficial owner	472,000	0.17%

Note:

(a) The above approximate percentages of the shareholdings are based on 272,580,805 ordinary shares in issue as at 31st December 2019.

Save as disclosed above, as at 31st December 2019, none of the Directors and 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) 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 securities transactions by Directors.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2019, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares and/or underlying shares of the Company

Name of Shareholders	**Capacity**	**Number of ordinary shares held**	**Number of underlying shares held (Share Options)**	**Approximate percentage of shares and underlying shares held** *(Note a)*
Lu Ying	Beneficial owner	40,000,000	544,000	67.25%
	Interest of controlled corporation *(Note b)*	142,768,723	—	
Sincere Ardent Limited	Beneficial owner *(Note b)*	142,768,723	—	52.37%

Notes:

(a) The above approximate percentages of the shareholdings are based on 272,580,805 ordinary shares in issue as at 31st December 2019.

(b) Sincere Ardent Limited is wholly owned by Ms. Lu Ying. By virtue of Part XV of the SFO, Ms. Lu Ying is deemed to be interested in the shares held by Sincere Ardent Limited.

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 any interests or short positions 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 31st December 2019.

SHARE OPTION SCHEME

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the "2014 Scheme"). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the "Participants"). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The following table sets out the movements in the Company's share options under the 2014 Scheme during the reporting period:

				Number of share options					
Name	Date of grant	Exercise period	Exercise price*	Outstanding as at 1st April 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31st December 2019
Executive Directors									
Zhang Yifan	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	2,725,600	–	–	–	–	2,725,600
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	2,724,000	–	–	–	2,724,000
Pierre Tsui Kwong Ming	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	200,000	–	–	–	–	200,000
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	272,000	–	–	–	272,000

Name	Date of grant	Exercise period	Exercise price*	Number of share options Outstanding as at 1st April 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31st December 2019
Independent non-executive Directors									
Joseph Liang Hsien Tse	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	200,000	–	–	–	–	200,000
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	272,000	–	–	–	272,000
Joseph Chan Nap Kee	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	200,000	–	–	–	–	200,000
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	272,000	–	–	–	272,000
Kenneth Kon Hiu King	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	200,000	–	–	–	–	200,000
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	272,000	–	–	–	272,000
Sub-Total				3,525,600	3,812,000	–	–	–	7,337,600
Substantial Shareholder									
Lu Ying	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	272,000	–	–	–	–	272,000
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	272,000	–	–	–	272,000
Employees of the Group									
Employees	16th August 2017	16th August 2017 to 15th August 2027	HK$1.15	3,525,600	–	–	–	–	3,525,600
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.82	–	3,524,000	–	–	–	3,524,000
Total				**7,323,200**	**7,608,000**	**–**	**–**	**–**	**14,931,200**

Note:

The closing price per share immediately before 16th August 2017 and 26th June 2019, the dates of grant, was HK$1.15 (after adjustment of share consolidation on 26th March 2019) and HK$0.82 respectively.

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

COMPETING INTERESTS

As at 31st December 2019, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the nine months ended 31st December 2019.

CORPORATE GOVERNANCE CODE

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the nine months ended 31st December 2019, acting in compliance with the Code.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board's decisions are implemented under the leadership of the Chairlady with the involvement and support of the chief executive officer(s) and general manager(s) of the Company's operating companies. The Board believes that the balance of authority and division of responsibility are adequately ensured by the operations of the Board and management which comprise experienced and high calibre individuals.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises three independent non-executive Directors and is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. 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, risk management and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the nine months ended 31st December 2019 of the Company now reported on has been reviewed by the audit committee.

By Order of the Board
NORTH ASIA STRATEGIC HOLDINGS LIMITED
Zhang Yifan
Chairlady and Executive Director

Hong Kong, 6th February 2020

As at the date of this announcement, the Board comprises Ms. Zhang Yifan (Chairlady and Executive Director) and Mr. Pierre Tsui Kwong Ming (Executive Director); Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Mr. Kenneth Kon Hiu King (being Independent Non-executive Directors).

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