

# 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 2022

### 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.**

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*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 2022, together with the comparative figures of the corresponding year ended 31st March 2021.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31st March 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Revenue	3	<b>2,445,150</b>	2,358,611
Cost of sales		<b>(2,048,693)</b>	(1,951,023)
Gross profit		<b>396,457</b>	407,588
Other income and gains, net		<b>10,474</b>	41,837
Selling and distribution expenses		<b>(131,508)</b>	(126,016)
General and administrative expenses		<b>(166,935)</b>	(143,110)
Operating profit		<b>108,488</b>	180,299
Finance income	4	<b>2,398</b>	6,711
Finance costs	4	<b>(2,224)</b>	(2,076)
Profit before income tax	5	<b>108,662</b>	184,934
Income tax expense	6	<b>(28,869)</b>	(47,671)
PROFIT FOR THE YEAR		<b>79,793</b>	137,263
Earnings per share attributable to ordinary shareholders of the Company	7		(Restated)
Basic ( <i>HK cents</i> )		<b>21.9</b>	50.2
Diluted ( <i>HK cents</i> )		<b>21.9</b>	50.2

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2022

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Profit for the year	<b>79,793</b>	137,263
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	<b>17,177</b>	19,340
<b>OTHER COMPREHENSIVE INCOME</b>		
FOR THE YEAR, NET OF TAX OF NIL	<b>17,177</b>	19,340
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>96,970</b>	156,603

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		86,180	78,670
Investment properties		241,710	—
Intangible assets		377,192	373,692
Right-of-use assets		70,094	12,974
Trade and other receivables	9	17,360	94,585
Deferred tax assets		2,566	2,209
		<u>795,102</u>	<u>562,130</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		118,263	116,676
Inventories		954,774	1,108,134
Trade and other receivables	9	807,078	450,851
Pledged deposits		1,275	1,407
Cash and cash equivalents		485,495	922,411
		<u>2,366,885</u>	<u>2,599,479</u>
<b>Total assets</b>		<u><b>3,161,987</b></u>	<u><b>3,161,609</b></u>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	11	42,512	27,258
Reserves	12	1,404,930	1,217,809
<b>Total equity</b>		<u><b>1,447,442</b></u>	<u><b>1,245,067</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other borrowings		13,326	4,760
Trade and other payables	10	1,598,474	1,843,447
Lease liabilities		14,570	12,220
Income tax liabilities		27,267	37,094
		<u>1,653,637</u>	<u>1,897,521</u>

	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Other borrowings	1,943	2,074
Lease liabilities	56,723	1,265
Deposits received	2,065	15,451
Other non-current liabilities	177	231
	<u>60,908</u>	<u>19,021</u>
<b>Total liabilities</b>	<u><b>1,714,545</b></u>	<u>1,916,542</u>
<b>Total equity and liabilities</b>	<u><b>3,161,987</b></u>	<u>3,161,609</u>
<b>Net current assets</b>	<u><b>713,248</b></u>	<u>701,958</u>
<b>Total assets less current liabilities</b>	<u><b>1,508,350</b></u>	<u>1,264,088</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2022

	Attributable to shareholders of the Company		
	Issued capital <i>HK\$'000</i> <i>(note 11)</i>	Reserves <i>HK\$'000</i> <i>(note 12)</i>	Total <i>HK\$'000</i>
<b>Balances as at 1st April 2020</b>	27,258	1,061,206	1,088,464
<b>Comprehensive income</b>			
Profit for the year	—	137,263	137,263
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	19,340	19,340
Total other comprehensive income	—	19,340	19,340
<b>Total comprehensive income for the year</b>	—	156,603	156,603
Balances as at 31st March 2021 and 1st April 2021	27,258	1,217,809	1,245,067
<b>Comprehensive income</b>			
Profit for the year	—	79,793	79,793
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	17,177	17,177
Total other comprehensive income	—	17,177	17,177
<b>Total comprehensive income for the year</b>	—	96,970	96,970
Open offer	5,452	33,255	38,707
Open offer expenses	—	(2,411)	(2,411)
Placing of new shares	7,085	32,776	39,861
Share options exercised	2,717	17,434	20,151
Equity-settled share-based transactions	—	9,097	9,097
Balances as at 31st March 2022	<b>42,512</b>	<b>1,404,930</b>	<b>1,447,442</b>

## 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
- **property 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 21st June 2022.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these 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

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

These 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 revised HKFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the revised HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.



### 3. Revenue and segment information

#### 3.1 Revenue

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b> <i>(note)</i>		
Recognised at a point in time:		
Sales of goods	2,253,965	2,129,680
Sales support services	106,044	133,306
Recognised over time:		
Commission and other service income	38,197	21,958
	<u>2,398,206</u>	<u>2,284,944</u>
<b>Revenue from other sources</b>		
Income from finance lease arrangements	9,330	12,539
Income from operating lease arrangements	37,614	61,128
	<u>2,445,150</u>	<u>2,358,611</u>

*Notes:*

#### ***Disaggregated revenue information***

##### *Geographical markets*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC including Hong Kong	2,297,750	2,190,168
Asia — others	100,456	94,776
	<u>2,398,206</u>	<u>2,284,944</u>

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 2022**

	<b>Hi-tech distribution and services operation <i>HK\$'000</i></b>	<b>Leasing operation <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Sales to external customers	2,339,140	106,010	2,445,150
<i>Less:</i> Revenue from other sources	—	(46,944)	(46,944)
	<u>2,339,140</u>	<u>59,066</u>	<u>2,398,206</u>
Total revenue from contracts with customers	<u><b>2,339,140</b></u>	<u><b>59,066</b></u>	<u><b>2,398,206</b></u>

**For the year ended 31st March 2021**

	<b>Hi-tech distribution and services operation <i>HK\$'000</i></b>	<b>Leasing operation <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Sales to external customers	2,273,517	85,094	2,358,611
<i>Less:</i> Revenue from other sources	—	(73,667)	(73,667)
	<u>2,273,517</u>	<u>11,427</u>	<u>2,284,944</u>
Total revenue from contracts with customers	<u><b>2,273,517</b></u>	<u><b>11,427</b></u>	<u><b>2,284,944</b></u>

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:

	<b>2022 <i>HK\$'000</i></b>	<b>2021 <i>HK\$'000</i></b>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	<u><b>262,385</b></u>	<u><b>213,296</b></u>

## Performance obligations

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

### *Sales of goods*

The performance obligation is satisfied when the control of the goods is transferred, generally on delivery of goods and when 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.

### *Sales support services*

The performance obligation is satisfied when the installation services in relation to the underlying machinery are completed. Payment is made based on the terms stipulated in the relevant agreements.

### *Commission and other service income*

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of services, 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 2022 and 2021, 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 sales 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 income 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 investment properties, deferred tax assets, financial assets at fair value through profit or loss, pledged deposits, cash and cash equivalents 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, other borrowings and corporate and others.

Capital expenditure comprises additions to property, plant and equipment, investment properties and right-of-use assets.

There were no significant sales between the operating segments during the years ended 31st March 2022 and 2021. The operating results for the year are as follows:

	<b>Year ended 31st March 2022</b>		
	<b>Hi-tech distribution and services operation HK\$'000</b>	<b>Leasing operation HK\$'000</b>	<b>Total HK\$'000</b>
Revenue			
— Sales to external customers	<u>2,339,140</u>	<u>106,010</u>	<u>2,445,150</u>
Segment results	<u>172,431</u>	<u>6,337</u>	178,768
Gain on disposal of financial assets at fair value through profit or loss			1,023
Changes in fair value of financial assets at fair value through profit or loss			15
Finance income			2,398
Finance costs			(2,224)
Corporate and other unallocated expenses			<u>(71,318)</u>
Profit before income tax			108,662
Income tax expense			<u>(28,869)</u>
Profit for the year			<u>79,793</u>
Capital expenditure	88,391	62,731	151,122
Corporate and other unallocated expenditure			<u>253,095</u>
			<u>404,217</u>
Depreciation	22,747	31,970	54,717
Corporate and other unallocated depreciation			<u>7,736</u>
			<u>62,453</u>
Impairment of trade and bills receivables, net	2,164	—	2,164
Reversal of impairment of finance lease receivables, net	—	(481)	(481)
Loss on disposal of items of property, plant and equipment, net	<u>153</u>	<u>—</u>	<u>153</u>

	Year ended 31st March 2021		
	Hi-tech distribution and services operation <i>HK\$'000</i>	Leasing operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
— Sales to external customers	<u>2,273,517</u>	<u>85,094</u>	<u>2,358,611</u>
Segment results	<u>190,805</u>	<u>32,837</u>	223,642
Gain on disposal of financial assets at fair value through profit or loss			8,795
Changes in fair value of financial assets at fair value through profit or loss			143
Finance income			6,711
Finance costs			(2,076)
Corporate and other unallocated expenses			(52,281)
Profit before income tax			184,934
Income tax expense			(47,671)
Profit for the year			<u>137,263</u>
Capital expenditure	9,361	61,362	70,723
Corporate and other unallocated expenditure			110
			<u>70,833</u>
Depreciation	24,099	13,456	37,555
Corporate and other unallocated depreciation			434
			<u>37,989</u>
Impairment of trade and finance lease receivables, net	1,927	748	2,675
Loss/(gain) on disposal of items of property, plant and equipment, net	<u>1,289</u>	<u>(4,483)</u>	<u>(3,194)</u>

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

	<b>Hi-tech distribution and services operation <i>HK\$'000</i></b>	<b>Leasing operation <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>At 31st March 2022</b>			
<b>ASSETS</b>	<b>2,040,792</b>	<b>262,102</b>	<b>2,302,894</b>
Segment assets			
Unallocated assets:			
Investment properties			241,710
Deferred tax assets			2,566
Financial assets at fair value through profit or loss			118,263
Pledged deposits			1,275
Cash and cash equivalents			485,495
Corporate and others			9,784
			<hr/>
Total assets per the consolidated statement of financial position			<b>3,161,987</b> <hr/> <hr/>
<b>LIABILITIES</b>			
Segment liabilities	<b>1,640,879</b>	<b>26,307</b>	<b>1,667,186</b>
Unallocated liabilities:			
Income tax liabilities			27,267
Other borrowings			15,269
Corporate and others			4,823
			<hr/>
Total liabilities per the consolidated statement of financial position			<b>1,714,545</b> <hr/> <hr/>

	Hi-tech distribution and services operation <i>HK\$ '000</i>	Leasing operation <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
<b>At 31st March 2021</b>			
ASSETS	1,833,604	226,211	2,059,815
Segment assets			
Unallocated assets:			
Deferred tax assets			2,209
Financial assets at fair value through profit or loss			116,676
Pledged deposits			1,407
Cash and cash equivalents			922,411
Corporate and others			59,091
			<hr/>
Total assets per the consolidated statement of financial position			<u><u>3,161,609</u></u>
 LIABILITIES			
Segment liabilities	1,834,410	31,472	1,865,882
Unallocated liabilities:			
Income tax liabilities			37,094
Other borrowings			6,834
Corporate and others			6,732
			<hr/>
Total liabilities per the consolidated statement of financial position			<u><u>1,916,542</u></u>

### ***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 services operating segment and the location of the customers by the leasing operating segment.

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

	2022 <i>HK\$ '000</i>	2021 <i>HK\$ '000</i>
The PRC including Hong Kong	2,344,694	2,263,835
Asia — others	100,456	94,776
	<hr/>	<hr/>
	<u><u>2,445,150</u></u>	<u><u>2,358,611</u></u>

(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 2021, revenue of HK\$663,282,000 was derived from sales to two customers of the hi-tech distribution and services operating segment, which accounted for more than 10% of the Group's total revenue.

Revenue from major customers is set out below:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Customer 1	N/A*	370,644
Customer 2	N/A*	292,638

\* Less than 10% of the Group's total revenue.

**4. Finance income and costs**

An analysis of finance income and costs is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Finance income:</b>		
Interest income from bank deposits	<u>2,398</u>	<u>6,711</u>
<b>Finance costs:</b>		
Interest on other borrowings	1,177	1,373
Interest on lease liabilities	<u>1,047</u>	<u>703</u>
	<u>2,224</u>	<u>2,076</u>



## 5. Profit before income tax

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold	1,949,391	1,826,841
Net foreign exchange gain	(3,153)	(22,331)
Depreciation of property, plant and equipment	41,925	24,533
Depreciation of investment properties	2,561	—
Depreciation of right-of-use assets	17,967	13,456
Other lease payments not included in the measurement of lease liabilities	1,365	1,299
Provision of impairment of trade and bills receivables, net	2,164	1,927
(Reversal of impairment)/impairment of finance lease receivables, net	(481)	748
Fair value gain on financial assets at fair value through profit or loss	(15)	(143)
Gain on disposal of financial assets at fair value through profit or loss	(1,023)	(8,795)

## 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% (2021: 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. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

Subsidiaries established in the Mainland China are subject to Mainland China corporate income tax at the standard rate of 25% (2021: 25%).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax		
— current year	27,495	25,215
— overprovision in prior years	(8,768)	(1,708)
Mainland China corporate income tax		
— current year	8,809	23,806
— underprovision in prior years	1,690	1,754
Deferred	(357)	(1,396)

## 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 weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for both years has been adjusted retrospectively to reflect the impact of open offer completed on 13th May 2021.

The calculation of the diluted earnings per share amounts is based on the profit 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 calculations of basis and diluted earnings per share are based on:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to the shareholders of the Company, used in the basic and diluted earnings per share calculation	<u>79,793</u>	<u>137,263</u>
	<b>Number of shares</b>	
	<b>2022</b>	2021 (Restated)
<b>Shares</b>		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	<b>363,960,084</b>	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 year	<u>379,304</u>	<u>111,592</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u><b>364,339,388</b></u>	<u>273,324,835</u>

## 8. Dividends

The Directors do not recommend the payment of any dividend for the year ended 31st March 2022 (2021: Nil).

## 9. Trade and other receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	472,067	267,170
<i>Less: Impairment of trade receivables</i>	<u>(11,862)</u>	<u>(10,517)</u>
	<u>460,205</u>	<u>256,653</u>
Bills receivable	143,448	60,255
<i>Less: Impairment of bills receivable</i>	<u>(819)</u>	<u>—</u>
	<u>142,629</u>	<u>60,255</u>
Trade and bills receivables, net ( <i>note (a)</i> )	<u>602,834</u>	<u>316,908</u>
Finance lease receivables	62,184	127,893
<i>Less: Impairment of finance lease receivables</i>	<u>(601)</u>	<u>(1,082)</u>
	<u>61,583</u>	<u>126,811</u>
Finance lease receivables, net	61,583	126,811
<i>Less: Non-current portion*</i>	<u>(11,206)</u>	<u>(30,473)</u>
	<u>50,377</u>	<u>96,338</u>
Prepayments, deposits and other receivables, net	160,021	101,717
<i>Less: Non-current portion*</i>	<u>(6,154)</u>	<u>(64,112)</u>
	<u>153,867</u>	<u>37,605</u>
Prepayments, deposits and other receivables, net, current portion	<u>153,867</u>	<u>37,605</u>
Total trade and other receivables, current portion	<u>807,078</u>	<u>450,851</u>
* Total trade and other receivables, non-current portion	<u>17,360</u>	<u>94,585</u>

### (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. Payment in advance is normally required. In respect of the Group's operating 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.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
3 months or less	562,466	240,629
4 to 6 months	15,198	41,038
7 to 9 months	2,909	10,542
10 to 12 months	845	2,495
Over 12 months	21,416	22,204
	<u>602,834</u>	<u>316,908</u>

#### 10. Trade and other payables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and bills payables	508,141	697,791
Accrual and other payables	1,090,333	1,145,656
	<u>1,598,474</u>	<u>1,843,447</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
3 months or less	436,912	576,497
4 to 6 months	24,468	17,846
7 to 9 months	4,903	10,544
10 to 12 months	10,472	41,855
Over 12 months	31,386	51,049
	<u>508,141</u>	<u>697,791</u>

## 11. Share capital

	Ordinary shares		Preference shares		Total
	Number of shares '000	Ordinary share capital HK\$'000	Number of shares '000	Preference share capital HK\$'000	
Authorised:					
At 1st April 2020, 31st March 2021, 1st April 2021 and 31st March 2022 — HK\$0.1 each	4,000,000	400,000	3,000,000	300,000	700,000
Issued:					
At 1st April 2020, 31st March 2021, and 1st April 2021	272,581	27,258	—	—	27,258
Open offer	54,516	5,452	—	—	5,452
Share options exercised	27,176	2,717	—	—	2,717
Placing of new shares	70,852	7,085	—	—	7,085
At 31st March 2022	425,125	42,512	—	—	42,512

## 12. Reserves

	Share premium <i>HK\$ '000</i>	Contributed surplus <i>HK\$ '000</i>	Share option reserve <i>HK\$ '000</i>	Cumulative translation adjustments <i>HK\$ '000</i>	(Accumulated losses)/ retained profits <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Balances at 1st April 2020	136,369	956,292	8,117	(14,645)	(24,927)	1,061,206
Profit for the year	—	—	—	—	137,263	137,263
Currency translation differences of foreign operations	—	—	—	19,340	—	19,340
Total comprehensive income for the year	—	—	—	19,340	137,263	156,603
Balances at 31st March 2021 and 1st April 2021	<b>136,369</b>	<b>956,292</b>	<b>8,117</b>	<b>4,695</b>	<b>112,336</b>	<b>1,217,809</b>
Profit for the year	—	—	—	—	79,793	79,793
Currency translation differences of foreign operations	—	—	—	17,177	—	17,177
Total comprehensive income for the year	—	—	—	17,177	79,793	96,970
Open offer	<b>33,255</b>	—	—	—	—	<b>33,255</b>
Open offer expenses	<b>(2,411)</b>	—	—	—	—	<b>(2,411)</b>
Placing of new shares	<b>32,776</b>	—	—	—	—	<b>32,776</b>
Share options exercised	<b>20,865</b>	—	<b>(3,431)</b>	—	—	<b>17,434</b>
Equity-settled share-based transactions	—	—	<b>9,097</b>	—	—	<b>9,097</b>
Balances at 31st March 2022	<b><u>220,854</u></b>	<b><u>956,292</u></b>	<b><u>13,783</u></b>	<b><u>21,872</u></b>	<b><u>192,129</u></b>	<b><u>1,404,930</u></b>

## **CHAIRLADY’S STATEMENT**

On behalf of the board of directors (“Board”) of North Asia Strategic Holdings Limited (“Company”), I am pleased to report that the Company and its subsidiaries (collectively, the “Group”) managed to achieve a sustainable growth in terms of total revenue of the Group in the year ended 31st March 2022 (the “Year”).

Since the outbreak of COVID-19 about 3 years ago, the global pandemic is still affecting us in many aspects. Global supply chain disruption and Russia-Ukraine war had hefted the US inflation to a record high of 8.5% in March 2022. Facing these challenges during the Year, the Group still managed to record a consolidated net profit of approximately HK\$79,800,000, representing a decrease of 41.9% from last year. Despite the turbulence and uncertainty created by the global pandemic, the Group maintained its profitability, with its multi-stakeholders’ mindset and continues its effort to strengthen its business and build momentum to capture future business opportunities.

### **Our Continuous Effort to Strengthen Business**

In 2021, the Omicron variant of COVID-19 spread across the world rapidly. In China, we have seen long term lockdown in many provinces following its “Dynamic Zero-COVID” policy. In response, many of our customers, which are electronic manufacturers, can only adopt close loop manufacturing which posed tremendous challenges to the ability of our logistics and engineering team to perform delivery, installation, machine demonstration and after-sales services. To cope with the Group’s long-term development, the Company had strengthened its capital by fund raising of approximately HK\$77,000,000 in total from an open offer and a placing of new shares during the Year. The Group also has commenced the upgrading of its enterprise resource planning (“ERP”) system during the Year with the aim of supporting the Group’s future business growth and achieving higher work efficiency in the long run. Besides, the Group also expanded our service engineering cohort and put more resources on staff training to retain talents for post-pandemic long-term business expansion.

The Group has recorded its 6th consecutive year of profit which is a historical achievement in the Group’s 22 years of history since the listing. Both the existing Hi-Tech Distribution and Services Division and Leasing Division are sustainable with strong profit track records. We will also seek new business opportunities in semiconductor market as we expect this industry to receive tremendous support from the Government of China in the years ahead.

### **Outlook — Embracing change, Embracing Future**

International Monetary Fund’s (“IMF”) projects global economic growth at 3.6% in both 2022 and 2023 and further reduced to 3.3% thereafter, compared to 6.1% in 2021. The Russia-Ukraine war sets back the global recovery and drives the commodities price up that has continued to signified worldwide inflation. IMF projects our key market in China, can only achieve a 4.4% economic growth in 2022.

The semiconductor chip shortage has already caused the backlog of our machines orders from the suppliers for more than one year and we do not see this situation return to normal soon until the semiconductor industry rebalances itself in the future. Since the semiconductor chip shortage might have a material impact on our upstream business partners and downstream customers. We had tried our best to help our customers from the backlog of orders using various measures like lending our machines to bridge the backlog period to meet our customers' production need.

Since the adverse effect of lockdown in China and global supply chain disruption, we noticed that there may be a trend to diversify the electronic manufacturing base from China to Southeast Asia. Based on our Group's experienced service network in China and Southeast Asia, we believe we are capable to build momentum to embrace the future business opportunities in Southeast Asia.

The Group will continue to adopt a prudent and low leverage policy in managing its financial position and continue its efforts in strengthening its financial position, upgrading its operation capacity through continuous investment in IT infrastructures, supply chain infrastructure, inventory investment, ERP system and strategically expanding and relocating its warehouse close to its customers. To conservatively grow its business, the Group will leverage on its listing status and seek capital raising opportunity to fulfil its financing needs with regards to its future development and investment.

On the other hand, 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. The Hong Kong Government had also proposed the "Northern Metropolis Strategy" and "Lantau Tomorrow Vision" to cope with the Greater Bay Area initiative. The Group will proactively look for opportunities to increase investment in line with the 14th 5-year plan and Great Bay Area initiatives, through both internal growth and external acquisition.

### **A Social Responsible Company**

The long-term sustainability of the Group depends on its ability to maintain a balance between its stakeholders. As a member of a community, the Group believes its responsibility not only to the Company's shareholders but also to other stakeholders such as its suppliers, customers, employees and the society in which it operates and the government.

The Group has continued to support the Hong Kong Government's initiative to retain employment during pandemic. To accommodate the expanded work force in Hong Kong, we will move to a larger office premise soon. We support the thinking that an empowered employee will bring long-term benefit to the Company and to the society. Therefore, the Group has started a sponsorship program to encourage talented employees to broaden their skills and is reviewing its remuneration policies to provide better support and reward our staff for long term commitment and enhanced professionalism.



## **Appreciation**

Without the trust and support of our shareholders, customers, suppliers, fellow directors, management and staff, I cannot deliver this remarkable result to you for this very challenging year. The outstanding performance is the direct result of years of relentless hard work of our entire staff, management team and the board of directors. I also extend a warm welcome to Dr. Cai Qing joining us as an independent non-executive director and Mr. Kenneth Kon Hiu King joining our executive director team. Together we have seen the spectacular transformation of the Group, from being loss making for years into one of the most profitable companies on the HKEX GEM board. I would like to take this opportunity to thank the directors for their long-term service and commitment. I am also grateful for the support and guidance of the Listing Division staff who have been helpful in facilitating our corporate actions.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial and Business Performance**

During the year ended 31st March 2022 (the “Year”), the Group recorded consolidated revenue of approximately HK\$2,445,150,000, representing an increase of 3.7% from approximately HK\$2,358,611,000 in last year. The increase in revenue was mainly due to the increase of 4.4% in direct machines sales from our hi-tech distribution and services division compared with last year.

During the Year, the Group recorded consolidated net profit of approximately HK\$79,793,000, representing a decrease of 41.9% from approximately HK\$137,263,000 in last year. The Group’s gross profit ratio decreased slightly from last year’s 17.3% to 16.2% in the Year. The decrease in consolidated net profit of the Group was mainly due to increase in supply chain costs and staff cost.

The Group’s total operating cost during the Year increased by 10.9% from last year’s approximately HK\$269,126,000 to HK\$298,443,000. The backlog in the supply of SMT machines caused by the semiconductor chip shortage did not improve throughout the Year. We sought partially to resolve using our demonstration machines or operating lease machines. However, this approach has resulted in extra logistic and other expenses and the reduction of operating lease revenue from those machines. Our management had put great effort in cost control such that the percentage of total operating costs to the revenue only slightly increased from last year’s 11.4% to 12.2% in the Year. Our management will continue to maintain tight control on operating cost in the upcoming inflationary environment.

The basic earnings per share in the Year was approximately HK21.9 cents, representing a decrease of 56.4% from approximately HK50.2 cents in last year. As at 31st March 2022, the consolidated net asset value of the Company per ordinary share was approximately HK\$3.40, representing a decrease of HK\$1.17 from approximately HK\$4.57 as at 31st March 2021.

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, a 30 plus years old firm is a leading distributor and after-market service provider of surface-mount technology (“SMT”) equipment and semiconductor manufacturing equipment in Asia. AMT has more than 250 professional engineers and customer care staff in more than 25 cities in China, Vietnam and India and other South-East Asia countries to service the needs of its customers. Customers include most of the major telecom and electronic equipment manufacturers in the world. AMT is especially well positioned with its growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the Year, the division’s revenue was approximately HK\$2,339,140,000, representing an increase of HK\$65,623,000 or 2.9%, compared to approximately HK\$2,273,517,000 in the last year. The increase in revenue was primarily due to an increase in demand of SMT machines following the easing of COVID-19 in fourth quarter of the Year. Direct machine sales revenue was approximately HK\$2,112,512,000, representing an increase of HK\$89,057,000 or 4.4%, compared to approximately HK\$2,023,455,000 in the last year. The division’s spare part and software sales were approximately HK\$82,387,000, representing a decrease of HK\$12,412,000 or 13.1%, compared to approximately HK\$94,799,000 in the last year. The sales support service, commission and other services income was approximately HK\$144,241,000, representing a decrease of HK\$11,022,000 or 7.1%, compared to approximately HK\$155,263,000 in last year. The decrease in high-margin sales support services, commissions and other services was primarily due to a large sales support service order placed last year by one of our major customers for its new smartphone product line.

The division’s net profit for the year was approximately HK\$146,204,000, representing a decrease of HK\$10,527,000 or 6.7% compared to approximately HK\$156,731,000 last year.

### **Leasing Division**

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

The operating environment during the Year was very challenging, especially in the fourth quarter of the Year and the continuation of COVID-19 pandemic has had evident impact on the leasing business. During the Year, the division generated revenue from the leasing business of approximately HK\$106,010,000, representing an increase of 24.6% from approximately HK\$85,094,000 in last year and recorded a net profit of approximately HK\$4,064,000, representing a significant decrease of 80.3% from approximately HK\$20,631,000 last year.

The “Dynamic Zero-COVID” policy in China, has had a significant impact to our operating lease customers, especially consumer electronics manufacturers, whose production plans, staffing and manufacturing capacities have been interrupted. The supply chain, production schedules of manufacturers and customers have been extremely unstable and often disrupted, as a result of which their terms of equipment rental became more volatile and unpredictable. From Q1 to Q2 of the year 2021, semiconductor chip shortage had caused serious delays in the delivery of new equipment, some manufacturers thus turned to leasing equipment to meet production, and such impact was favorable. From Q3 to Q4 of the year 2021, due to port congestion and disruption in marine transportation, various export-oriented manufacturers suffered from insufficient operation and successively terminated their equipment leases. As the pandemic has lasted for two years along with factors such as decrease in consumption power, the demand for consumer electronic products continued to weaken. In Guangdong, South China (including Shanghai), the closed loop management of epidemic control, caused the traditional order season to come to a near standstill after the Lunar New Year.

Impact of COVID-19 pandemic on the finance lease business was negative. This was mainly attributable to factors such as disruption in global supply chain that led to shortage in semiconductor chips, which in turn led to new equipment being out of stock, longer delivery time and reduction in financing needs. In addition, as the COVID-19 pandemic in China had not been contained in the short term, company prospects were still uncertain, and most enterprises inclined to be prudent and conservative in the investment on fixed assets. The interest income derived from finance lease receivables during the Year has decreased by approximately 25.6% from last year since the aggregate principal amount of finance lease receivables decreased by 51.4% to approximately HK\$61,583,000, from approximately HK\$126,811,000 last year. As risk management remains a high priority to our management, we have continue to take a conservative approach in managing our exposure in finance lease receivables.

## **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\$36,300,000 which were entirely utilised as intended for the acquisition of solder paste printers during the Year.

## **Use of Proceeds from Placing**

On 1st December 2021, 70,582,000 ordinary shares were issued at a placing price of HK\$0.60 per share through a placing agent on a best effort basis. The placing proceeds net of relevant expenses including the placing commission amounted to approximately HK\$40,800,000 which were entirely utilised as intended for the acquisition of SMT machineries for operating lease purpose during the Year.

## **OUTLOOK**

### **Overall Summary**

It has been about 3 years from the first outbreak of COVID-19 and the Omicron variant of COVID-19 has spread rapidly across the world with much faster than the previous Delta variant of COVID-19, However, Omicron appeared to be much less hazardous than other COVID-19 variants. We have seen more and more countries lifting their social distancing and quarantine policies. The management has implemented various measures like recruiting more service engineers and providing training to the sales teams to prepare for the recovery from the global pandemic.

Currently, the global semiconductor chip shortage that has affected the whole supply chain of electronic products continues to present a big challenge in near term. With the increasing awareness on environmental impact, we expect large scale electronic vehicles replacement of traditional engine vehicles. Following the emergence of the metaverse that provides new experience of virtual interaction in the 3D world in social networking, entertainment, gaming, education and commerce, we expect to see more investments on its infrastructure building for more virtual reality and virtual augmented equipped applications. These trends create ample opportunities for the semiconductor and SMT industries. Some of the Group’s major customers are leading electronic vehicle manufacturers, telecommunication companies and OEM electronic device manufacturers in China. They play a vital role in the metaverse and electronic vehicle transformation and AMT will strive to provide them leading edge equipment and service.

Although the recent global semiconductor chip shortage and labour shortage of ground transportation has caused a backlog in supply of SMT machines, the Group has sought to mitigate the effect of the backlog by sale or loan of the Group's demo machines or loan of the Group's operating lease machines to the customers to bridge the delivery gap. This has disrupted the Group's operating lease operation as it reduced its fleet of leasing machines leasing out. The global semiconductor chip shortage continues to affect the Group's suppliers' ability to deliver its major products as well as the Group's customers' ability to expand or adjust their production capabilities. We expect this situation to last for a longer period until the semiconductor industry rebalances itself in the future. We have seen some of our customers had already revised down their investment plan in production facilities or temporary production halt.

The Group is also motivated and optimistic 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, who outlined the future for growth and development for Hong Kong.

Going forward, the Group seeks to continue to grow its business and to enhance the operational efficiency of its various business divisions to improve their profitability and increase shareholders' value. The Group is well prepared for the post COVID-19 economy rebound and the gradual improvement of the semiconductor chip supply constraints.

### **Hi-Tech Distribution and Services Division**

Global economic outlook does not look optimistic in 2022. International Monetary Fund ("IMF") announced recently in its latest World Economic Outlook published in April 2022 that "War slows the recovery". The economic damage being caused by the war in Ukraine will contribute to significant slowdown in global economic growth. IMF revised down its projected world economy growth rate to 3.6% this year, represented almost a percentage point below its previous forecast in January. The projection is significantly lower than 2021 economic growth rate, which was estimated to be 6.1%. There are significant downside risks around this low projection. The risks include worsening of Russia-Ukraine war, escalation of sanctions against Russia, a sharper-than-anticipated deceleration in China due to its strict zero-COVID strategy, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge. IMF projected China's GDP growth rate at 4.4% in 2022. The Chinese government set its GDP growth target around 5.5% in 2022, which is higher than the average 5.1% growth for the past two years. COVID-19's resurgence and Chinese government's strict zero-COVID policy has cast doubt over the government's ability to meet the 2022 growth target.

The 2022 first quarter of the smartphone market at which most of our customers' market situated was disappointing. Per Canalys, global smartphone shipments reached 311.2 million units in Q1 2022, down 11% year on year where the Chinese market accounted for nearly half the worldwide decline mainly due to seasonal weakness. To combat the Omicron outbreak, a strict pandemic control policy has resulted in lockdowns in major cities in China, casting a shadow over the consumer market in the short term and causing disruptions in component production and logistics that will affect most vendors'

Q2 shipments, both in China and worldwide. In March 2022, the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker predicted that the worldwide smartphone market would have a modest growth reaching a total shipment of 1.38 billion units in 2022, up 1.6% from shipment of 1.36 billion units in 2021. From there, shipments will reach 1.53 billion units in 2026 representing a CAGR of 2.3%.

The outlook of the industry is highly uncertain. Inflation, the ongoing Russia-Ukraine war, COVID-19 restrictions and supply disruptions will affect all levels of operation and planning. However, AMT believes the uncertainties will be short-term. As many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, the semiconductor chip shortages will start to ease. Despite the highly uncertain and volatile macro-environment, AMT will take this downtime to strengthen its organization and upgrade its staff capability to capture any rebounding demand opportunities.

### **Leasing Division**

Looking at the new financial year, during March 2022, the spread of COVID-19 pandemic in Shenzhen led to work and production suspension; from March to April 2022, the spread of pandemic in Hong Kong affected the import and export sector as well as consumption; and from April to May 2022, the pandemic control measures in Shanghai seriously affected productions. In view of the above, there was no doubt that the leasing business in Q1 of 2022/23 was worsened.

However, with the full-scale resumption of work and production in Shenzhen in April 2022, and the accumulation of orders and demands from March to May 2022, we recently noticed strong signs of recovery in the demand for operating leases, particularly the demand in products in relation to automotive electronics. Thus, the operating lease business during Q2 of 2022/23 is expected to have significant increase.

With the increase of efforts in supporting small and medium-sized enterprises in China, as well as the successive introduction of several consumption stimulation measures, we noticed that the investment scale of corporate fixed assets that has hovered at low level for two years has started to rise again. We anticipated the division's financing lease business would have significant increase in this financial year.

However, the continuation of Russia-Ukraine war at the beginning of 2022 with serious sanctions and deep involvement of foreign forces; the intensifying multifaceted battle between China and the US; the US dollar entering interest rate hike cycle and balance sheet reduction, with rapid devaluation of non-US currencies; and the heavy price of pandemic prevention measures and dynamic zero-COVID policy in China, such indicate that the economy and business this year will face great uncertainties.

According to the recent statistics from China Academy of Information and Communications Technology, during the first quarter of 2022, the overall decline in shipments of 5G mobile phone in China decreased by 22.9% when compared with last year. Despite the significant increase in demand of automotive electronic products, due to the difference in size, the rental equipment needed for the increase in demand of automotive electronics were far smaller than the rental equipment released by the shrinking of consumer electronics. Moreover, due to reasons such as product structure, serious imbalance in inventory occurred for different types of SMT equipment. Therefore, overall, the lease market was still at a state of excess supply.

Summing up the above, the market during the new financial year will surely be different from the previous years. There will also be more uncertainties when compared with the past financial year. The combined effects of multiple factors such as dynamic zero-COVID policy, international situation, Russia-Ukraine conflict, and China-US disputes will create high uncertainties to the industry outlook. Sudden occurrence of any factor may possibly trigger market volatility.

In general, leveraging on our years of industry experience and extensive network of partners, our good reputation in the industry accumulated throughout the years as well as strong equipment deployment and delivery services, we are of the view that, challenges and opportunities will both exist in the new financial year, and the industry reshuffling and integration will be beneficial to us in laying strong foundation for our development in the post-pandemic era.

### **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 2022, the Group had a secured other borrowings of HK\$15,269,000 (2021: HK\$6,834,000), which are denominated in RMB. As at 31st March 2022, the Group had banking facilities of approximately HK\$876,084,000 (2021: approximately HK\$1,078,474,000) from several banks for trade financing. As at 31st March 2022, banking facilities of approximately HK\$279,776,000 were utilised by the Group (2021: approximately HK\$442,502,000). These facilities were secured by corporate guarantees of approximately HK\$931,437,000 (2021: approximately HK\$1,073,474,000) provided by the Company. As at 31st March 2022, the Group had total assets of approximately HK\$3,161,987,000 (2021: approximately HK\$3,161,609,000) and total liabilities of approximately HK\$1,714,545,000 (2021: approximately HK\$1,916,542,000). The Group had net cash position as at 31st March 2022 and 2021.

### **Contingent Liabilities**

As at 31st March 2022, pledged deposits of HK\$1,275,000 (2021: HK\$1,407,000) 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\$58,151,000 (2021: HK\$7,866,000).

## **Net Asset Value**

Consolidated net asset value per ordinary share attributable to ordinary shareholders of the Company was approximately HK\$3.40 as at 31st March 2022, decreased of HK\$1.17 from approximately HK\$4.57 as at 31st March 2021.

## **Number of Employees and Remuneration Policies**

As at 31st March 2022, the Group employed 375 (2021: 315) 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\$177,703,000 (2021: HK\$175,706,000).

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 2022.

## **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 2022, 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 2022.

## **AUDIT COMMITTEE**

The audit committee currently comprises three members, namely Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Dr. Cai Qing, 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. 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 2022 has been reviewed by the audit committee.

The annual report for the year ended 31st March 2022 will be dispatched to the shareholders by end of June 2022.

## **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 2022 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 and consequently no opinion or assurance has been expressed by Ernst & Young on this preliminary announcement.

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

Hong Kong, 21st June 2022

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

*This announcement will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) 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](http://www.nasholdings.com).*