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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

ANNUAL RESULTS
FOR THE YEAR ENDED 31ST MARCH 2020

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" or the "Directors") of North Asia Strategic Holdings Limited (the "Company") presents the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st March 2020, together with the comparative figures of the corresponding year ended 31st March 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
Revenue	*3*	**3,021,718**	2,397,010
Cost of sales		**(2,622,342)**	(2,016,602)
Gross profit		**399,376**	380,408
Other income and gains, net		**13,261**	2,915
Selling and distribution expenses		**(137,123)**	(149,310)
General and administrative expenses		**(133,401)**	(96,063)
Other expenses		**(7,453)**	—
Operating profit		**134,660**	137,950
Finance income	*4*	**9,463**	2,669
Finance costs	*4*	**(2,886)**	(3,041)
Profit before income tax	*5*	**141,237**	137,578
Income tax expense	*6*	**(30,261)**	(27,425)
PROFIT FOR THE YEAR		**110,976**	110,153
Earnings per share attributable to ordinary shareholders of the Company	*7*		
Basic *(HK cents)*		**40.7**	40.4
Diluted *(HK cents)*		**40.7**	40.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2020

	2020	2019
	HK$'000	*HK$'000*
Profit for the year	**110,976**	110,153
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	**(14,745)**	(24,038)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL	**(14,745)**	(24,038)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**96,231**	86,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2020

	Notes	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**58,053**	68,404
Intangible assets		**373,692**	373,692
Right-of-use assets		**24,066**	—
Trade and other receivables	*9*	**56,825**	52,568
Deferred tax assets		**813**	1,564
		513,449	496,228
Current assets			
Financial assets at fair value through profit or loss		**71,258**	36,760
Inventories		**851,007**	38,396
Trade and other receivables	*9*	**646,672**	620,335
Pledged deposits		**777**	4,239
Cash and cash equivalents		**705,310**	619,260
		2,275,024	1,318,990
Total assets		**2,788,473**	1,815,218
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*11*	**27,258**	27,258
Reserves	*12*	**1,061,206**	961,542
Total equity		**1,088,464**	988,800
LIABILITIES			
Current liabilities			
Bank and other borrowings		**53,697**	—
Trade and other payables	*10*	**1,576,062**	794,017
Lease liabilities		**13,041**	—
Income tax liabilities		**22,533**	11,524
		1,665,333	805,541

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Other borrowings	**6,311**	—
Lease liabilities	**11,483**	—
Deposits received	**16,663**	20,735
Other non-current liabilities	**219**	142
	34,676	20,877
Total liabilities	**1,700,009**	826,418
Total equity and liabilities	**2,788,473**	1,815,218
Net current assets	**609,691**	513,449
Total assets less current liabilities	**1,123,140**	1,009,677

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2020

	Attributable to shareholders of the Company		
	Issued capital	**Reserves**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(note 11)	*(note 12)*	
Balances as at 1st April 2018	27,258	875,427	902,685
Comprehensive income			
Profit for the year	—	110,153	110,153
Other comprehensive income			
Currency translation differences of foreign operations	—	(24,038)	(24,038)
Total other comprehensive income	—	(24,038)	(24,038)
Total comprehensive income for the year	—	86,115	86,115
Balances as at 31st March 2019 and 1st April 2019	**27,258**	**961,542**	**988,800**
Comprehensive income			
Profit for the year	**—**	**110,976**	**110,976**
Other comprehensive income			
Currency translation differences of foreign operations	**—**	**(14,745)**	**(14,745)**
Total other comprehensive income	**—**	**(14,745)**	**(14,745)**
Total comprehensive income for the year	**—**	**96,231**	**96,231**
Equity-settled share-based transactions	**—**	**3,433**	**3,433**
Balances as at 31st March 2020	**27,258**	**1,061,206**	**1,088,464**

NOTES

1. General information

North Asia Strategic Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the following businesses during the year:

- **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 trading of lease assets; 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 has been approved and authorised for issue by the Company's board of directors on 18th June 2020.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The 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 financial assets at fair value through profit or loss, which have been measured at fair value.

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

2.2 *Changes in accounting policies and disclosures*

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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 to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19, HKAS 28 and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the 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 to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors 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 has been 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 2019 was not restated and continues to be reported under HKAS 17 and related interpretations.

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.

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 leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1st April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

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:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on its assessment of whether leases are onerous immediately before the date of initial application
- Excluding 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*
Assets	
Right-of-use assets	15,844
Liabilities	
Lease liabilities	15,844

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

	HK$'000
Operating lease commitments as at 31st March 2019	**17,859**
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31st March 2020	(870)
	16,989
Weighted average incremental borrowing rate as at 1st April 2019	5.4%
Lease liabilities as at 1st April 2019	**15,844**

3. **Revenue and segment information**

3.1 Revenue

An analysis of revenue is as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Revenue from contracts with customers *(note)*		
Recognised at a point in time:		
Sales of goods	**2,922,095**	2,271,973
Recognised over time:		
Commission and other service income	**36,158**	66,756
	2,958,253	2,338,729
Revenue from other sources		
Income from finance lease arrangements	**26,827**	34,993
Income from operating lease arrangements	**36,638**	23,288
	3,021,718	2,397,010

Notes:

Disaggregated revenue information

Geographical markets

	2020	2019
	HK$'000	*HK$'000*
The PRC including Hong Kong	**2,727,399**	2,243,953
Asia — others	**230,854**	94,776
Total revenue from contracts with customers	**2,958,253**	2,338,729

Set out below is the reconciliation of the amounts disclosed in the segment information to the revenue from contracts with customers:

For the year ended 31st March 2020

	Hi-tech distribution and services operation	**Leasing operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Sales to external customers	**2,949,513**	**72,205**	**3,021,718**
Less: Revenue from other sources	**—**	**(63,465)**	**(63,465)**
Total revenue from contracts with customers	**2,949,513**	**8,740**	**2,958,253**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**121,415**	83,002

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied when the control of the goods is transferred, generally on delivery of goods and the respective installation services are completed. Payment is generally due within 5 to 180 days from completion of installation. Payment in advance is normally required.

Commission and other service income

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of service, except for new customers, where payment in advance is normally required.

The amount of unsatisfied performance obligation principally comprises the balance of contract liabilities as at 31st March 2020 and 31st March 2019, which are expected to be recognised in one year.

3.2 Operating segment information

For management purposes, the Group is organised into two major reportable operating segments — hi-tech distribution and services, and leasing. The hi-tech distribution and services operating segment derives revenue from the sale of goods, commission and other service income. The leasing operating segment derives revenue from finance lease and operating lease arrangements, and trading of lease assets.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before income tax. The adjusted profit/loss before income tax is measured consistently with the Group's profit/loss before tax except that finance income, finance costs, fair value gain/loss from the Group's financial instruments as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets consist primarily of property, plant and equipment, intangible assets, right of use assets, other non-current assets, inventories and trade and other receivables. Unallocated assets comprise pledged deposits, cash and cash equivalents, financial assets at fair value through profit or loss, deferred tax assets and corporate and others.

Segment liabilities consist primarily of trade and other payables, deposits received, lease liabilities and other non-current liabilities. Unallocated liabilities comprise income tax liabilities and corporate and others.

Capital expenditure comprises additions to property, plant and equipment.

There were no significant sales between the operating segments during the years ended 31st March 2020 and 2019. The operating results for the year are as follows:

	Year ended 31st March 2020		
	Hi-tech distribution and services operation *HK$'000*	**Leasing operation** *HK$'000*	**Total** *HK$'000*
Revenue			
— Sales to external customers	**2,949,513**	**72,205**	**3,021,718**
Segment results	**151,873**	**30,050**	**181,923**
Changes in fair value of financial assets at fair value through profit or loss			**(7,453)**
Finance income			**9,463**
Finance costs			**(2,886)**
Corporate and other unallocated expenses			**(39,810)**
Profit before income tax			**141,237**
Income tax expense			**(30,261)**
Profit for the year			**110,976**
Capital expenditure	**8,894**	**20,069**	**28,963**
Corporate and other unallocated expenditure			**302**
			29,265
Depreciation	**17,612**	**13,916**	**31,528**
Corporate and other unallocated depreciation			**1,029**
			32,557
Impairment/(reversal of impairment) of trade and finance lease receivables, net	**1,575**	**(1,496)**	**79**
Gain on disposal of items of property, plant and equipment, net	**(59)**	**(1,707)**	**(1,766)**

	Year ended 31st March 2019		
	Hi-tech distribution and services operation *HK$'000*	Leasing operation *HK$'000*	Total *HK$'000*
Revenue			
— Sales to external customers	2,338,729	58,281	2,397,010
Segment results	137,901	21,794	159,695
Changes in fair value of financial assets at fair value through profit or loss			716
Finance income			2,669
Finance costs			(3,041)
Corporate and other unallocated expenses			(22,461)
Profit before income tax			137,578
Income tax expense			(27,425)
Profit for the year			110,153
Capital expenditure	9,971	53,136	63,107
Depreciation	6,465	14,138	20,603
Corporate and other unallocated depreciation			1,203
			21,806
Write-off of trade receivables	762	—	762
Reversal of impairment of trade and finance lease receivables, net	(1,458)	(810)	(2,268)
Impairment of obsolete inventories	808	—	808
Loss/(gain) on disposal of items of property, plant and equipment, net	221	(254)	(33)

The segment assets and liabilities at the end of the reporting period are as follows:

	Hi-tech distribution and services operation *HK$'000*	**Leasing operation** *HK$'000*	**Total** *HK$'000*
At 31st March 2020			
ASSETS	**1,668,775**	**339,483**	**2,008,258**
Segment assets			
Unallocated assets:			
Deferred tax assets			**813**
Financial assets at fair value through profit or loss			**71,258**
Pledged deposits			**777**
Cash and cash equivalents			**705,310**
Corporate and others			**2,057**
Total assets per the consolidated statement of financial position			**2,788,473**
LIABILITIES			
Segment liabilities	**1,548,363**	**67,203**	**1,615,566**
Unallocated liabilities:			
Income tax liabilities			**22,533**
Bank and other borrowings			**60,008**
Corporate and others			**1,902**
Total liabilities per the consolidated statement of financial position			**1,700,009**

	Hi-tech distribution and services operation *HK$'000*	Leasing operation *HK$'000*	Total *HK$'000*
At 31st March 2019			
ASSETS	826,934	324,704	1,151,638
Segment assets			
Unallocated assets:			
Deferred tax assets			1,564
Financial assets at fair value through profit or loss			36,760
Pledged deposit			4,239
Cash and cash equivalents			619,260
Corporate and others			1,757
Total assets per the consolidated statement of financial position			1,815,218
LIABILITIES			
Segment liabilities	678,298	134,204	812,502
Unallocated liabilities:			
Income tax liabilities			11,524
Corporate and others			2,392
Total liabilities per the consolidated statement of financial position			826,418

Geographical information

(a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong, Mainland China and the rest of Asia. Revenue by geographical location is determined on the basis of the destination of shipment of goods for the hi-tech distribution and the location of the customers by the leasing operation segment.

The following table provides an analysis of the Group's revenue by geographical location:

	2020 ***HK$'000***	2019 *HK$'000*
The PRC including Hong Kong	**2,790,864**	2,302,234
Asia – others	**230,854**	94,776
	3,021,718	2,397,010

(b) Non-current assets

The non-current asset geographical information is not presented since over 90% of the Group's non-current assets are located in the PRC (including Hong Kong).

Information about major customers

During the year ended 31st March 2020, revenue of HK$1,053,700,000 was derived from sales to a single customer of the hi-tech distribution and services operating segment, which accounted for more than 10% of the Group's total revenue.

During the year ended 31st March 2019, revenue of HK$317,800,000 was derived from sales to a single customer of the hi-tech distribution and services operating segment, which accounted for more than 10% of the Group's total revenue.

4. Finance income and costs

An analysis of finance income and costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
Finance income:		
Interest income from bank deposits	**9,463**	2,669
Finance costs:		
Interest on bank and other borrowings	**1,873**	3
Interest on lease liabilities	**1,013**	—
Fair value loss on derivative financial instruments	—	3,038
	2,886	3,041

5. Profit before income tax

The Group's profit before income tax is arrived at after charging/(crediting):

	2020 *HK$'000*	2019 *HK$'000*
Cost of inventories sold	**2,571,955**	1,981,222
Cost of lease payments not included in the measurement of lease liabilities	**16,847**	—
Other costs	**33,540**	35,380
Cost of sales	**2,622,342**	2,016,602
Net foreign exchange loss	**18,485**	2,523
Depreciation of property, plant and equipment	**19,319**	21,806
Depreciation of right-of-use assets	**13,238**	—
Minimum lease payments under operating leases	**—**	15,198
Other lease payments not included in the measurement of lease liabilities	**948**	—
Write-off of trade receivables	**—**	762
Provision/(reversal) of impairment of trade receivables, net	**1,575**	(1,458)
Reversal of impairment of finance lease receivables, net	**(1,496)**	(810)
Impairment of obsolete inventories	**—**	808

6. 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% (2019: 16.5%) on the estimated assessable profit for the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Subsidiaries established in the Mainland China are subject to Mainland China corporate income tax at the standard rate of 25% (2019: 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 and new technology enterprise.

The amounts of income tax expense recorded in the consolidated statement of profit or loss represent:

	2020	2019
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax		
— current year	**15,999**	17,314
— overprovision in prior years	**(1,061)**	—
Mainland China corporate income tax		
— current year	**15,193**	10,877
— overprovision in prior years	**(621)**	(766)
Deferred	**751**	—
	30,261	27,425

7. Earnings per share attributable to ordinary shareholders of the Company

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 year.

The calculation of the diluted earnings per share amounts is based on the profit for the year 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 year, 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 basic and diluted earning per share for the year ended 31st March 2019 had been adjusted to reflect the Share Consolidation (as defined in note 11) of the Company during the year ended 31st March 2019.

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Profit attributable to the shareholders of the Company, used in the basic and diluted earnings per share calculation	**110,976**	110,153

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**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 year	**2,230**	129,862
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	**272,583,035**	272,710,667

8. Dividends

The Directors do not recommend the payment of any dividend for the year ended 31st March 2020 (2019: Nil).

9. Trade and other receivables

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**306,724**	389,103
Less: Impairment of trade receivables	**(8,590)**	(7,015)
	298,134	382,088
Bills receivable	**143,277**	2,259
Trade and bills receivables, net *(note (a))*	**441,411**	384,347
Finance lease receivables	**192,923**	217,048
Less: Impairment of finance lease receivables	**(334)**	(1,830)
Finance lease receivables, net *(note (b))*	**192,589**	215,218
Less: Non-current portion*	**(52,317)**	(50,401)
Finance lease receivables, net, current portion *(note (b))*	**140,272**	164,817
Prepayments, deposits and other receivables	**69,497**	73,338
Less: Non-current portion*	**(4,508)**	(2,167)
Prepayments, deposits and other receivables, net, current portion	**64,989**	71,171
Total trade and other receivables, current portion	**646,672**	620,335
* Total trade and other receivables, non-current portion	**56,825**	52,568

(a) Trade and bills receivables, net

The Group's trading terms with its customers of hi-tech distribution and service operation are mainly on letters of credit or documents against payment, and in some cases granting a credit period of 5 to 180 days, except for new customers, where payment in advance is normally required. In respect of the Group's leasing operation, trade receivables are settled based on the terms stipulated in the lease agreements. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Since the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances.

An ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, as at the end of the reporting period is as follows:

	2020	2019
	HK$'000	*HK$'000*
90 days or less	**355,953**	306,442
91 to 180 days	**39,131**	60,432
181 to 270 days	**33,458**	3,171
271 to 365 days	**10,759**	8,402
Over 365 days	**2,110**	5,900
	441,411	384,347

(b) Finance lease receivables, net

	2020	2019
	HK$'000	*HK$'000*
Gross investment in finance leases	**208,224**	239,143
Less: unearned finance lease income	**(15,301)**	(22,095)
Present value of minimum lease amounts receivables	**192,923**	217,048
Less: accumulated allowance for impairment	**(334)**	(1,830)
	192,589	215,218
Less: current portion	**(140,272)**	(164,817)
Non-current portion	**52,317**	50,401

Gross amounts and present values

The analysis of the Group's gross investment in finance leases and present value of minimum lease amounts receivable under finance leases by relevant maturity groupings at the end of the reporting period is as follows:

	Gross amounts		**Present values**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**153,147**	188,679	**142,772**	169,555
After 1 year but not more than 2 years	**55,077**	50,464	**50,151**	47,493
	208,224	239,143	**192,923**	217,048

10. Trade and other payables

	2020	2019
	HK$'000	*HK$'000*
Trade and bills payables	**1,114,272**	471,190
Accrual for operating expenses	**165,993**	130,504
Receipts in advance	**3,681**	10,812
Contract liabilities	**246,701**	121,415
Deposits received	**21,319**	46,526
Other payables	**24,096**	13,570
	1,576,062	794,017

The ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
90 days or less	**1,015,791**	267,342
91 to 180 days	**38,085**	142,619
181 to 270 days	**25,201**	3,312
271 to 365 days	**32,582**	56,710
Over 365 days	**2,613**	1,207
	1,114,272	471,190

11. Share capital

	Ordinary shares		Preference shares		
	Number of shares	Ordinary share capital	Number of shares	Preference share capital	Total
	'000	*HK$'000*	*'000*	*HK$'000*	*HK$'000*
Authorised:					
At 1st April 2018 — HK$0.01 each	40,000,000	400,000	30,000,000	300,000	700,000
Share Consolidation *(note)*	(36,000,000)	—	(27,000,000)	—	—
At 31st March 2019, 1st April 2019 and 31st March 2020 — HK$0.1 each	4,000,000	400,000	3,000,000	300,000	700,000
Issued:					
At 1st April 2018	2,725,808	27,258	—	—	27,258
Share Consolidation *(note)*	(2,453,227)	—	—	—	—
At 31st March 2019, 1st April 2019 and 31st March 2020	272,581	27,258	—	—	27,258

Note:

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").

12. Reserves

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Cumulative translation adjustments *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balances at 1st April 2018	136,369	956,292	4,684	24,138	(246,056)	875,427
Profit for the year	—	—	—	—	110,153	110,153
Currency translation differences of foreign operations	—	—	—	(24,038)	—	(24,038)
Total comprehensive income for the year	—	—	—	(24,038)	110,153	86,115
Balances at 31st March 2019, and 1st April 2019	**136,369**	**956,292**	**4,684**	**100**	**(135,903)**	**961,542**
Profit for the year	**—**	**—**	**—**	**—**	**110,976**	**110,976**
Currency translation differences of foreign operations	**—**	**—**	**—**	**(14,745)**	**—**	**(14,745)**
Total comprehensive income for the year	**—**	**—**	**—**	**(14,745)**	**110,976**	**96,231**
Equity-settled share-based transactions	**—**	**—**	**3,433**	**—**	**—**	**3,433**
Balances at 31st March 2020	**136,369**	**956,292**	**8,117**	**(14,645)**	**(24,927)**	**1,061,206**

CHAIRLADY'S STATEMENT

General Overview

Global economy has undergone a recession from worldwide lockdown started from the first quarter of 2020 after the outbreak of coronavirus in Wuhan in late 2019. It dragged down China's GDP to a negative 6.8% year on year contraction in the first quarter of 2020. The response to coronavirus were not instantaneous and contempt in certain countries that ultimately leading to pandemic. The Group had taken swift actions in this response and taken appropriate measures such as home office policy and provision of disinfection materials to staff such that the business can keep running as usual.

During the year, the Group recorded a consolidated net profit of approximately HK$111.0 million and a consolidated revenue of approximately HK$3,021.7 million, representing an increase of 0.7% and 26.1% from last year, respectively.

Division Highlights

i) Hi-Tech Distribution and Services Division

During the year, the division achieved a net profit of approximately HK$133.4 million, representing an increase of 13.8% from approximately HK$117.2 million in last year, and a revenue of approximately HK$2,949.5 million, representing an increase of 26.1% from approximately HK$2,338.7 million in last year. The increase in revenue was mainly due to the fulfillment of huge unprecedented orders of SMT equipment received from a key customer that has executed strategic purchasing plan. The division also broke the revenue record in the year which was achieved by our cohort in successfully securing orders from our major customers. The division management team will continue to maintain a close partnership and collaboration with its key business partner, Fuji Corporation, a manufacturer of high precision, cutting edge technology SMT machines and other industry leading peripheral equipment suppliers and business partners. During the year, the division gained new products distributorship and had set up new regional office in Singapore to develop South East Asia markets.

ii) Leasing Division

During the year, the division recorded a net profit of approximately HK$20.8 million on a revenue of approximately HK$72.2 million, representing a decrease of 0.1% and an increase of 23.9% from approximately HK$20.9 million and HK$58.3 million respectively in last year. The increase in revenue was mainly because many customers became cautious and used operating lease arrangements to meet their production line expansion requirements as a result of the trade war between the United States and China that caused many electronic equipment manufacturers to consider moving production lines out of China or delay their capital expenditure planning. As at 31st March 2020, the aggregate carrying amount of finance lease receivables amounted to approximately HK$192.6 million.

OUTLOOK

Although the trade war between the United States and China had achieved some progress and the first phase deal was signed in January 2020, the trade deal was put at risk as President Trump condemned China's early handling of coronavirus outbreak in Wuhan in late 2019 that ultimately causing serious death and job losses in the United States.

Under the circumstances, the world economic outlook for the coming year is full of uncertainty. Before the successful development of vaccine for coronavirus, recovery of worldwide economy may not take place and lockdown may still be the only effective measures to control of spread of infection of coronavirus.

In March 2020, the United Federal Reserve had reduced the benchmark interest rate to zero and launched US$700 billion quantitative easing program to combat the recession driven by coronavirus. Other countries have similar quantitative easing plans or fiscal and monetary stimulus measures. Our Group will strive to monitor the global economic environment under the coronavirus pandemic and post lockdown recovery of market and will try to gain further market share of our hi-tech distribution and services division by providing better services and enhancing the marketing program.

The leasing division is expected to have a moderate growth in anticipation of the growing operating lease market that we can offer flexible supply of SMT machines to our customers during the uncertain economic environment. Going forward, the Group seeks to continue to grow its business and to enhance the operational efficiency of varies business divisions with an aim to improve their profitability and increase shareholders' value.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to our business partners, our customers, the Board and our employees for their trust and support in the year. On behalf of the Board, I would also like to offer our utmost appreciation to our shareholders for their confidence in our Company. We believe our long-term investment strategy, setting operating goals, motivating our staff and sharing success with business partners will be essential elements for the Group's success.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Performance

During the year ended 31st March 2020 (the "year"), the Group recorded a consolidated revenue of approximately HK$3,021,718,000, representing a 26.1% growth from approximately HK$2,397,010,000 in last year. The increase in consolidated revenue was mainly due to approximately 26.1% year-on-year increase in revenue from our hi-tech distribution and services division. With the continuous effort of the Group's sales and management teams and their solid expertise in the SMT market, we successfully maintain our leading market position in the SMT industry. Besides, the Group's leasing division continued its growth and contributed a revenue of approximately HK$72,205,000, representing an increase of 23.9% from approximately HK$58,281,000 in last year.

During the year, the Group recorded a consolidated net profit of approximately HK$110,976,000, representing a slight increase of 0.7% from approximately HK$110,153,000 in last year. The Group's gross profit ratio slightly decreased from last year's 15.9% to 13.2% in this year. The consolidated net profit showed relatively lower rate of growth than the consolidated revenue mainly because the gross profit was shrunken under the keen competition in the SMT market.

Leasing division continued to play an important role in supporting the growth of the Group's business in hi-tech distribution and services division and more customers opt for leasing of machines under the adverse impact of trade war.

The Group's total operating costs increased by 13.3% from last year's approximately HK$245,373,000 to approximately HK$277,977,000 in this year. The increase in operating costs was mainly due to the recognition of share option expenses of approximately HK$3,433,000 in Group's staff costs, impairment of trade receivables of approximately HK$1,575,000 and foreign exchange loss of approximately HK$18,485,000. Since the Group's management team has implemented effective cost control, the total operating cost to Group's revenue ratio decreased from last year's 10.2% to 9.2% in this year.

During the year, the Group recorded basic earnings per share of approximately HK40.7 cents, representing 0.7% increase from HK40.4 cents in last year.

Below is a 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 a leader in Asia 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 230 engineers and customer care staff are 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 year, the revenue of the division was approximately HK$2,949,513,000 representing an increase of 26.1% from approximately HK$2,338,729,000 in last year. The increase in revenue was mainly due to the fulfillment of huge unprecedented orders of SMT equipment received from a key customer that has executed strategic purchasing plan in response to the abrupt changes in manufacturing under the China-United States trade war.

During the year, the division's direct machine sales were approximately HK$2,828,013,000, representing an increase of 29.9% from approximately HK$2,177,417,000 in last year the fulfillment of huge unprecedented orders of SMT equipment received from a key 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 part sales and software sales were approximately HK$85,342,000, representing a decrease of 9.7% from approximately HK$94,556,000 in last year. However, the division's commission and other services income, which recorded approximately of HK$36,158,000, representing a decrease of 45.8% from approximately of HK$66,756,000 in last year. The decline in commission and other services income was mainly due to one of our local key customers had a significant commission order for its new smartphone production factories in last year which was not repeated in the year.

During the year, the division recorded a net profit of approximately HK$133,381,000, representing an increase of 13.8% from approximately HK$117,253,000 in last year. AMT's management has taken various measures to maintain operating cost efficiency and has achieved expected profitability despite an increasing challenging market.

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 projects.

During the year, the division generated a revenue from the leasing business of approximately HK$72,205,000, representing an increase of 23.9% from approximately HK$58,281,000 in last year and recorded a net profit of approximately HK$20,837,000, representing a decrease of 0.1% from approximately HK$20,859,000 in last year. Increase in both revenue and net profit were mainly contributed by the growth in operating lease business. As at 31st March 2020, the aggregate carrying amount of finance lease receivables was HK$192,589,000, representing a decrease of 10.5% from HK$215,218,000 as at 31st March 2019. The decrease in the principal amount of finance lease receivables was mainly due to the division's lease business engaged more resources in the operating lease business during the year.

OUTLOOK

Overall Summary

The coronavirus pandemic creates unprecedent uncertainty to world economy. The health crisis is inflicting high and rising human costs worldwide. The virus containment policy of lockdowns in combating the coronavirus pandemic has severely impacted on economic activities. According to April 2020 Economic Outlook, International Monetary Fund ("IMF") projected that the global economy will contract sharply by 3% in 2020 against a growth of 2.9% in 2019 based on optimistic assumptions that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound. Generally, the management expects the economy outlook for the coming year is worsening. The main challenge is the recovery of economy after the release from lockdown. As we have seen the cutting of electronic products and smartphone orders in 2020 due to coronavirus lockdown, the smartphone manufacturers in China also delayed or reduced its production line expansion schedule. As such, we expect the SMT machinery demand will be reduced in the forthcoming quarters. In long run, the upgrade from 4G to 5G telecom network offers an opportunity for SMT industry in the coming years following the wide range upgrade of mobile devices and telecom station equipment. Some of our major customers are leading telecommunication companies in China which will play a vital role in the 5G transformation and provide immense opportunities to the SMT industry and we will embrace the 5G transformation opportunities and continue to manage cash, cost and risks and, to build our strength by working with our management teams to improve capability and efficiency.

Hi-Tech Distribution and Services Division

There is hope after coronavirus pandemic that the pandemic can act as a driver for technological advancement. People see the advantage of adopting 5G technology in changing their way of living and working. The fast 5G internet connectivity enable remote working by virtual meetings and conference.

Smartphone market, major market for our customers, as expected, was significantly impacted by the pandemic. Per preliminary data from the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, the worldwide smartphone shipments decreased by 11.7% year-on-year in the first quarter of 2020. The largest decline region was China, representing 20.3% year-on-year. Continuous lockdown and closures of retail shops across the globe had frozen the short-term smartphone demand but hopefully a rebound in future demand on smartphones is expected after the coronavirus pandemic.

On China 5G base station market, another major market for our customers, which is certain that the pandemic slows down the speed of 5G base station installation in 2020. However, after successful containing the coronavirus in the first four months, China will speed up 5G deployment. Per MobileWorldLive Intelligence Brief on 20 March 2020, China Unicom and China Telecom targeted to build altogether 250,000 5G base stations in the third quarter 2020, earlier than their original plan.

We will continue to monitor the latest development and work closely with our partners to come up with more competitive and innovative solutions and invest in our service and support infrastructure and systems so as to attain total customer satisfaction and customer retention. At the same time, we will also closely monitor our working capital, gross profit margin, operating cost and industry developments with a view to maintain our cash flow and profitability, as well as the long-term sustainability and growth of our business.

Leasing Division

Coronavirus has spread across the world with significant negative impact on the leasing business, especially the finance lease business. Against the backdrop of uncontrollable threat of epidemic haunting the world and uncertain future outlook, the customers have adopted a more conservative investment strategy.

Nevertheless, with the epidemic gradually under control in the Greater China regions and full operation and production resumption in China, the enterprises engaged in the leasing industry can enjoy the corresponding benefits mainly in the following aspects: new demand for certain electronics brought about by the growth in medical and protective equipment; enhanced demand for computer and gaming electronics due to quarantine measures; temporary transfer of certain orders from foreign to domestic production led by the anti-epidemic and quarantine measures implemented by overseas countries. These combined factors have partially offset the adverse impacts from the substantial decrease in the demand for consumer electronics, including smartphones, and industrial electronics in terms of security and lighting, as well as the negative impacts of China-US comprehensive confrontation on the demand for semiconductor and trading products.

We consider that despite the considerable uncertainties over the epidemic and economic outlook, as an equipment leasing company that can promptly respond to urgent order request, we can still see plenty of business opportunities. Besides, it is not envisaged that the results of the leasing business will fluctuate significantly in the coming year.

Leveraging on the Group's platforms in Hong Kong and Singapore, extensive industry experiences as well as high efficiency in resources integration and project execution capabilities of the leasing team, we consider that for operating lease business, we can maintain a relatively excellent operations with the development focus on SMT equipment in the coming year; and for finance lease division, we will closely monitor the international situation, market development and foreign policy adjustments, in order to capture suitable business opportunities in semiconductor and other industries.

Liquidity and Financial Resources

During the year, the Group generally finance its operation with internally generated resources and banking facilities provided by its principal bankers in Hong Kong. As at 31st March 2020, the Group had a secured floating interest bank borrowing of approximately HK$48,598,000 (2019: Nil), which is denominated in US Dollar and certain secured other borrowings of HK$11,410,000 (2019: Nil), which are denominated in RMB. As at 31st March 2020, the Group had banking facilities of approximately HK$990,828,000 (2019: approximately HK$765,402,000) from several banks for trade financing. As at 31st March 2020, banking facilities of approximately HK$678,956,000 were utilised by the Group (2019: approximately HK$332,953,000). These facilities were secured by corporate guarantees of approximately HK$1,054,109,000 (2019: approximately HK$777,088,000) provided by the Company. As at 31st March 2020, the Group had total assets of approximately HK$2,788,473,000 (2019: approximately HK$1,815,218,000) and total liabilities of approximately HK$1,700,009,000 (2019: approximately HK$826,418,000). The gearing ratio of the Group, which was calculated as total liabilities over total assets was 61.0% (2019: 45.5%).

Contingent Liabilities

As at 31st March 2020, pledged deposits of HK$777,000 (2019: Nil) were held as security at a bank in respect of performance bonds in favour of certain contract customers. The guarantees given by the Group to certain banks in respect of performance bonds and standby letter of credit in favour of certain contract customers and a supplier amounted to HK$8,824,000 (2019: HK$1,403,000).

Net Asset Value

Consolidated net asset value per ordinary share attributable to ordinary shareholders of the Company was approximately HK$3.99 as at 31st March 2020, increased by HK$0.36 from approximately HK$3.63 as at 31st March 2019.

Number of Employees and Remuneration Policies

As at 31st March 2020, the Group employed 302 (2019: 262) 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 amounted to approximately HK$147,556,000 (2019: HK$124,424,000).

The Company operates a share option scheme for the purpose of providing incentives and rewards to Directors, employees and eligible participants who contributed or will contribute to 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 during the year ended 31st March 2020.

CORPORATE GOVERNANCE PRACTICES

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. Throughout the year ended 31st March 2020, the Company complied with all the Code provisions with the exceptions addressed below and, where appropriate, adopted the recommended best practices set out in 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Required Standard during the year ended 31st March 2020.

AUDIT COMMITTEE

During the year and up to the date of this announcement, the audit committee comprised of, namely Mr. Joseph Liang Hsien Tse, Mr. Kenneth Kon Hiu King, and Mr. Joseph Chan Nap Kee, all being independent non-executive Directors. The committee is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters.

The Board has adopted a set of the revised terms of reference of the audit committee to align with the provisions set out in the Code in November 2018. 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 audit committee meets at least four times a year to discuss any area of concern during the audits or reviews and at least twice of the meetings shall be with the external auditors. However, only one of the audit committee meeting was held with the external auditor during the year. In light of the lockdown for coronavirus outbreak in Hong Kong, one of the audit committee meeting originally scheduled for March 2020 with the external auditor was postponed to April 2020. 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 financial statements 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 2020 has been reviewed by the audit committee.

The annual report for the year ended 31st March 2020 will be dispatched to the shareholders by end of June 2020.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity, and the related notes thereto for the year ended 31st March 2020 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

On behalf of the Board
North Asia Strategic Holdings Limited
Zhang Yifan
Chairlady and Executive Director

Hong Kong, 18th June 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.