

# NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8080)**

## INTERIM RESULTS

**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 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.**

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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”) 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 six months ended 30th September 2022, together with the comparative unaudited figures of the corresponding period in 2021.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30th September		For the three months ended 30th September	
		2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue	3	<b>791,116</b>	1,008,422	<b>370,842</b>	369,026
Cost of sales		<b>(659,124)</b>	(818,638)	<b>(309,323)</b>	(282,914)
Gross profit		<b>131,992</b>	189,784	<b>61,519</b>	86,112
Other income and gains, net		<b>8,140</b>	18,469	<b>7,110</b>	14,201
Selling and distribution expenses		<b>(66,711)</b>	(70,443)	<b>(29,726)</b>	(35,559)
General and administrative expenses		<b>(113,462)</b>	(87,379)	<b>(53,149)</b>	(41,319)
Other expenses		—	(56)	—	(19)
Operating (loss)/profit		<b>(40,041)</b>	50,375	<b>(14,246)</b>	23,416
Finance income	4	<b>2,053</b>	2,294	<b>1,411</b>	909
Finance costs	4	<b>(2,534)</b>	(1,141)	<b>(1,252)</b>	(818)
(Loss)/profit before income tax		<b>(40,522)</b>	51,528	<b>(14,087)</b>	23,507
Income tax credit/(expense)	5	<b>1,280</b>	(11,415)	<b>(564)</b>	626
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b><u>(39,242)</u></b>	<b><u>40,113</u></b>	<b><u>(14,651)</u></b>	<b><u>24,133</u></b>
(Loss)/earnings per share attributable to ordinary shareholders of the Company	6				
Basic ( <i>HK cents</i> )		<b><u>(9.2)</u></b>	12.3	<b><u>(3.4)</u></b>	7.4
Diluted ( <i>HK cents</i> )		<b><u>(9.2)</u></b>	12.2	<b><u>(3.4)</u></b>	7.4

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the six months ended 30th September		For the three months ended 30th September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period	<u>(39,242)</u>	<u>40,113</u>	<u>(14,651)</u>	<u>24,133</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences of foreign operations	<u>(34,749)</u>	<u>6,025</u>	<u>(18,152)</u>	<u>746</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX OF NIL</b>	<u>(34,749)</u>	<u>6,025</u>	<u>(18,152)</u>	<u>746</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<u><b>(73,991)</b></u>	<u><b>46,138</b></u>	<u><b>(32,803)</b></u>	<u><b>24,879</b></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30th September 2022 <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st March 2022 <i>HK\$'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	116,663	86,180
Investment properties	8	239,185	241,710
Intangible assets	8	379,092	377,192
Right-of-use assets	8	70,983	70,094
Trade and other receivables	9	13,955	17,360
Deferred tax assets		5,835	2,566
		825,713	795,102
<b>Current assets</b>			
Financial assets at fair value through profit or loss		114,709	118,263
Inventories		953,108	954,774
Trade and other receivables	9	519,859	807,078
Pledged deposits		2,672	1,275
Cash and cash equivalents		447,925	485,495
		2,038,273	2,366,885
<b>Total assets</b>		<b>2,863,986</b>	<b>3,161,987</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	11	42,512	42,512
Reserves		1,330,939	1,404,930
<b>Total equity</b>	12	<b>1,373,451</b>	<b>1,447,442</b>

		As at 30th September 2022 <i>HK\$'000</i> (Unaudited)	As at 31st March 2022 <i>HK\$'000</i> (Audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other borrowings		6,842	13,326
Trade and other payables	10	1,391,133	1,598,474
Lease liabilities		20,158	14,570
Income tax liabilities		17,061	27,267
		<u>1,435,194</u>	<u>1,653,637</u>
<b>Non-current liabilities</b>			
Other borrowings		—	1,943
Lease liabilities		55,158	56,723
Deposits received		—	2,065
Other non-current liabilities		183	177
		<u>55,341</u>	<u>60,908</u>
<b>Total liabilities</b>		<u>1,490,535</u>	<u>1,714,545</u>
<b>Total equity and liabilities</b>		<u>2,863,986</u>	<u>3,161,987</u>
<b>Net current assets</b>		<u>603,079</u>	<u>713,248</u>
<b>Total assets less current liabilities</b>		<u>1,428,792</u>	<u>1,508,350</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)		
	Share capital	Reserves	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Balances as at 1st April 2021</b>	27,258	1,217,809	1,245,067
<b>Comprehensive income</b>			
Profit for the period	—	40,113	40,113
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	6,025	6,025
Total other comprehensive income	—	6,025	6,025
<b>Total comprehensive income for the period</b>	—	46,138	46,138
Open offer ( <i>note 12</i> )	5,452	33,255	38,707
Open offer expenses ( <i>note 12</i> )	—	(2,411)	(2,411)
Share option exercised ( <i>note 11(b)</i> )	2,717	17,434	20,151
Equity-settled share-based transactions ( <i>note 11(b)</i> )	—	8,367	8,367
<b>Balances as at 30th September 2021</b>	35,427	1,320,592	1,356,019
<b>Balances as at 1st April 2022</b>	42,512	1,404,930	1,447,442
<b>Comprehensive income</b>			
Loss for the period	—	(39,242)	(39,242)
<i>Other comprehensive loss</i>			
Currency translation differences of foreign operations	—	(34,749)	(34,749)
Total other comprehensive loss	—	(34,749)	(34,749)
<b>Total comprehensive loss for the period</b>	—	(73,991)	(73,991)
<b>Balances as at 30th September 2022</b>	42,512	1,330,939	1,373,451

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows from/(used in) operating activities	<b>48,232</b>	(131,349)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(72,555)	(26,975)
Proceeds from disposal of items of property, plant and equipment	20,198	23,867
Purchase of investment properties	—	(186,848)
Additions of intangible assets	(2,000)	(3,500)
Purchases of financial assets at fair value through profit or loss	(35,052)	—
Receipts from sales of financial assets at fair value through profit or loss	39,678	—
Others	256	2,294
Net cash flows used in investing activities	<b>(49,475)</b>	(191,162)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from open offer	—	38,707
Open offer expenses	—	(2,411)
Capital contribution from exercise of share options	—	20,151
Repayment of bank and other borrowings	(8,427)	(2,526)
Principal portion of lease payments	(8,026)	(12,186)
Net cash flows (used in)/from financing activities	<b>(16,453)</b>	41,735
Decrease in cash and cash equivalents	(17,696)	(280,776)
Cash and cash equivalents at 1st April	485,495	922,411
Effect of foreign exchange rate changes, net	(19,874)	(1,717)
Cash and cash equivalents at 30th September	<b>447,925</b>	639,918
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash at banks and on hand	355,276	542,281
Non-pledged time deposits with original maturity of three months or less when acquired	92,649	97,637
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	<b>447,925</b>	639,918

Notes:

## 1 GENERAL INFORMATION

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

This report has been approved and authorised for issue by the Company’s board of directors on 3rd November 2022.

## 2 BASIS OF PREPARATION

This report 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 report 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>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30th 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>	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41</i>

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

### 3 REVENUE AND SEGMENT INFORMATION

#### 3.1 Revenue

An analysis of revenue is as follows:

	For the six months ended 30th September		For the three months ended 30th September	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>Revenue from contracts with customers</b> <i>(note)</i>				
Recognised at a point in time:				
Sales of goods	726,276	875,315	335,166	290,640
Sales support service	17,166	91,056	11,460	52,811
Recognised over time:				
Commission and other service income	23,092	18,546	9,091	11,765
	<u>766,534</u>	<u>984,917</u>	<u>355,717</u>	<u>355,216</u>
<b>Revenue from other sources</b>				
Income from finance lease arrangements	3,471	5,936	1,665	2,482
Income from operating lease arrangements	21,111	17,569	13,460	11,328
	<u>791,116</u>	<u>1,008,422</u>	<u>370,842</u>	<u>369,026</u>
<i>Note:</i>				
<b>Disaggregated revenue information</b>				
<i>Geographic markets</i>				
The PRC including Hong Kong	751,817	934,445	350,341	326,086
Asia — others	14,717	50,472	5,376	29,130
	<u>766,534</u>	<u>984,917</u>	<u>355,717</u>	<u>355,216</u>
Total revenue from contracts with customers	<u>766,534</u>	<u>984,917</u>	<u>355,717</u>	<u>355,216</u>

### **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, sales support services, 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 resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before income tax. The adjusted profit/loss before income tax is measured consistently with the Group's profit/loss before tax except that finance income, finance costs, fair value gain/loss from the Group's financial instruments as well as corporate and other unallocated expenses are excluded from such measurement.

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

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The operating segment results for the period are as follows:

	<b>For the six months ended 30th September 2022</b>		
	<b>(Unaudited)</b>		
	<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>
Revenue			
— Sales to external customers	<u>736,875</u>	<u>54,241</u>	<u>791,116</u>
Segment results	<u>(7,439)</u>	<u>637</u>	<u>(6,802)</u>
Gain on disposal of financial assets at fair value through profit or loss			7
Change in fair value of financial assets at fair value through profit or loss			664
Finance income			2,053
Finance costs			(2,534)
Corporate and other unallocated expenses			<u>(33,910)</u>
Loss before income tax			<u>(40,522)</u>
Income tax credit			<u>1,280</u>
Loss for the period			<u><u>(39,242)</u></u>
Capital expenditure	31,290	52,579	83,869
Corporate and other unallocated expenditure			<u>4,050</u>
			<u><u>87,919</u></u>
Depreciation	13,973	14,959	28,932
Corporate and other unallocated depreciation			<u>4,414</u>
			<u><u>33,346</u></u>
Reversal of impairment of trade and finance lease receivables, net	(4,034)	(79)	(4,113)
Loss on disposal of items of property, plant and equipment	<u>(529)</u>	<u>(518)</u>	<u>(1,047)</u>

For the six months ended 30th September 2021  
(Unaudited)

	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	925,991	82,431	1,008,422
	<u>925,991</u>	<u>82,431</u>	<u>1,008,422</u>
Segment results	89,108	2,581	91,689
	<u>89,108</u>	<u>2,581</u>	
Other expenses			(56)
Finance income			2,294
Finance costs			(1,141)
Corporate and other unallocated expenses			(41,258)
			<u>(41,258)</u>
Profit before income tax			51,528
Income tax expense			(11,415)
			<u>(11,415)</u>
Profit for the period			40,113
			<u>40,113</u>
Capital expenditure	12,283	35,802	48,085
Corporate and other unallocated expenditure			254,143
			<u>254,143</u>
			302,228
			<u>302,228</u>
Depreciation	10,355	12,258	22,613
Corporate and other unallocated depreciation			1,184
			<u>1,184</u>
			23,797
			<u>23,797</u>
(Reversal of impairment)/impairment of trade and finance lease receivables, net	215	(98)	117
Gain on disposal of items of property, plant and equipment	2,857	6,484	9,341
	<u>2,857</u>	<u>6,484</u>	<u>9,341</u>

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

	<b>Hi-tech distribution and services operation HK\$'000</b>	<b>Leasing operation HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 30th September 2022 (Unaudited)</b>			
Segment assets	<u>1,784,395</u>	<u>260,791</u>	2,045,186
Unallocated assets:			
Investment properties			239,185
Deferred tax assets			5,835
Financial assets at fair value through profit or loss			114,709
Pledged deposits			2,672
Cash and cash equivalents			447,925
Corporate and others			<u>8,474</u>
Total assets per the unaudited condensed consolidated statement of financial position			<u>2,863,986</u>
	<b>Hi-tech distribution and services operation HK\$'000</b>	<b>Leasing operation HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 31st March 2022 (Audited)</b>			
Segment assets	<u>2,040,792</u>	<u>262,102</u>	2,302,894
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			<u>9,784</u>
Total assets per the consolidated statement of financial position			<u>3,161,987</u>

## **Geographical information**

### **(a) Revenue from external customers**

The Group's activities are conducted predominantly in the 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 service operating segment and the location of the customers by the leasing operation segment.

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

	<b>For the six months ended</b>	
	<b>30th September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
The PRC including Hong Kong	<b>776,399</b>	957,950
Asia — others	<b>14,717</b>	50,472
	<b>791,116</b>	<b>1,008,422</b>

### **(b) Non-current assets**

The geographic information of non-current assets 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 six months ended 30th September 2022, revenue of HK\$101,195,000 was derived from sales to a customer of the hi-tech distribution and services operating segment, which accounted for more than 10% of the Group's total revenue.

Revenue from each major customer is set out as below:

	<b>For the six months ended</b>	
	<b>30th September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer 1	<b>101,195</b>	N/A*

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

#### 4 FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	For the six months ended		For the three months ended	
	30th September		30th September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Finance income:</b>				
Interest income from bank deposits	<u>2,053</u>	<u>2,294</u>	<u>1,411</u>	<u>909</u>
<b>Finance costs:</b>				
Interest on other borrowings	<u>645</u>	<u>242</u>	<u>488</u>	<u>189</u>
Interest on lease liabilities	<u>1,889</u>	<u>899</u>	<u>764</u>	<u>629</u>
	<u>2,534</u>	<u>1,141</u>	<u>1,252</u>	<u>818</u>

#### 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 the Mainland China corporate income tax at the standard rate of 25% (2021: 25%).

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

	For the six months ended 30th September		For the three months ended 30th September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	—	13,347	—	4,577
— over-provision in prior year	—	(5,063)	—	(5,063)
Mainland China corporate income tax				
— current period	2,487	1,057	715	917
— (over)/under-provision in prior year	(497)	2,474	—	(1,038)
Deferred	(3,270)	(400)	(151)	(19)
	<u>(1,280)</u>	<u>11,415</u>	<u>564</u>	<u>(626)</u>

## 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 six months ended 30th September 2021 has been adjusted to reflect the impact of the Open Offer (as defined in note 12 to the unaudited condensed consolidated results) completed on 13th May 2021.

The calculation of the diluted earnings per share amounts for the six months ended 30th September 2021 was based on the profit for the period attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation was the total of the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options.

No adjustment had been made to the basic loss per share amount presented for the six months ended 30th September 2022 in respect of a dilution as the impact of the share options had an anti-dilutive effect in the basic loss per share amount presented.

The calculation of basic and diluted earnings per share amount are based on:

	For the six months ended 30th September		For the three months ended 30th September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
<b>(Loss)/earnings</b>				
(Loss)/profit attributable to shareholders of the Company, used in the basic and diluted (loss)/earnings per share calculation ( <i>HK\$'000</i> )	<u>(39,242)</u>	<u>40,113</u>	<u>(14,651)</u>	<u>24,133</u>
<b>Shares</b>				
Weighted average number of ordinary shares in issue, used in the basic (loss)/earnings per share calculation	<u>425,125,311</u>	326,746,426	<u>425,125,311</u>	326,746,426
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	<u>—</u>	<u>751,559</u>	<u>—</u>	<u>751,559</u>
Weighted average number of ordinary shares in issue, used in the diluted (loss)/earnings per share calculation	<u>425,125,311</u>	<u>327,497,985</u>	<u>425,125,311</u>	<u>327,497,985</u>

## 7 DIVIDENDS

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

## 8 CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)	Intangible assets <i>HK\$'000</i> (Unaudited)	Right-of-use assets <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1st April 2022	86,180	241,710	377,192	70,094	775,176
Additions	72,555	—	2,000	13,364	87,919
Disposals	(21,245)	—	—	—	(21,245)
Depreciation	(19,674)	(2,525)	(100)	(11,047)	(33,346)
Exchange realignments	(1,153)	—	—	(1,428)	(2,581)
	<u>116,663</u>	<u>239,185</u>	<u>379,092</u>	<u>70,983</u>	<u>805,923</u>
At 30th September 2022	<b>116,663</b>	<b>239,185</b>	<b>379,092</b>	<b>70,983</b>	<b>805,923</b>
At 1st April 2021	78,670	—	373,692	12,974	465,336
Additions	26,975	244,271	3,500	27,482	302,228
Disposals	(14,526)	—	—	—	(14,526)
Depreciation	(15,597)	(23)	—	(8,177)	(23,797)
Exchange realignments	2,306	—	—	78	2,384
	<u>77,828</u>	<u>244,248</u>	<u>377,192</u>	<u>32,357</u>	<u>731,625</u>
At 30th September 2021	<b>77,828</b>	<b>244,248</b>	<b>377,192</b>	<b>32,357</b>	<b>731,625</b>

## 9 TRADE AND OTHER RECEIVABLES

	As at 30th September 2022 HK\$'000 (Unaudited)	As at 31st March 2022 HK\$'000 (Audited)
Trade receivables	347,648	472,067
<i>Less:</i> Impairment of trade receivables	<u>(8,582)</u>	<u>(11,862)</u>
	339,066	460,205
Bills receivable	7,452	143,448
<i>Less:</i> Impairment of bills receivable	<u>(65)</u>	<u>(819)</u>
	7,387	142,629
Trade and bills receivables, net ( <i>note (a)</i> )	<u>346,453</u>	<u>602,834</u>
Finance lease receivables	48,201	62,184
<i>Less:</i> Impairment of finance lease receivables	<u>(522)</u>	<u>(601)</u>
Finance lease receivables, net ( <i>note (b)</i> )	47,679	61,583
<i>Less:</i> Non-current portion*	<u>(9,603)</u>	<u>(11,206)</u>
Finance lease receivables, net, current portion ( <i>note (b)</i> )	<u>38,076</u>	<u>50,377</u>
Prepayments, deposits and other receivables, net	139,682	160,021
<i>Less:</i> Non-current portion*	<u>(4,352)</u>	<u>(6,154)</u>
Prepayments, deposits and other receivables, net, current portion	<u>135,330</u>	<u>153,867</u>
Total trade and other receivables, current portion	<u>519,859</u>	<u>807,078</u>
* Total trade and other receivables, non-current portion	<u>13,955</u>	<u>17,360</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. Overdue balances are reviewed regularly by senior management. Since the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Except for a trade receivable with a carrying amount of HK\$14,457,000 which was fully covered by a deposit received, the Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances.

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

	As at <b>30th September</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st March 2022 <i>HK\$'000</i> <b>(Audited)</b>
3 months or less	279,725	562,466
4 to 6 months	21,131	15,198
7 to 9 months	37,767	2,909
10 to 12 months	1,424	845
Over 12 months	6,406	21,416
	<u>346,453</u>	<u>602,834</u>

**(b) Finance lease receivables, net**

	As at <b>30th September</b> <b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31st March 2022 <i>HK\$'000</i> <b>(Audited)</b>
Gross investment in finance leases	50,499	64,574
<i>Less:</i> Unearned finance lease income	<u>(2,298)</u>	<u>(2,390)</u>
Present value of minimum lease amounts receivables	48,201	62,184
<i>Less:</i> Accumulated allowance for impairment	<u>(522)</u>	<u>(601)</u>
	47,679	61,583
<i>Less:</i> Current portion	<u>(38,076)</u>	<u>(50,377)</u>
Non-current portion	<u>9,603</u>	<u>11,206</u>

At 31st March 2022, certain of the Group's borrowings were secured by finance lease receivables of HK\$2,183,000.

### *Gross amounts and present values*

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

	Gross amounts		Present values	
	As at 30th September 2022 <i>HK\$'000</i> (Unaudited)	As at 31st March 2022 <i>HK\$'000</i> (Audited)	As at 30th September 2022 <i>HK\$'000</i> (Unaudited)	As at 31st March 2022 <i>HK\$'000</i> (Audited)
Within one year	40,612	53,107	38,076	50,377
After one year but not more than two years	9,887	11,467	9,603	11,206
	<u>50,499</u>	<u>64,574</u>	<u>47,679</u>	<u>61,583</u>

## 10 TRADE AND OTHER PAYABLES

	As at 30th September 2022 <i>HK\$'000</i> (Unaudited)	As at 31st March 2022 <i>HK\$'000</i> (Audited)
Trade and bills payables ( <i>note</i> )	332,492	508,141
Accrual for operating expenses	125,638	114,601
Receipts in advance	372	3,200
Contract liabilities	910,839	939,826
Deposits received	139	10,407
Other payables	21,653	22,299
	<u>1,391,133</u>	<u>1,598,474</u>

Note:

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

	<b>As at 30th September 2022 HK\$'000 (Unaudited)</b>	<b>As at 31st March 2022 HK\$'000 (Audited)</b>
3 months or less	279,927	436,912
4 to 6 months	30,376	24,468
7 to 9 months	8,789	4,903
10 to 12 months	3,741	10,472
Over 12 months	9,659	31,386
	<u>332,492</u>	<u>508,141</u>

## 11 SHARE CAPITAL

### (a) Share capital of the Company

	<b>Ordinary shares of HK\$0.01 each</b>		<b>Preference shares of HK\$0.01 each</b>		
	<b>Number of shares '000</b>	<b>Ordinary share capital HK\$'000</b>	<b>Number of shares '000</b>	<b>Preference share capital HK\$'000</b>	<b>Total HK\$'000</b>
Authorised:					
At 1st April 2021, 31st March 2022, 1st April 2022 and 30th September 2022 — HK\$0.1 each	<u>4,000,000</u>	<u>400,000</u>	<u>3,000,000</u>	<u>300,000</u>	<u>700,000</u>
Issued:					
At 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, 1st April 2022 and 30th September 2022	<u>425,125</u>	<u>42,512</u>	<u>—</u>	<u>—</u>	<u>42,512</u>

Details of the Company's movements in share capital and reserves are included in note 12 to the interim financial information.

**(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:

	<b>Weighted average exercise price per share HK\$</b>	<b>Number of share options</b>
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	0.74	(27,176,345)
Granted during the period	0.71	19,484,000
	<hr/>	<hr/>
At 30th September 2021	1.14	7,404,388
	<hr/> <hr/>	<hr/> <hr/>
At 31st March 2022, 1st April 2022 and 30th September 2022	0.87	18,928,388
	<hr/> <hr/>	<hr/> <hr/>

During the six months ended 30th September 2022, no share options granted were exercised.

The weight average closing price at the date of exercise for share options exercised during the six months ended 30th September 2021 was HK\$0.84 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 September 2022**

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

**As at 30th September 2021**

<b>Number of options</b>	<b>Exercise price*</b> <i>HK\$ per share</i>	<b>Exercise period</b>
7,404,388	1.14	16th August 2017 — 15th August 2027

\* 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 six months ended 30th September 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 six months ended 30th September 2021. No share option was granted during the six months ended 30th September 2022.

The fair value of equity-settled share options granted during the six months ended 30th September 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.

## 12 EQUITY

Movements in unaudited consolidated equity are as follows:

	<b>(Unaudited)</b>			
	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>(note 11(a))</i>			
Balances as at 1st April 2022	<b>42,512</b>	<b>1,212,801</b>	<b>192,129</b>	<b>1,447,442</b>
Loss for the period	—	—	<b>(39,242)</b>	<b>(39,242)</b>
Currency translation differences of foreign operations	—	<b>(34,749)</b>	—	<b>(34,749)</b>
Total comprehensive loss for the period	—	<b>(34,749)</b>	<b>(39,242)</b>	<b>(73,991)</b>
Balances as at 30th September 2022	<b>42,512</b>	<b>1,178,052</b>	<b>152,887</b>	<b>1,373,451</b>

	(Unaudited)			
	Share capital <i>HK\$ '000</i> <i>(note 11(a))</i>	Other reserves <i>HK\$ '000</i>	Retained earnings <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Balances as at 1st April 2021	27,258	1,105,473	112,336	1,245,067
Profit for the period	—	—	40,113	40,113
Currency translation differences of foreign operations	—	6,025	—	6,025
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>6,025</b>	<b>40,113</b>	<b>46,138</b>
Open offer ( <i>note</i> )	5,452	33,255	—	38,707
Open offer expenses ( <i>note</i> )	—	(2,411)	—	(2,411)
Share option exercised ( <i>note 11(b)</i> )	2,717	17,434	—	20,151
Equity-settled share-based transactions ( <i>note 11(b)</i> )	—	8,367	—	8,367
<b>Balances as at 30th September 2021</b>	<b>35,427</b>	<b>1,168,143</b>	<b>152,449</b>	<b>1,356,019</b>

*Note:*

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.

### 13 RELATED PARTY TRANSACTIONS

#### Key management compensation of the Group

	For the six months ended 30th September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Salaries, allowances and bonuses	7,861	7,063
Equity-settled share option expenses	—	2,285
Retirement benefits — defined contribution scheme	36	36
	<u>7,897</u>	<u>9,384</u>

### 14 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and other receivables, trade and other payables and other borrowings approximate to their carrying amounts largely due to short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of finance lease receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of finance lease receivables approximate to their fair values.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
As at 30th September 2022 (Unaudited)				
Financial assets at fair value through profit or loss	<b>114,709</b>	—	—	<b>114,709</b>

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
As at 31st March 2022 (Audited)				
Financial assets at fair value through profit or loss	<b>117,801</b>	<b>462</b>	—	<b>118,263</b>

The Group did not have any financial liabilities measured at fair value as at 30th September 2022 and 31st March 2022.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30th September 2021: Nil).

## **BUSINESS REVIEW**

### **Financial and Business Performance**

For the six months ended 30th September 2022 (the “Interim Period”), the Group recorded unaudited consolidated revenue of approximately HK\$791,116,000, representing a decrease of 21.5% from approximately HK\$1,008,422,000 in the corresponding period last year. During the Interim Period, the Group’s hi-tech distribution and services division recorded a decrease in revenue of 20.4%, 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 major cities in China that caused component production and logistics disruptions for many China mobile phone manufacturers. The Group’s customers’ delaying or scaling down of their manufacturing facilities acquisition plans contributed to a significant drop in orders to the Group during the Interim Period. The leasing division recorded a decrease in revenue of 34.2% compared to corresponding period last year, the scale and orders for electronics consumables products having reduced and slowed during the Interim Period, mainly affected by the downward pressure on the economy.

During the Interim Period, the Group’s total operating expenses amounted to approximately HK\$180,173,000, representing an increase of 14.2% from approximately HK\$157,822,000 in the corresponding period last year. The increase in operating expenses was mainly because the Group recorded a net exchange loss of approximately HK\$25,498,000 from the depreciation of both Japanese Yen and Renminbi against Hong Kong dollar, while the Group recorded a net exchange gain of HK\$11,838,000 during the corresponding period of last year.

As the Group is committed to provide reliable cutting-edge services to our customers, it has spent more during the Interim Period on staff training for retention of talents and upgraded its ERP system to enhance its operation capacity, supply chain efficiency and inventory management to ensure sustainable development of its business. During the Interim Period, the Group’s total operating expenses (excluding the exchange loss) to the revenue ratio increased to 20% from 17% in corresponding period last year.

During the Interim Period, the Group recorded unaudited consolidated net loss of approximately HK\$39,242,000, compared to an unaudited consolidated net profit of HK\$40,113,000 in the corresponding period last year. The unaudited basic loss per share in the Interim Period was approximately HK 9.2 cents, compared to the unaudited basic earnings per share of approximately HK12.3 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 Interim Period, the unaudited revenue of the division was approximately HK\$736,875,000, representing a decrease of 20.4% from approximately HK\$925,991,000 in the corresponding period last year. Such decrease was mainly due to the continued semiconductor chips shortage and sluggish demand in global mobile phone market from the start of 2022 and strict pandemic control policy causing lockdowns in major cities in China to combat the Omicron outbreak that have contributed to disruptions in component production and logistics for 2022 Q2 and Q3 vendor shipments within the PRC and worldwide to the Group’s customers, mainly mobile phone manufacturers in China, thereby also affecting their timetable for deliveries from the Group. The Group has also noted that its customers have been delaying or scaling down their manufacturing facilities acquisition plans which contributed to a significant drop in orders to the Group during the first half year of 2022 and thereafter. This has led to a reduction in completion of orders during the Interim Period and consequently a decrease in the revenue of the division.

The division’s direct machine sales during the Interim Period was approximately HK\$658,716,000, representing a decrease of 15.6% from approximately HK\$780,840,000 in the corresponding period last year. It also recorded sales support service, commission and other services income of approximately HK\$39,803,000, representing a decrease of 63.7% from approximately HK\$109,603,000 in the corresponding period last year. Sales of spare parts and software sales were approximately HK\$38,356,000, representing an increase of 7.9% from approximately HK\$35,548,000 in the corresponding period last year. The disappointing result was mainly due to withholding of capital investment by AMT’s customers, who hold unfavorable outlook of demand of smartphones.

During the Interim Period, the division recorded net loss of approximately HK\$6,433,000, representing a decrease of 108.2% from net profit of approximately HK\$78,629,000 in the corresponding period last year. The division recorded a significant net exchange loss of approximately HK\$26,942,000 from depreciation of both Japanese Yen and Renminbi against Hong Kong Dollar during the Interim Period in addition to the reduction in completed orders to the first time the division 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 Interim Period, the division generated revenue of approximately HK\$54,241,000, representing a decrease of 34.2% from approximately HK\$82,431,000 in the corresponding period last year. The operating environment for leasing business during the Interim Period 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. During the Interim Period, the Group’s leasing division, with its experienced staff team over the years, has well prepared by arranging some asset disposal in a timely manner through long-term sublease and flexible arrangements.

Thanks to the expansion of the division’s fleet of operating lease machines, the revenue from operating lease arrangements in the Interim Period increased by 20.2% from approximately HK\$17,569,000 in the corresponding period last year to approximately HK\$21,111,000. Finance lease income during the Interim Period decreased by 37.3% from approximately HK\$4,393,000 in the corresponding period last year to HK\$2,754,000 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 38.9% to HK\$47,679,000 at 30th September 2022 from HK\$78,098,000 at 30th September 2021.

The division recorded an unaudited net profit of approximately HK\$171,000, representing a decrease of 94.2% as compared to approximately HK\$2,954,000 in the corresponding period last year. The main reasons for the decrease in net profit 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 Interim Period than the corresponding period last year.

## OUTLOOK

### Overall Summary

Although most countries around the world have lifted their social distancing and quarantine policies to welcome postpandemic recovery, the semi-conductor shortage and supply chain disruptions were still affecting the industries in which the Group, its suppliers and customers operate. The continuous geo-political and the ongoing Russia-Ukraine military conflict caused economic impact, including accelerating inflation which has led to worsen of the consumer sentiment and purchasing power. As a consequence, in the coming quarters, we expect our customers will face pressure from reduced orders for smartphone production. 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%.

We note that most countries have set a net-zero emissions target by 2030 including some countries which have included this target in their laws. To achieve this net-zero emissions target, we expect to see the large scale replacement of electric vehicles for petroleum vehicles. The fast growing electric vehicle manufacturing industry can create new opportunities for the Group since some of the Group's major customers are leading electronic vehicle manufacturers, or their OEM manufacturers in China. They play a vital role in 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, which was blue printed by President Xi, who outlined the future for growth and development for Hong Kong. Going forward, the Group seeks to look for suitable investment opportunities and to continue to grow its business. To enhance the operational efficiency of the Group's various business divisions, the Group is upgrading its ERP system and has adopted the strategy of recruiting appropriately qualified service engineers and sales team members. The Group is also implementing company-wide staff training to upgrade staff capabilities and support infrastructure, to enhance its services offerings to its customers. The Group seeks to be well prepared for the postpandemic recovery and the gradual improvement of the semiconductor chip supply constraints.

## Hi-Tech Distribution and Services Division

AMT, as a member of the consumer supply chain, will be impacted by general economic environment. The economy is now facing unprecedented challenges. International Monetary Fund (“IMF”) presents a bleaker forecast for 2023 in its latest world economic outlook. In its October World Economic Outlook, IMF is downgrading its outlook for the world economy for 2023, citing a long list of threats that include Russia’s war against Ukraine, chronic inflation pressures, punishing interest rates and the lingering consequences of the global pandemic. Although it keeps its projection for global economic growth this year at a modest 3.2% (a sharp deceleration from last year’s 6% expansion), IMF foresees China’s economy growing just 3.2% this year, down drastically from 8.1% last year. For 2023, IMF projects that the global economy would eke out growth of just 2.7%, down from the 2.9% it had estimated in July. Beijing’s draconian zero-COVID policy and crack down on excessive real estate lending has continued to disrupted business activities. China is forecasting its growth to accelerating to 4.4% next year, although still tepid by Chinese standards.

The deteriorating economic situation is dampening the demand for consumer goods, including smartphones. As reported by Canalys, a research firm, the global smartphone market is suffering a second period of falling shipments after a brief recovery in 2021 and the sudden drop in demand is hitting the leading vendors such that the global smartphone shipments fell by 9% to 287 million units in Q2 2022, the lowest quarterly figure since Q2 2020, when the pandemic first hit. For the China market, smartphone shipments fell by 10% year on year in Q2 2022, with just 67.4 million units shipped. The nationwide outbreak of COVID-19 has caused the Chinese government to impose strict lockdowns in major Chinese cities, such as Shanghai, Shenzhen and Beijing. Given the domestic economic downturn, Chinese customers are worried about falling disposable income and unemployment and are holding back spending on smartphones. Regarding the second half of the year, fragile consumer sentiment has put pressure on vendors trying to grow and the market outlook for Q3 and Q4 is no rosier. The full-year shipment projection could end up well below 300 million units, making for the worst performance since 2012.

The negative outlook forces AMT customers to be extremely conservative in capital investment. AMT expects deteriorating orders in the rest of the year. Despite facing the volatile and deteriorating marco-environment, AMT will continue to work closely with the Group’s partners to come up with competitive and innovative solutions and allocate its resources on areas that customers value the most. Also AMT will continue to invest in and upgrade its staff capabilities, services and support infrastructure to secure continued customer satisfaction. Furthermore, AMT will continue to closely monitor its 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 there will be a significant excess supply of equipment in the rental market, affected by various adverse factors such as a significant decline in consumers' demand of electronic products, the escalation of the Russia-Ukraine conflict/China-US dispute as well as accelerating inflation caused by the US dollar interest rate hike. The Group does not foresee a fundamental change in this trend in the foreseeable future. Nevertheless, the division, supported by its experienced leasing team, will continue to work towards providing creative value-added solutions that can address the needs of customers and leverage the Group's overall capabilities to stabilise its leasing business and prepare for future growth.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Interim Period, the Group generally finance its operation with internally generated resources and banking facilities provided by its principal bankers in Hong Kong. As at 30th September 2022, the Group has a secured other borrowing of HK\$6,842,000 (31st March 2022: HK\$15,269,000). At 30th September 2022, the gearing ratio of the Group, which was calculated as total liabilities over the total assets was 52.0%, as compared to 54.2% as at 31st March 2022.

### **Contingent Liabilities**

As at 30th September 2022, 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\$164,513,000 (31st March 2022: HK\$58,151,000).

### **Foreign Currency Exposure**

The business of the Group was primarily transacted in HK\$, US\$, Japanese Yen and Renminbi. The Group's cash and bank deposits were mainly denominated in HK\$ and US\$. The foreign currency exposure of the Group is mainly driven by its business division. The Group attempts to minimise its foreign currency exposure through (i) matching its payables for purchases against its receivables on sales and (ii) maintain sufficient foreign currency cash balances to settle the foreign currency payables. The Group will continue to monitor closely the exchange rate between Renminbi, US\$ and Japanese Yen and will make necessary hedging arrangements to minimise its foreign currency exposure arising from foreign currency fluctuation in the future.

## Employee Information

As at 30th September 2022, the Group employed 396 staff (as at 30th September 2021: 349). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30th September 2022 amounted to approximately HK\$82,949,000 (for the six months ended 30th September 2021: HK\$65,253,000).

## Capital Commitments

There was no material capital commitments as at 30th September 2022.

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

As at 30th September 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 September 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 September 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 September 2022, so far as is known to the Directors and chief executive of the Company, the following person (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:**

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held (Share Options)</b>	<b>Approximate percentage of shares and underlying shares held (Note a)</b>
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 September 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 September 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 reporting period:

Name	Date of grant	Exercise period	Exercise price <sup>(2)</sup>	Number of share options					Outstanding as at 30th September 2022
				Outstanding as at 1st April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
<b>Executive Directors</b>									
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 <sup>(2)</sup>	Number of share options					
				Outstanding as at 1st April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30th September 2022
<b>Independent non-executive Directors</b>									
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
<b>Sub-Total</b>				10,620,685	—	—	—	—	10,620,685
<b>Substantial Shareholder</b>									
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
<b>Employees of the Group</b>									
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
<b>Total</b>				<b>18,928,388</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,928,388</b>

*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.

### **Fair value of share options and assumptions**

The fair value of the share options granted to Directors, a substantial shareholder and employees was determined using the binomial model. The inputs into the model and the fair value of the total share options granted were as follows:

	Date of grant	
	16th August 2017	24th December 2021
Expected dividend yield (%)	0.000	0.000
Expected volatility (%)	79.012	72.564
Risk-free interest rate (%)	2.030	1.512
Exercise multiple (times)	2.80	1.10
Fair value of the total share options granted	HK\$4,684,000	HK\$730,000

The binomial model is a generally accepted method of valuing share options. The significant assumptions used in the calculation of the values of the share options were risk-free interest rate, exercise multiple, expected volatility and expected dividend yield. The measurement date used in the valuation model was the date on which the share options were granted.

The values of share options determined using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of the share option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of the share option.

### **COMPETING INTERESTS**

As at 30th September 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 for the six months ended 30th September 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 six months ended 30th September 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.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “Required Standard”). Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Required Standard and the Company’s code of conduct regarding securities transactions throughout the six months ended 30th September 2022.

## **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 six months ended 30th September 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, 3rd November 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).*