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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30TH JUNE 2021

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 three months ended 30th June 2021, together with the comparative unaudited figures of the corresponding period in 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the three months ended 30th June	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**639,396**	620,468
Cost of sales		**(535,724)**	(518,918)
Gross profit		**103,672**	101,550
Other income and gains, net		**4,268**	9,516
Selling and distribution expenses		**(34,884)**	(28,429)
General and administrative expenses		**(46,060)**	(30,856)
Other expenses		**(37)**	(52)
Operating profit		**26,959**	51,729
Finance income	*4*	**1,385**	1,008
Finance costs	*4*	**(323)**	(386)
Profit before income tax		**28,021**	52,351
Income tax expense	*5*	**(12,041)**	(9,820)
PROFIT FOR THE PERIOD		**15,980**	42,531
Earnings per share attributable to ordinary shareholders of the Company	*6*		(Restated)
Basic *(HK cents)*		**5.2**	15.6
Diluted *(HK cents)*		**5.2**	15.6

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**15,980**	42,531
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	**5,279**	(1,572)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	**5,279**	(1,572)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**21,259**	40,959

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 period:

- **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").

In the opinion of the directors, the immediate holding company and ultimate holding company is Sincere Ardent Limited, which was incorporated in the British Virgin Islands ("BVI").

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 5th August 2021.

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 2021.

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 2021, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1st April 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*

The adoption of the above new and revised HKFRSs has had no significant impact on the Group's result and financial position.

3. Revenue

An analysis of revenue is as follows:

	For the three months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers *(note)*		
Recognised at a point in time:		
Sale of goods	**584,675**	560,158
Sales support service	**38,245**	—
Recognised over time:		
Commission and other services income	**6,781**	42,527
	629,701	602,685
Revenue from other sources		
Income from finance lease arrangements	**3,454**	5,066
Income from operating lease arrangements	**6,241**	12,717
	639,396	620,468

	For the three months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Note:		
Disaggregated revenue information		
Geographic markets		
The PRC including Hong Kong	**608,359**	583,777
Asia — others	**21,342**	18,908
Total revenue from contract with customers	**629,701**	602,685

4. Finance income and costs

An analysis of finance income and costs is as follows:

	For the three months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	**1,385**	1,008
Finance costs:		
Interest on bank and other borrowings	**53**	171
Interest on lease liabilities	**270**	215
	323	386

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% (2020: 16.5%) on the estimated assessable profit for the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2020: 8.25%) and the remaining assessable profit are taxed at 16.5% (2020: 16.5%).

Subsidiaries established in Mainland China are subject to Mainland China corporate income tax at the standard rate of 25% (2020: 25%).

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

	For the three months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	**8,770**	7,058
Mainland China corporate income tax		
— current period	**140**	2,790
— under-provision in prior year	**3,512**	—
Deferred	**(381)**	(28)
	12,041	9,820

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.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for both periods has been adjusted retrospectively to reflect the impact of the Open Offer (as defined in note 8 to the unaudited condensed consolidated results) completed on 13th May 2021.

The calculation of the diluted earnings per share amounts for the three months ended 30th June 2021 is 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.

No adjustment had been made to the basic earnings per share amount presented for the three months ended 30th June 2020 in respect of a dilution as the impact of the share options had an anti-dilutive effect in the basic earnings per share amount presented.

	For the three months ended 30th June	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to the shareholders of the Company, used in the basic and diluted earnings per share calculation	**15,980**	42,531

	Number of shares For the three months ended 30th June	
	2021	2020
	(Unaudited)	(Unaudited)
		(Restated)
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**304,698,014**	273,213,243
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	**422,332**	—
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	**305,120,346**	273,213,243

7. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2021 (2020: Nil).

8. Equity

Movements in unaudited consolidated equity are as follows:

		(Unaudited)		
	Share capital	**Other reserves**	**Retained earnings**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Balances at 1st April 2021	**27,258**	**1,105,473**	**112,336**	**1,245,067**
Profit for the period	**—**	**—**	**15,980**	**15,980**
Currency translation differences of foreign operations	**—**	**5,279**	**—**	**5,279**
Total comprehensive income for the period	**—**	**5,279**	**15,980**	**21,259**
Open offer *(note (a))*	**5,452**	**33,255**	**—**	**38,707**
Open offer expenses *(note (a))*	**—**	**(2,411)**	**—**	**(2,411)**
Share option exercised *(note (b))*	**769**	**5,469**	**—**	**6,238**
Equity-settled share-based transactions *(note (b))*	**—**	**8,367**	**—**	**8,367**
Balances at 30th June 2021	**33,479**	**1,155,432**	**128,316**	**1,317,227**

		(Unaudited)		
	Share capital	Other reserves	Retained earnings/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balances at 1st April 2020	27,258	1,086,133	(24,927)	1,088,464
Profit for the period	—	—	42,531	42,531
Currency translation differences of foreign operations	—	(1,572)	—	(1,572)
Total comprehensive income for the period	—	(1,572)	42,531	40,959
Balances at 30th June 2020	27,258	1,084,561	17,604	1,129,423

Note:

(a) On 13th May 2021, the Company completed an open offer of one offer share for every five existing shares of the Company held by qualifying shareholders at a subscription price of HK$0.71 per offer share (the "Open Offer") and a total of 54,516,161 offer shares were issued at a total cash consideration, before expenses, of approximately HK$38,707,000.

Upon the completion of the Open Offer, the share capital and share premium were increased by approximately HK$5,452,000 and HK$33,255,000, respectively. The related expenses charged to share premium account amounted to approximately HK$2,411,000.

Details of the Open Offer were disclosed in the Company's circular dated 21st April 2021 and the results of the Open Offer were set out in the Company's announcement dated 12th May 2021.

(b) 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:

	Weight average exercise price per share *HK$*	**Number of share options**
At 1st April 2020, 31st March 2021 and 1st April 2021	0.98	14,931,200
Adjusted upon open offer	—	165,533
Exercised during the period	0.81	(7,692,345)
Granted during the period	0.71	19,484,000
At 30th June 2021	0.83	26,888,388

The closing price at the date of exercise for share options exercised during the three months ended 30th June 2021 was HK$0.86 per share (For the three months ended 30th June 2020: No share options were exercised).

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

As at 30th June 2021

Number of options	Exercise price* *HK$ per share*	Exercise period
7,404,388	1.14	16th August 2017 — 15th August 2027
19,484,000	0.71	18th June 2021 — 17th June 2031
26,888,388		

As at 31st March 2021

Number of options	Exercise price* *HK$ per share*	Exercise period
7,323,200	1.15	16th August 2017 — 15th August 2027
7,608,000	0.82	26th June 2019 — 25th June 2029
14,931,200		

* 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.

The fair value of the share options granted during the three months ended 30th June 2021, determined using a binomial model, was approximately HK$8,367,000. The Group had recognised a share option expense of HK$8,367,000 during the three months ended 30th June 2021. No share option was granted during the three months ended 30th June 2020.

The fair value of equity-settled share options granted during the three months ended 30th June 2021 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 (%)	71.913
Risk-free interest rate (%)	1.364
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

For the three months ended 30th June 2021 (the "quarter"), the Group recorded an unaudited consolidated revenue of approximately HK$639,396,000, representing an increase of 3.1% from approximately HK$620,468,000 in the corresponding period last year.

During the quarter, the Group's hi-tech distribution and services division recorded a revenue growth of 1.6% as compared with corresponding period last year. Although the leasing division recorded an increase in revenue of approximately 43.4% as compared with corresponding period last year, revenue from both operating leasing arrangements and interest income from finance leases decreased by approximately 50.9% and 31.8% respectively, as described below. The leasing division has also disposed of operating lease assets, the gross amount of which amounted to approximately HK$21,840,000 is included in the sale of goods revenue. The Group's operating and finance leasing business was affected by the customers' production plans under the uncertain economic environment due to the combined effects of the COVID-19 pandemic, China US trade war and semiconductor chip shortage.

During the quarter, the Group's total operating expenses amounted to approximately HK$80,944,000, representing an increase of 36.5% from approximately HK$59,285,000 in the corresponding period last year. The increase in operating expenses was mainly due to an increase in staff cost (including commission payable) of approximately HK$7,300,000 in the quarter, the waiver of approximately HK$2,100,000 contribution to National Social Security Fund in the PRC by the Group in the corresponding period last year that did not apply to the quarter and the recognition of share option expenses of approximately HK$8,367,000 in staff costs of the Group from granting of share options in the quarter. However, due to the Group's cost management efforts, the total operating expenses to the revenue ratio during this quarter only slightly increased by 3.1% from 9.6% in corresponding period last year to 12.7% in the quarter.

For the quarter, the Group recorded an unaudited consolidated net profit of approximately HK$15,980,000, representing a decrease of 62.4% from approximately HK$42,531,000 in the corresponding period last year. Such decrease was mainly due to the recognition of a non-cash share based payment due to the grant of share options during the quarter and increased staff costs.

The unaudited basic earnings per share in the quarter was approximately HK5.2 cents, representing a decrease of 66.7% from approximately HK15.6 cents (restated) in the corresponding period 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 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.

AMT continued to maintain revenue growth in the quarter. During the quarter, the unaudited revenue of the division was approximately HK$607,861,000, representing an increase of 1.6% from approximately HK$598,483,000 in the corresponding period last year.

During the quarter, the division recorded direct machine sales of approximately HK$547,934,000, representing an increase of 2.3% from approximately HK$535,390,000 in the corresponding period last year. It also recorded sales support service, commission and other services income of approximately HK$45,026,000 representing an increase of 5.9% from approximately HK$42,527,000 in the corresponding period last year. Sales of spare parts and software fell by 27.6% in the quarter to approximately HK$14,901,000 from approximately HK$20,566,000 in the corresponding period last year.

During the quarter, the division recorded net profit of approximately HK$37,152,000, an increase by 8.8% from approximately HK$34,141,000 in the corresponding period last year and an increase in gross profit ratio from the same period last year's 14.8% to the quarter's 16.4%, thanks to the growth in revenue of direct machine sales and favorable customer mix. To continue deliver robust financial results, AMT management recognizes the challenge ahead and will put in extra effort in expanding the division's customer portfolio, increasing market share and improving operating cost efficiency.

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 leases to customers of the Group's hi-tech distribution and services division and other projects.

During the quarter, the division total generated revenue of approximately HK$31,535,000, representing an increase of 43.4% from approximately HK$21,985,000 in the corresponding period last year. However, the revenue from operating leasing arrangements in the quarter decreased by 50.9% from HK$12,717,000 in the corresponding period last year to HK$6,241,000. Furthermore, the interest income derived from finance lease loans during the quarter amounted to HK$3,454,000 decreased by approximately 31.8% from HK$5,066,000 in the corresponding period last year. In this regard, the aggregate principal amount of outstanding finance lease loans as at 30th June 2021 was HK$84,092,000, representing a decrease of approximately 44.0% from HK$150,108,000 as at 30th June 2020 and a decrease of 33.7% from HK$126,811,000 as at 31st March 2021. The division has also disposed of operating lease assets, the gross amount of which amounted to approximately HK$21,840,000 is included in the sales of goods revenue in the division represents the gross amount of disposal of operating lease assets.

The division recorded a net profit of approximately HK$3,840,000, representing a decrease of 56.8% compared to approximately HK$8,895,000 in the corresponding period last year. The decrease in net profit was mainly due to a significant decrease in operating lease income earned during the quarter since many customers have suspended their production due to the semiconductor chip shortage and hence cancelled their planned rental orders or returned the rented machines and a significant reduction in interest income from finance leases as the continued negative sentiment surrounding the COVID-19 pandemic and US-China trade tensions continued to dampened the risk appetite for our customers' long-term capital investment in expanding their production facilities through finance lease arrangement.

Use of Proceeds from Open Offer

On 13th May 2021, the Company completed an open offer on the basis of 1 open offer share for every 5 existing shares at HK$0.71 per open offer share (the "Open Offer") and issued 54,516,161 new ordinary shares. The net proceeds from the Open Offer after deducting related expenses were approximately HK$36,296,000 which were entirely utilised as intended for the acquisition of solder paste printers during the quarter.

OUTLOOK

Overall Summary

The global pandemic and geopolitical US-China tension continue to impact the world economy. IMF has admitted that the global economy is still facing high uncertainty and the recoveries are divergent across countries. For China, where our key market is located, we expect stronger domestic demand, higher investments, and consumption to lead to an upside GDP growth, in view of China's relatively moderate stimulus to cope with the pandemic, especially on the recovery in global and domestic demand for electronic products for work from home especially when the global semiconductor chip shortage that is affecting the whole supply chain of electronic products eases. In the coming years, 5G mobile network offers an opportunity for SMT industry 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.

The recent global semiconductor chip shortage has already caused backlog in supply of SMT machines. The Group has tried to mitigate the effect of such backlog by resale or lending the Group's demo machines or lending the Group's operating lease machines to the customers to bridge the delivery gap. This has disrupted the Group's operating lease operation as some of our leasing machines were used for lending to our customers. Until the semiconductor industry rebalances itself in future, it can lead to deferral of both demand and supply of our major products.

World Bank report, Global Economic Prospect published in June 2021 says the global economy is expected to expand 5.6% in 2021, the strongest post-recession pace in 80 years. However, the growth will be uneven and come from several major economies such as United States and China. For major economies, U.S. growth can be reached 6.8% in 2021, thanking its substantial fiscal support and its easing of pandemic restriction and China's economic expansion is anticipated to rebound to 8.5% reflecting the effective pandemic controls and the release of pent-up demand. For emerging and developing market, excluding China, the report predicts, due to resurgence of COVID-19 and lagging vaccination progress, a more modest growth of 4.4%.

For smartphone market, on which most of our customers depends, International Data Corporation ("IDC") predicts the highest growth in 2021. According to the IDC Worldwide Quarterly Mobile Phone Tracker published in May 2021, shipments of smartphones are forecasted to reach 1.38 billion units in 2021, an increase of 7.7% over 2020 and is expected to grow at 3.8% in 2022 with shipments of 1.43 billion units. Besides general market growth, IDC anticipates shift of demand from 4G to 5G smart phones. "The smartphone market returned to growth during the holiday quarter last year and since then we've only seen production from top suppliers ramp up. There continues to be a strong supply-side push toward 5G, and price points continue to drop as a result. IDC expects average selling prices (ASPs) for 5G Android devices to drop 12% year over year in 2021 to US$456 and then below US$400 in 2022." IDC expects a growth of 5G smartphone shipments of nearly 130% in 2021. Except China, almost all regions will see triple-digit growth by the end of this year. However, China will still lead the way with nearly 50% share of 5G shipments in 2021 while the US will follow with a 16% share. Other significant markets such as Western Europe and Asia/Pacific (excluding China and Japan) will combine for a 23.1% share of the worldwide 5G market by the end of 2021.

Despite the positive outlook, the global semiconductor shortage continues to affect the Group's suppliers' ability to deliver our major products as well as the Group's customers' ability to expand or adjust their production capabilities as an integral part of the electronic products supply chain. In addition, the recent increase in COVID-19 cases (including the highly contagious Delta variant) may contribute to sudden suspension of production by PRC and regional customers as any time and epidemic prevent measures can affect our ability to deliver equipment and services. The Group is also motivated and enthusiastic about the future of Hong Kong and its role in the Greater Bay Area initiative. The Greater Bay Area was blue printed by President Xi, which outlined the future for growth and development for Hong Kong. Hong Kong as a leading financial market for fund raising and initial public offering in the world, it has attracted more Chinese enterprises and US listed Chinese companies to seek primary or secondary listings in Hong Kong. Furthermore, with the restoration of law and order in Hong Kong, increased confidence in and more Mainland Chinese enterprises to expand their business in Hong Kong, can result in more talented persons and Ultra High Net-Worth Individuals to migrate to Hong Kong. We expect Hong Kong to continue to prosper under the support of Central Government under the One Country Two Systems. This outlook combined with the current low interest environment provides ample opportunity in the real estate sector. The Company will continue to look for suitable opportunity in commercial and residential property for investment or self-use purpose.

Going forward, the Group seeks to continue to grow its business and to enhance the operational efficiency of its various business divisions with an aim to improve their profitability and increase shareholders' value.

Hi-tech Distribution and Services Division

The near term impact of the global semiconductor chip shortage and risks related to the pandemic that can impact production of suppliers and customers as well as the Group's delivery of products and services can result in depressed revenue and net profits of the Group due to reduced orders as a result of reduced appetite in capital investment in times of uncertainty and delays in delivery that is key to revenue recognition. This is especially relevant to the next quarter, as the Group will continue to carry the costs of its expanded sales and service cohort to improve service and distribution strength and appropriate inflationary increases to be ready when business conditions normalise. Despite the uncertainty, the Group believes that it has ability to build momentum to embrace the future business opportunities and to manage possible risks including the high contentious global political risk centred around China, Hong Kong and global semiconductor chip shortage.

AMT will continue to monitor the latest development and work closely with its partners to come up with competitive and innovative solutions. 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 maintain our cash flow and profitability, as well as the long-term sustainability and growth of our business.

Leasing Division

The impacts of the COVID-19 pandemic on the manufacturing industry persist and subject to potential changes. In previous years, the first quarter used to be the season for companies to plan their rental or purchase of machines and to expand their production. Due to the shortage of semiconductor chips, production of most companies have been suspended awaiting for the arrival of production materials, which unexpectedly caused some companies to return their rental machines. This, together with pandemic and US-China trade tensions related risks as well as the fluidity of the demands of electronic products end uses, have contributed to difficulties for the Group's customers properly to make medium to long term needs for equipment, in terms of both operating and finance leases. The Group expects that without material improvements in the semiconductor chip supply chain and other areas mentioned above, the performance of the leasing division will continue to be under pressure, especially in the next quarter. However, with our leasing division team that has years of experience in providing customer-centered service in efficient and flexible ways, high-quality equipment resources, and stable customer base, we are confident that we can seek better positioning and opportunities against the background of the turbulent international situation and the frequently changing needs of customers.

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

As at 30th June 2021, 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 Director	Capacity	Number of ordinary shares held	Number of underlying shares held (Share Options)	Approximate percentage of shares and underlying shares held *(Note a)*
Zhang Yifan	Beneficial owner	2,754,199	6,023,817	5.06%
	Interest of controlled corporation *(Note b)*	8,192,000	—	
Pierre Tsui Kwong Ming	Beneficial owner	275,016	3,470,217	1.11%
Joseph Liang Hsien Tse	Beneficial owner	275,016	202,217	0.14%
Joseph Chan Nap Kee	Beneficial owner	275,016	202,217	0.14%
Kenneth Kon Hiu King	Beneficial owner	275,016	202,217	0.14%

Notes:

(a) The above approximate percentages of the shareholdings are based on 334,789,311 ordinary shares in issue as at 30th June 2021.

(b) Sky Virtue Holdings Limited is wholly owned by Ms. Zhang Yifan. By virtue of Part XV of the SFO, Ms. Zhang Yifan is deemed to be interested in the shares held by Sky Virtue Limited.

Save as disclosed above, as at 30th June 2021, 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 30th June 2021, 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 Shareholder	**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	275,015	275,016	51.33%
	Interest of controlled corporation *(Note b)*	171,322,467	—	
Sincere Ardent Limited	Beneficial owner *(Note b)*	171,322,467	—	51.17%
Fok Hei Yu and Chow Wai Shing Daniel	Trustee	40,000,000	—	11.94%

Notes:

(a) The above approximate percentages of the shareholdings are based on 334,789,311 ordinary shares in issue as at 30th June 2021.

(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 30th June 2021.

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 year:

				Number of share options					
Name	Date of grant	Exercise period	Exercise price[2]	Outstanding as at 1st April 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30th June 2021
Executive Directors									
Zhang Yifan	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	2,755,817	—	—	—	—	2,755,817
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	2,754,199	—	(2,754,199)[3]	—	—	0
	18th June 2021	18th June 2021 to 17th June 2031	HK$0.714	—	3,268,000	—	—	—	3,268,000
Pierre Tsui Kwong Ming	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	202,217	—	—	—	—	202,217
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	275,016	—	(275,016)[3]	—	—	0
	18th June 2021	18th June 2021 to 17th June 2031	HK$0.714	—	3,268,000	—	—	—	3,268,000

Name	Date of grant	Exercise period	Exercise price(2)	Outstanding as at 1st April 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30th June 2021
				Number of share options					
Independent non-executive Directors									
Joseph Liang Hsien Tse	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	202,217	—	—	—	—	202,217
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	275,016	—	(275,016)(3)	—	—	0
Joseph Chan Nap Kee	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	202,217	—	—	—	—	202,217
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	275,016	—	(275,016)(3)	—	—	0
Kenneth Kon Hiu King	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	202,217	—	—	—	—	202,217
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	275,016	—	(275,016)(3)	—	—	0
Sub-Total				7,418,948	6,536,000	(3,854,263)	—	—	10,100,685
Substantial Shareholder									
Lu Ying	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	275,016	—	—	—	—	275,016
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	275,015	—	(275,015)(3)	—	—	0
Employees of the Group									
Other Employees	16th August 2017	16th August 2017 to 15th August 2027	HK$1.137	3,564,687	—	—	—	—	3,564,687
	26th June 2019	26th June 2019 to 25th June 2029	HK$0.811	3,563,067	—	(3,563,067)(3)	—	—	0
	18th June 2021	18th June 2021 to 17th June 2031	HK$0.714	—	12,948,000	—	—	—	12,948,000
Total				**15,096,733**	**19,484,000**	**(7,692,345)**	**—**	**—**	**26,888,388**

Notes:

(1) The closing price per share immediately before 16th August 2017, 26th June 2019 and 18th June 2021, the dates of grant, were HK$1.15 (after adjustment of share consolidation on 26th March 2019), HK$0.82 and HK$0.71 respectively.

(2) 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.

The number and the exercise price of share options which remained outstanding on 13th May 2021 have been adjusted due to completion of open offer on 13th May 2021.

— For the share options granted on 16th August 2017, the total number of share options outstanding on 13th May 2021 was adjusted from 7,323,200 to 7,404,388 and the exercise price per share was adjusted from HK$1.15 to HK$1.137.

— For the share options granted on 26th June 2019, the total number of share options outstanding on 13th May 2021 was adjusted from 7,608,000 to 7,692,345 and the exercise price per share was adjusted from HK$0.82 to HK$0.811.

(3) The exercise date was 29th June 2021. The closing price of the shares immediately before the date on which the share options were exercised by option holders was HK$0.86.

COMPETING INTERESTS

As at 30th June 2021, 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

Apart from the shares issued upon the completion of the Open Offer and shares issued pursuant to the exercise of share options disclosed under the share option scheme section of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30th June 2021.

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 three months ended 30th June 2021, 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 three months ended 30th June 2021 of the Company now reported on have been reviewed by the audit committee.

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

Hong Kong, 5th August 2021

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.