

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 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.

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2022, together with the comparative unaudited figures of the corresponding period in 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the three months ended	
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	420,274	639,396
Cost of sales		<u>(349,801)</u>	<u>(535,724)</u>
Gross profit		70,473	103,672
Other income and gains, net		1,030	4,268
Selling and distribution expenses		(36,985)	(34,884)
General and administrative expenses		(60,313)	(46,060)
Other expenses		<u>—</u>	<u>(37)</u>
Operating (loss)/profit		(25,795)	26,959
Finance income	4	642	1,385
Finance costs	4	<u>(1,282)</u>	<u>(323)</u>
(Loss)/profit before income tax		(26,435)	28,021
Income tax credit/(expense)	5	<u>1,844</u>	<u>(12,041)</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(24,591)</u>	<u>15,980</u>
(Loss)/earnings per share attributable to ordinary shareholders of the Company	6		
Basic (<i>HK cents</i>)		<u>(5.8)</u>	<u>5.2</u>
Diluted (<i>HK cents</i>)		<u>(5.8)</u>	<u>5.2</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30th June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	<u>(24,591)</u>	<u>15,980</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	<u>(16,597)</u>	<u>5,279</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX OF NIL	<u>(16,597)</u>	<u>5,279</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(41,188)</u>	<u>21,259</u>

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
- **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 Suite 1618, 16th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The Company’s ordinary shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

This announcement has been approved and authorised for issue by the Company’s board of directors on 4th August 2022.

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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1st April 2022.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers <i>(note)</i>		
Recognised at a point in time:		
Sale of goods	391,110	584,675
Sales support service	5,706	38,245
Recognised over time:		
Commission and other services income	14,001	6,781
	410,817	629,701
Revenue from other sources		
Income from finance lease arrangements	1,806	3,454
Income from operating lease arrangements	7,651	6,241
	420,274	639,396

For the three months ended 30th June	
2022	2021
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Note:

Disaggregated revenue information

Geographic markets

The PRC including Hong Kong	401,476	608,359
Asia — others	9,341	21,342
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Total revenue from contract with customers	410,817	629,701
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4. Finance income and costs

An analysis of finance income and costs is as follows:

For the three months ended 30th June	
2022	2021
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Finance income:

Interest income from bank deposits	642	1,385
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Finance costs:

Interest on bank and other borrowings	157	53
Interest on lease liabilities	1,125	270
	<hr/>	<hr/>
	1,282	323
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5. Income tax credit/(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 profits 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 (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 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 unaudited condensed consolidated statement of profit or loss represent:

	For the three months ended 30th June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	—	8,770
Mainland China corporate income tax		
— current period	1,772	140
— (over)/under-provision in prior year	(497)	3,512
Deferred	(3,119)	(381)
	(1,844)	12,041

6. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/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 the three months ended 30th June 2021 has been adjusted 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 has been made to the basic loss per share amount presented for the three months ended 30th June 2022 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amount presented.

	For the three months ended 30th June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to the shareholders of the Company, used in the basic and diluted (loss)/earnings per share calculation	(24,591)	15,980
	<u>(24,591)</u>	<u>15,980</u>
	Number of shares	
	For the three months ended 30th June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	425,125,311	304,698,014
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
	<u>—</u>	<u>422,332</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	425,125,311	305,120,346
	<u>425,125,311</u>	<u>305,120,346</u>

7. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2022 (2021: Nil).

8. Equity

Movements in unaudited consolidated equity are as follows:

	(Unaudited)			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2022	42,512	1,212,801	192,129	1,447,442
Loss for the period	—	—	(24,591)	(24,591)
Currency translation differences of foreign operations	—	(16,597)	—	(16,597)
Total comprehensive loss for the period	—	(16,597)	(24,591)	(41,188)
Balances at 30th June 2022	<u>42,512</u>	<u>1,196,204</u>	<u>167,538</u>	<u>1,406,254</u>
	(Unaudited)			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 <i>(note (a))</i>	5,452	33,255	—	38,707
Open offer expenses <i>(note (a))</i>	—	(2,411)	—	(2,411)
Share option exercised <i>(note (b))</i>	769	5,469	—	6,238
Equity-settled share-based transactions <i>(note (b))</i>	—	8,367	—	8,367
Balances at 30th June 2021	<u>33,479</u>	<u>1,155,432</u>	<u>128,316</u>	<u>1,317,227</u>

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, has 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
	<hr/>	<hr/>
At 30th June 2021	0.83	26,888,388
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At 31st March 2022, 1st April 2022 and 30th June 2022	0.87	18,928,388
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During the three months ended 30th June 2022, no share options granted were exercised.

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.

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 2022

Number of options	Exercise price* <i>HK\$ per share</i>	Exercise period
7,404,388	1.14	16th August 2017 — 15th August 2027
<u>11,524,000</u>	0.70	24th December 2021 — 23rd December 2031
<u><u>18,928,388</u></u>		

As at 30th June 2021

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

* 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 2022.

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 (%)	1.354
Exercise multiple (times)	2.80

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 2022 (the “quarter”), the Group recorded unaudited consolidated revenue of approximately HK\$420,274,000, representing a decrease of 34.3% from approximately HK\$639,396,000 in the corresponding period last year.

During the quarter, the Group’s hi-tech distribution and services division recorded a decrease in revenue of 37.5%, compared to corresponding period last year. The decrease was due to the continued semiconductor chips shortage, sluggish demand in global mobile phone market and lockdowns in China that caused many China mobile phone manufacturers production and logistics disruptions, which had led significant drop in orders during the first quarter of 2022 that are to be completed in the quarter as they delay or scale down their acquisition plans. The leasing division recorded an increase in revenue of 28.4% compared to corresponding period last year mainly due to increase in amount of disposal of operating lease assets during the quarter.

During the quarter, the Group’s total operating expenses amounted to approximately HK\$97,298,000, representing an increase of 20.2% from approximately HK\$80,944,000 in the corresponding period last year. The increase in operating expenses was mainly because the Group recorded a net exchange loss of approximately HK\$17,701,000 from depreciation of both Japanese Yen and Renminbi against Hong Kong dollar.

The Group has upgraded its ERP system to enhance its operation capacity, supply chain efficiency and inventory management to ensure sustainable development of its business. As the Group is committed to provide reliable cutting-edge services to our customers, it has spent more on staff training for retention of talents. During the quarter, the Group’s total operating spent (excluding the exchange loss) to the revenue ratio was increased to 18.4% from 12.6% in corresponding period last year.

During the quarter, the Group recorded an unaudited consolidated net loss of approximately HK\$24,591,000, compared to an unaudited consolidated net profit of HK\$15,980,000 in the corresponding period last year. The unaudited basic loss per share in the quarter was approximately HK5.8 cents, compared to the unaudited basic earnings per share of approximately HK5.2 cents in the corresponding period.

Below is a summary of the financial and business highlights of the Group’s 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 in serving its customers in the hi-technology sector. AMT’s team of more than 250 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. AMT is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the quarter, the unaudited revenue of the division was approximately HK\$379,798,000, representing a decrease of 37.5% from approximately HK\$607,861,000 in the corresponding period last year. The significant decrease of revenue from direct machine sales was mainly due to shortage of semiconductor chips and sluggish demand in global mobile phone market from start of 2022 and strict pandemic control policy causing lockdowns in major cities in China to combat the Omicron outbreak. The division’s customers, mainly mobile phone manufacturers in China, had experienced disruptions in component production and logistics that affected most of their vendor’s 2022 Q2 shipments, both in China and worldwide. The division has noted that its customers have also been delaying or scaling down their manufacturing facilities acquisition plans which contributed to a significant drop in orders placed to the Group during the first quarter of 2022. Both factors have led to a reduction in completion of orders during the quarter and consequently a decrease in the revenue of the division.

During the quarter, the division recorded direct machine sales of approximately HK\$339,717,000, representing a decrease of 38.0% from approximately HK\$547,934,000 in the corresponding period last year. It also recorded sales support service, commission and other services income of approximately HK\$19,707,000 representing a decrease of 56.2% from approximately HK\$45,026,000 in the corresponding period last year. Sales of spare parts and software increased by 36.7% in the quarter to approximately HK\$20,374,000 from approximately HK\$14,901,000 in the corresponding period last year.

During the quarter, the division recorded net loss of approximately HK\$8,650,000, a decrease by 123.3% from net profit of approximately HK\$37,152,000 in the corresponding period last year. The result of significant exchange loss of approximately HK\$20,000,000 from depreciation of both Japanese Yen and Renminbi against Hong Kong Dollar in addition to the reduction in completed orders has contributed to the first time the Group has reported loss over the past decade.

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 generated revenue of approximately HK\$40,476,000, representing an increase of 28.4% from approximately HK\$31,535,000 in the corresponding period last year. The increase in revenue was mainly due to an increase in gross sales proceeds from disposal of operating lease machines to approximately HK\$31,019,000, representing an increase of 42.0% from approximately HK\$21,840,000 in the corresponding period last year.

The operating environment for leasing business during the quarter remained very challenging due to those factors that have adversely affected the performance of the Group’s hi-tech distribution and services business as described above. Thanks to the expansion of the division’s fleet of operating lease machines, the revenue from operating lease arrangements in the quarter increased by 22.6% from approximately HK\$6,241,000 in the corresponding period last year to approximately HK\$7,651,000. Finance lease income during the quarter decreased by 47.7% from approximately HK\$3,454,000 in the corresponding period last year to HK\$1,806,000 as a result of reduction of finance lease receivables. As management continued to take a conservative approach to reduce the Group’s exposure to finance lease receivables, the principal amount of finance lease receivables decreased by 28.7% to HK\$59,961,000 at end of the quarter from HK\$84,092,000 at end of the corresponding period last year.

The division recorded an unaudited net loss of approximately HK\$875,000, compared to the unaudited net profit of approximately HK\$3,840,000 in the corresponding period last year. The main reasons for the loss were reduction of market rental price of operating lease machines and higher amount of depreciation charge from the expanded feet of operating lease machines during the quarter than the corresponding period last year.

OUTLOOK

General

As countries around the world continues to relax or lift their social distancing and quarantine policies, and China moves away from the strict lockdown policies earlier this year to address the risks of COVID-19 outbreak, the semi-conductor shortage and supply chain disruptions continue to affect the industries in which the Group, its suppliers and customers operate, which ultimately serve retail consumers. The geo-political and economic impact of the ongoing Russia-Ukraine military conflict, including the tightening of monetary policies by central banks to address inflation may further dampen economic activities. In its latest Global Economic Prospect report in June 2022, the World Bank projected that the global economic growth rate will slow sharply from 5.7% in 2021 to 2.9% in 2022, which is significantly lower than the 4.1% it projected at the beginning of 2022. While the National Bureau of Statistics of China reported in July 2022 that China's economy expanded in the second quarter of 2022 by only 0.4% from a year earlier, the World Bank reduced China's forecasted growth in 2022 by 0.8% to 4.3%.

To ensure that the Group is well prepared for the recovery of its markets, in addition to upgrading its ERP system, the Group intends to its strategy of recruiting appropriately qualified service engineers and sales team members and implementing company-wide staff training to upgrade staff capabilities and support infrastructure, to enhance the its services offerings to its customers.

In the coming quarters, we expect increasing scale of electronic vehicles replacement of traditional engine vehicles that may contribute to the increased demand from our customers operating in that sector. However, we expect our other customers will face pressure from reduced orders for smartphone production as mentioned below. In addition, 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.

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

Orders received by the division during and after the quarter have not yet show any material uptick given the operating environment described above. As a result, revenue to be recognised upon completion of orders for later financial periods this year will remain under pressure. The Group is part of the supply chain for the smart phone market. That market which is a key market of AMT's customers will probably face contraction in 2022 before a very modest growth starting from 2023 due to the combined effects of COVID-19 related lockdowns, continued supply chain disruptions, inflation and related government policies. The Group has noticed that reduced smartphone orders for this year from operators such as Apple and Samsung will likely impact its OEM customer base.

IDC International Data Corporation ("IDC") has significantly reduced its forecast for 2022 from the previous projection of 1.6% growth. According to the latest Worldwide Quarterly Mobile Phone Tracker forecast published in June 2022, it anticipates the shipments of smartphones will decline 3.5% to 1.31 billion units in 2022. However, IDC expects this to be a short term set back as the market rebounds to achieve a five-year compound annual growth rate (CAGR) of 1.9% through 2026.

Facing with highly uncertain and volatile marco-environment, AMT will continue to monitor the latest development and work closely with its partners to come up with competitive and innovative solutions to support them in their different product in needs. As a leading SMT distributor and service provider in Asia, AMT will continue to focus its resources on areas our customers valued the most. AMT will continue to invest in and upgrade our staff capability, services and support infrastructure to meet the customer satisfaction. At the same time, AMT will continue to closely monitor our working capital, gross margin, operating cost and industry developments with a view to maintaining adequate cash flow, improving the Group's results and achieving long-term sustainability and growth of our business.

Leasing Division

The Group expects that without significant improvement in the semiconductor chip shortage and other factors mentioned above, the performance of the leasing division will continue to be under pressure, especially in the next quarter. However, with our leasing division staff team that has years of experience in providing customer-centered service in agile and flexible manner, high-quality equipment resources and stable customer base, the management is confident that it can seek better positioning and opportunities amid 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 2022, 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	3,268,000	3,735,817	10.01%
	Interest of controlled corporation (Note b)	35,588,000	—	
Pierre Tsui Kwong Ming	Beneficial owner	—	1,182,217	0.27%
Kenneth Kon Hiu King	Beneficial owner	—	4,450,217	1.04%
Joseph Liang Hsien Tse	Beneficial owner	—	626,217	0.14%
Joseph Chan Nap Kee	Beneficial owner	—	626,217	0.14%

Notes:

- (a) The above approximate percentages of the shareholdings are based on 425,125,311 ordinary shares in issue as at 30th June 2022.
- (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 Holdings Limited.

Save as disclosed above, as at 30th June 2022, 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 2022, 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	—	699,016	42.27%
	Interest of controlled corporation (Note b)	179,014,812	—	
Sincere Ardent Limited	Beneficial owner (Note b)	179,014,812	—	42.10%
Sun Ciying	Beneficial owner	39,861,357	—	9.38%
Sky Virtue Holdings Limited	Beneficial owner (Note c)	35,588,000	—	8.37%

Notes:

- (a) The above approximate percentages of the shareholdings are based on 425,125,311 ordinary shares in issue as at 30th June 2022.
- (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.
- (c) Sky Virtue Holdings Limited is wholly owned by Ms. Zhang Yifan, the Chairlady and an executive Director of the Company. By virtue of Part XV of the SFO, Ms. Zhang Yifan is deemed to be interested in the shares held by Sky Virtue Holdings 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 2022.

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:

Name	Date of grant	Exercise period	Exercise price ⁽²⁾	Number of share options					Outstanding as at 30th June 2022
				Outstanding as at 1st April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Executive Directors									
Zhang Yifan	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	2,755,817	—	—	—	—	2,755,817
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	980,000	—	—	—	—	980,000
Pierre Tsui Kwong Ming	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	980,000	—	—	—	—	980,000
Kenneth Kon Hiu King	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	4,248,000	—	—	—	—	4,248,000

Name	Date of grant	Exercise period	Exercise price ⁽²⁾	Number of share options					Outstanding as at 30th June 2022
				Outstanding as at 1st April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
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
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	424,000	—	—	—	—	424,000
Joseph Chan Nap Kee	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	424,000	—	—	—	—	424,000
Sub-Total				10,620,685	—	—	—	—	10,620,685
Substantial Shareholder									
Lu Ying	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	275,016	—	—	—	—	275,016
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	424,000	—	—	—	—	424,000
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
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	4,044,000	—	—	—	—	4,044,000
Total				18,928,388	—	—	—	—	18,928,388

Notes:

- (1) The closing price per share immediately before 16th August 2017 and 24th December 2021, the dates of grant, were HK\$1.15 (after adjustment of share consolidation on 26th March 2019) and HK\$0.70 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.

COMPETING INTERESTS

As at 30th June 2022, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30th June 2022.

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 2022, acting in compliance with the Code.

Code provision C.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 2022 of the Company now reported on has been reviewed by the audit committee.

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

Hong Kong, 4th August 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 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.