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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

ANNUAL RESULTS
FOR THE YEAR ENDED 31ST MARCH 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This announcement, for which the directors (the "Directors" or the "Board") of North Asia Strategic Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to North Asia Strategic Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

RESULTS

The Board of directors (the "Board" or the "Directors") of North Asia Strategic Holdings Limited (the "Company") presents the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st March 2023, together with the comparative figures of the corresponding year ended 31st March 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2023

		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**2,266,642**	2,445,150
Cost of sales		**(1,932,650)**	(2,048,693)
Gross profit		**333,992**	396,457
Other income and gains, net		**13,174**	10,474
Selling and distribution expenses		**(148,107)**	(131,508)
General and administrative expenses		**(196,170)**	(166,935)
Operating profit		**2,889**	108,488
Finance income	*4*	**5,950**	2,398
Finance costs	*4*	**(4,288)**	(2,224)
Profit before income tax	*5*	**4,551**	108,662
Income tax expense	*6*	**(3,463)**	(28,869)
PROFIT FOR THE YEAR		**1,088**	79,793
Earnings per share attributable to ordinary shareholders of the Company	*7*		
Basic *(HK cents)*		**0.3**	21.9
Diluted *(HK cents)*		**0.3**	21.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2023

	2023 HK$'000	2022 HK$'000
Profit for the year	**1,088**	79,793
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	**(23,704)**	17,177
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX OF NIL	**(23,704)**	17,177
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(22,616)**	96,970

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2023

	Notes	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**88,810**	86,180
Investment properties		**236,660**	241,710
Intangible assets		**378,992**	377,192
Right-of-use assets		**66,131**	70,094
Trade and other receivables	*9*	**19,298**	17,360
Deferred tax assets		**1,242**	2,566
		791,133	795,102
Current assets			
Financial assets at fair value through profit or loss		**123,903**	118,263
Inventories		**173,033**	954,774
Trade and other receivables	*9*	**562,223**	807,078
Pledged deposits		**4,490**	1,275
Cash and cash equivalents		**425,154**	485,495
		1,288,803	2,366,885
Total assets		**2,079,936**	3,161,987
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*11*	**45,450**	42,512
Reserves	*12*	**1,389,886**	1,404,930
Total equity		**1,435,336**	1,447,442
LIABILITIES			
Current liabilities			
Other borrowings		**1,800**	13,326
Trade and other payables	*10*	**553,634**	1,598,474
Lease liabilities		**18,456**	14,570
Income tax liabilities		**15,224**	27,267
		589,114	1,653,637

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Other borrowings	—	1,943
Lease liabilities	**52,737**	56,723
Deposits received	**2,564**	2,065
Other non-current liabilities	**185**	177
	55,486	60,908
Total liabilities	**644,600**	1,714,545
Total equity and liabilities	**2,079,936**	3,161,987
Net current assets	**699,689**	713,248
Total assets less current liabilities	**1,490,822**	1,508,350

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2023

	Attributable to shareholders of the Company		
	Issued capital	**Reserves**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(note 11)	*(note 12)*	
Balances as at 1st April 2021	27,258	1,217,809	1,245,067
Comprehensive income			
Profit for the year	—	79,793	79,793
Other comprehensive income			
Currency translation differences of foreign operations	—	17,177	17,177
Total other comprehensive income	—	17,177	17,177
Total comprehensive income for the year	—	96,970	96,970
Open offer	5,452	33,255	38,707
Open offer expenses	—	(2,411)	(2,411)
Placing of new shares	7,085	32,776	39,861
Share options exercised	2,717	17,434	20,151
Equity-settled share-based transactions	—	9,097	9,097
Balances as at 31st March 2022 and 1st April 2022	**42,512**	**1,404,930**	**1,447,442**
Comprehensive income			
Profit for the year	**—**	**1,088**	**1,088**
Other comprehensive loss			
Currency translation differences of foreign operations	**—**	**(23,704)**	**(23,704)**
Total other comprehensive loss	**—**	**(23,704)**	**(23,704)**
Total comprehensive loss for the year	**—**	**(22,616)**	**(22,616)**
Share options exercised	**2,938**	**6,611**	**9,549**
Equity-settled share-based transactions	**—**	**961**	**961**
Balances as at 31st March 2023	**45,450**	**1,389,886**	**1,435,336**

NOTES

1. General information

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

- **hi-tech distribution and services:** trading of surface mount technology ("SMT") assembly machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly machinery;

- **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 has been approved and authorised for issue by the Company's board of directors on 21st June 2023.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

2.2 Changes in accounting policies and disclosures

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16, and HKAS 41

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

(a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting ("Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1st April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1st April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1st April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. Revenue and segment information

3.1 Revenue

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers *(note)*		
Recognised at a point in time:		
Sales of goods	**2,144,159**	2,253,965
Sales support services	**42,171**	106,044
Recognised over time:		
Commission and other service income	**37,840**	38,197
	2,224,170	2,398,206
Revenue from other sources		
Income from finance lease arrangements	**7,423**	9,330
Income from operating lease arrangements	**35,049**	37,614
	2,266,642	2,445,150

Notes:

Disaggregated revenue information

Geographical markets

	2023	2022
	HK$'000	*HK$'000*
The PRC including Hong Kong	**2,173,651**	2,297,750
Asia — others	**50,519**	100,456
Total revenue from contracts with customers	**2,224,170**	2,398,206

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

For the year ended 31st March 2023

	Hi-tech distribution and services operation *HK$'000*	**Leasing operation** *HK$'000*	**Total** *HK$'000*
Sales to external customers	**2,130,305**	**136,337**	**2,266,642**
Less: Revenue from other sources	**—**	**(42,472)**	**(42,472)**
Total revenue from contracts with customers	**2,130,305**	**93,865**	**2,224,170**

For the year ended 31st March 2022

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

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

	2023 *HK$'000*	2022 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	**939,826**	262,385

Performance obligations

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

Sales of goods

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

Sales support services

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

Commission and other service income

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

The amount of unsatisfied performance obligation principally comprises the balance of contract liabilities as at 31st March 2023 and 2022, which are expected to be recognised in one year.

3.2 Operating segment information

For management purposes, the Group is organised into two major reportable operating segments — hi-tech distribution and services, and leasing. The hi-tech distribution and services operating segment derives revenue from the sales of goods, 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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before income tax. The adjusted profit/loss before income tax is measured consistently with the Group's profit/loss before income tax except that finance income, finance costs, fair value gain/loss from the Group's financial instruments as well as corporate and other unallocated expenses are excluded from such measurement.

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

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

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

There were no significant sales between the operating segments during the years ended 31st March 2023 and 2022. The operating results for the year are as follows:

	Year ended 31st March 2023		
	Hi-tech distribution and services operation *HK\$'000*	**Leasing operation** *HK\$'000*	**Total** *HK\$'000*
Revenue			
— Sales to external customers	**2,130,305**	**136,337**	**2,266,642**
Segment results	**42,299**	**20,242**	**62,541**
Changes in fair value of financial assets at fair value through profit or loss			**2,167**
Interest income of financial assets at fair value through profit or loss			**839**
Finance income			**5,950**
Finance costs			**(4,288)**
Corporate and other unallocated expenses			**(62,658)**
Profit before income tax			**4,551**
Income tax expense			**(3,463)**
Profit for the year			**1,088**
Capital expenditure	**31,180**	**59,769**	**90,949**
Corporate and other unallocated expenditure			**4,117**
			95,066
Depreciation and amortisation	**26,469**	**30,307**	**56,776**
Corporate and other unallocated depreciation and amortisation			**8,829**
			65,605
Reversal of impairment of trade and bills receivables, net	**(5,798)**	**—**	**(5,798)**
Impairment of finance lease receivables, net	**—**	**8**	**8**
Gain on disposal of items of property, plant and equipment, net	**(173)**	**—**	**(173)**

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

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

	Hi-tech distribution and services operation *HK$'000*	Leasing operation *HK$'000*	Total *HK$'000*
At 31st March 2023			
ASSETS	**1,008,188**	**267,390**	**1,275,578**
Segment assets			
Unallocated assets:			
Investment properties			**236,660**
Deferred tax assets			**1,242**
Financial assets at fair value through profit or loss			**123,903**
Pledged deposits			**4,490**
Cash and cash equivalents			**425,154**
Corporate and others			**12,909**
Total assets per the consolidated statement of financial position			**2,079,936**
LIABILITIES			
Segment liabilities	**582,949**	**42,760**	**625,709**
Unallocated liabilities:			
Income tax liabilities			**15,224**
Other borrowings			**1,800**
Corporate and others			**1,867**
Total liabilities per the consolidated statement of financial position			**644,600**

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

Geographical information

(a) *Revenue from external customers*

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

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

	2023 ***HK$'000***	2022 *HK$'000*
The PRC including Hong Kong	**2,216,123**	2,344,694
Asia — others	**50,519**	100,456
	2,266,642	2,445,150

(b) Non-current assets

The geographical 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 year ended 31st March 2023, revenue of HK$764,500,000 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 major customers is set out below:

	2023	2022
	HK$'000	*HK$'000*
Customer 1	**764,500**	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:

	2023	2022
	HK$'000	*HK$'000*
Finance income:		
Interest income from bank deposits	**5,950**	2,398
Finance costs:		
Interest on other borrowings	**797**	1,177
Interest on lease liabilities	**3,491**	1,047
	4,288	2,224

5. Profit before income tax

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

	2023 *HK$'000*	2022 *HK$'000*
Cost of inventories sold	**1,864,486**	1,949,391
Net foreign exchange loss/(gain)	**26,306**	(3,153)
Depreciation of property, plant and equipment	**37,401**	41,925
Depreciation of investment properties	**5,050**	2,561
Depreciation of right-of-use assets	**22,954**	17,967
Amortisation of intangible assets	**200**	—
Other lease payments not included in the measurement of lease liabilities	**604**	1,365
(Reversal of impairment)/impairment of trade and bills receivables, net	**(5,798)**	2,164
Impairment/(reversal of impairment) of finance lease receivables, net	**8**	(481)
Fair value gain on financial assets at fair value through profit or loss	**(2,167)**	(15)
Gain on disposal of financial assets at fair value through profit or loss	**—**	(1,023)

6. Income tax expense

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Subsidiaries established in the Mainland China are subject to Mainland China corporate income tax at the standard rate of 25% (2022: 25%).

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

	2023 *HK$'000*	2022 *HK$'000*
Current taxation		
Hong Kong profits tax		
— current year	**4,187**	27,495
— overprovision in prior years	**(7,582)**	(8,768)
Mainland China corporate income tax		
— current year	**7,182**	8,809
— under/(over)provision in prior years	**(1,648)**	1,690
Deferred	**1,324**	(357)
	3,463	28,869

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

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31st March 2022 has been adjusted retrospectively to reflect the impact of open offer completed on 13th May 2021.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation was the total of the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options.

The calculations of basis and diluted earnings per share are based on:

	2023	2022
	HK$'000	*HK$'000*
Earnings		
Profit attributable to the shareholders of the Company, used in the basic and diluted earnings per share calculation	**1,088**	79,793

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**427,379,426**	363,960,084
Effect of dilution — weighted average number of ordinary shares: Assumed to have been issued at no consideration on deemed exercise of all share options outstanding during the year	**678,290**	379,304
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	**428,057,716**	364,339,388

8. Dividends

The Directors do not recommend the payment of any dividend for the year ended 31st March 2023 (2022: Nil).

9. Trade and other receivables

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**348,815**	472,067
Less: Impairment of trade receivables	**(6,797)**	(11,862)
	342,018	460,205
Bills receivable	**19,386**	143,448
Less: Impairment of bills receivable	**(86)**	(819)
	19,300	142,629
Trade and bills receivables, net *(note (a))*	**361,318**	602,834
Finance lease receivables	**78,959**	62,184
Less: Impairment of finance lease receivables	**(609)**	(601)
Finance lease receivables, net	**78,350**	61,583
Less: Non-current portion*	**(9,741)**	(11,206)
Finance lease receivables, net, current portion	**68,609**	50,377
Prepayments, deposits and other receivables, net	**141,853**	160,021
Less: Non-current portion*	**(9,557)**	(6,154)
Prepayments, deposits and other receivables, net, current portion	**132,296**	153,867
Total trade and other receivables, current portion	**562,223**	807,078
* Total trade and other receivables, non-current portion	**19,298**	17,360

(a) Trade and bills receivables, net

The Group's trading terms with its customers of hi-tech distribution and service operation are mainly on letters of credit or documents against payment, and in some cases granting a credit period of 5 to 180 days. Payment in advance is normally required. In respect of the Group's operating leasing operation, trade receivables are settled based on the terms stipulated in the lease agreements. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

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

	2023	2022
	HK$'000	*HK$'000*
3 months or less	**300,320**	562,466
4 to 6 months	**32,866**	15,198
7 to 9 months	**11,733**	2,909
10 to 12 months	**3,058**	845
Over 12 months	**13,341**	21,416
	361,318	602,834

10. Trade and other payables

	2023	2022
	HK$'000	*HK$'000*
Trade and bills payables	**292,885**	508,141
Accrual, other payables and contract liabilities	**260,749**	1,090,333
	553,634	1,598,474

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

	2023	2022
	HK$'000	*HK$'000*
3 months or less	**250,613**	436,912
4 to 6 months	**21,799**	24,468
7 to 9 months	**1,321**	4,903
10 to 12 months	**2,348**	10,472
Over 12 months	**16,804**	31,386
	292,885	508,141

11. Share capital

	Ordinary shares		Preference shares		
	Number of shares	**Ordinary share capital**	**Number of shares**	**Preference share capital**	**Total**
	'000	*HK$'000*	*'000*	*HK$'000*	*HK$'000*
Authorised:					
At 1st April 2021, 31st March 2022, 1st April 2022 and 31st March 2023 — HK$0.1 each	4,000,000	400,000	3,000,000	300,000	700,000
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 and 1st April 2022	425,125	42,512	—	—	42,512
Share options exercised	29,384	2,938	—	—	2,938
At 31st March 2023	454,509	45,450	—	—	45,450

12. Reserves

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Cumulative translation adjustments *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Balances at 1st April 2021	136,369	956,292	8,117	4,695	112,336	1,217,809
Profit for the year	—	—	—	—	79,793	79,793
Currency translation differences of foreign operations	—	—	—	17,177	—	17,177
Total comprehensive income for the year	—	—	—	17,177	79,793	96,970
Open offer	**33,255**	**—**	**—**	**—**	**—**	**33,255**
Open offer expenses	**(2,411)**	**—**	**—**	**—**	**—**	**(2,411)**
Placing of new shares	**32,776**	**—**	**—**	**—**	**—**	**32,776**
Share options exercised	**20,865**	**—**	**(3,431)**	**—**	**—**	**17,434**
Equity-settled share-based transactions	**—**	**—**	**9,097**	**—**	**—**	**9,097**
Balances at 31st March 2022 and 1st April 2022	**220,854**	**956,292**	**13,783**	**21,872**	**192,129**	**1,404,930**
Profit for the year	**—**	**—**	**—**	**—**	**1,088**	**1,088**
Currency translation differences of foreign operations	**—**	**—**	**—**	**(23,704)**	**—**	**(23,704)**
Total comprehensive loss for the year	**—**	**—**	**—**	**(23,704)**	**1,088**	**(22,616)**
Share options exercised	**6,611**	**—**	**—**	**—**	**—**	**6,611**
Equity-settled share-based transactions	**—**	**—**	**961**	**—**	**—**	**961**
Balances at 31st March 2023	**227,465**	**956,292**	**14,744**	**(1,832)**	**193,217**	**1,389,886**

CHAIRLADY'S STATEMENT

On behalf of the board of directors ("Board") of North Asia Strategic Holdings Limited ("Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the financial year ended 31st March 2023 (the "Year").

Facing tremendous challenges during the Year, the Group managed to record a consolidated net profit of approximately HK$1,088,000, representing a decrease by 98.6% from last year.

NORMALISATION AFTER THE PANDEMIC

The COVID-19 pandemic has finally ended with the announcement by the World Health Organization on 5th May 2023 that COVID-19 is no longer a global health emergency. Like most countries around the world, China has eased the pandemic measures and scrapped its strict zero-Covid policy which caused a rebound of China economy shortly after the reopening of border. However, the combined effect of geopolitical factors and Russian-Ukraine war and rising interest rates in the United States during the Year have hindered the recovery of the global economy.

The Group's high-tech distribution and services business was affected by sluggish demand in global mobile phone market. However, we are seeing an upward trend in the replacement of petroleum fueled vehicles by electric vehicles and have benefitted from increased orders from leading electric vehicle makers or their OEM manufacturers in China. While the total order sizes are no comparable to those serving the mobile phone markets, these increased orders compensated to some extent for the loss of orders from mobile phone manufacturing customers. We are also seeing normalization in deliveries, after the order backlog due to semiconductor chip shortages and global supply chain disruptions during the year. The Group has been able to fulfil more orders during the fourth quarter of the Year, when COVID-19 were scrapped.

The Group's leasing business has been experiencing shrinking operating lease orders for SMT machines and severe price competition due to poor demand in mobile phone market.

STRENGTHENING OF BUSINESS

The Group has continued to upgrade its enterprise resource planning ("ERP") system during the Year for supporting the Group's future business growth and improving work efficiency. Since it became increasingly difficult to recruit talent, the Group will leverage on IT transformation and deliver more training to sales and service engineering staff teams to prepare for future business expansion.

The Group will continue to adopt a prudent and low leverage policy while seeking growth of its business. The Group will leverage on its listing status to raise capital, if and when appropriate to address financing needs for its future development and investment.

DIVERSIFICATION OF BUSINESS

For the long term development of the Group, the Group agreed to acquire in a small online payment business operating under the "Jarvix" brand in Hong Kong during the Year. The roll-out of consumer coupons by the Hong Kong Government on electronic payment platform during the COVID-19 pandemic not only stimulated the local economy but also helped popularised electronic payments in Hong Kong. The Hong Kong Government also plans to issue retail central bank digital currency (e-HKD) in the future, which can provide the Group ample business opportunities from more widespread of electronic payments.

OUTLOOK

The Greater Bay Area blue print of President Xi outlines the future for growth and development for Hong Kong. With its headquarters in Hong Kong and major operating units in Southern China area, the Group is motivated and enthusiastic about the future of Hong Kong and its role in the Greater Bay Area initiative. To further strengthen soft power of Hong Kong, the Hong Kong Government has launched the "top talent pass scheme" and received overwhelming response. The Hong Kong Government has also proposed the "Northern Metropolis Strategy" and "Lantau Tomorrow Vision" to complement the Greater Bay Area initiative. The Group will proactively look for opportunities to increase investment in line with the 14th five-year plan and Great Bay Area initiatives, through both internal growth and external acquisition.

More and more companies are rethinking their subcontracting strategy of outsourcing manufacturing in China due to the ongoing trade war between China and United States. With the increasing risk of US-China decoupling is accelerating, we are likely to see more manufacturers move their manufacturing base outside China to Southeast Asia. Having foreseen this risk, the Group has established offices in Southeast Asia countries and will continue to expand its Southeast Asia countries sales and engineering cohort to better respond to the needs of our customers.

A SOCIALLY RESPONSIBLE COMPANY

The long-term sustainability of the Group depends on its ability to maintain a balance between its stakeholders. As a member of a community, the Group believes that it is responsible not only to the Company's shareholders but also to other stakeholders such as its suppliers, customers, employees and the society in which it operates and the government. The Group has continued to support the Hong Kong Government's initiative to retain employment during pandemic and will continue to do so after the pandemic. We support the thinking that an empowered employee will bring long-term benefit to the Company and to the society. Therefore, the Group has started a sponsorship program to encourage talented employees to broaden their skills and is reviewing its remuneration policies to provide better support and rewards to our staff for their long term commitment and enhanced professionalism. In 2022, the Company was awarded "The Eleventh Junzi Corporate Award" by the Hang Seng University of Hong Kong for conducting its operations in accordance with the Confucian ethics of "Five Virtues" referring to "Benevolence, Rightness, Propriety, Wisdom and Trustworthiness". The award encourages the Group in its continuous effort in becoming a socially responsible company.

APPRECIATION

Without the trust and support of our shareholders, customers, suppliers, fellow directors, management and staff, I could not have persevered and to overcome the challenges during the Year. The financial and operational performance are the direct results of years of relentless hard work of our entire staff, management team and directors. I would like to take this opportunity to thank the directors for their long-term service and commitment. I am also grateful for the support and guidance of the Listing Division staff who have been helpful in facilitating our corporate actions.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Performance

During the Year, the Group recorded consolidated revenue of approximately HK$2,266,642,000, representing a decrease of 7.3% from approximately HK$2,445,150,000 last year. The decrease in revenue was mainly due to the drop in revenue of direct machines sales from our hi-tech distribution and services division by 6.8% compared with last year.

During the Year, the Group recorded consolidated net profit of approximately HK$1,088,000, representing a decrease of 98.6% from approximately HK$79,793,000 in last year. The Group's gross profit ratio decreased slightly from last year's 16.2% to 14.7% in the Year. The decrease in consolidated net profit of the Group was mainly due to increase in supply chain costs and administration expenses.

The Group's total operating cost during the Year increased by approximately HK$45,834,000 or 15.4% from last year's approximately HK$298,443,000 to HK$344,277,000. The increase in operating expenses was due to the depreciation of both the Japanese Yen and Renminbi against the Hong Kong dollar. That contributed to net exchange loss of approximately HK$26,306,000 by the Group during the Year, compared to a net exchange gain of approximately HK$3,153,000 recorded last year.

Sluggish consumer electronic market caused most of the Group's customers to cut down or postpone their manufacturing equipment acquisition plan during the Year. As evidenced by the manufacturing Purchasing Manager Index (PMI) published by National Bureau of Statistics of China, during the first 3 quarters from April 2022 to Dec 2022, PMI were below 50 except for June and September at 50.2 and 50.1 respectively, reflecting contraction of the manufacturing industry during first 3 quarters. During Q4, PMI rebounded to above 50 from January to March 2023 with its highest at 52.6 for February 2023. That rebound did not extend to later periods and has dropped below 50 again from April 2023 being a strong signal that the outlook of the manufacturing industry remained pessimistic. In view of this, the Group will pay extra attention on operating cost control under the worsening business environment.

The basic earnings per share in the Year was approximately HK0.3 cents, representing a decrease of 98.6% from approximately HK21.9 cents in last year. As at 31st March 2023, the consolidated net asset value of the Company per ordinary share was approximately HK$3.16, representing a decrease of HK$0.24 from approximately HK$3.40 as at 31st March 2022.

Below is a summary of the financial and business highlights of our business divisions. The profit/loss figures disclosed below do not include any intra-group sales and charges, as they are eliminated upon consolidation.

Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited (“AMT”). AMT, a 30 plus years old firm is a leading distributor and after-market service provider of surface-mount technology (“SMT”) equipment and semiconductor manufacturing equipment in Asia. AMT has more than 270 professional engineers and customer care staff in more than 25 cities in China, Vietnam and India and other South-East Asia countries to service the needs of its customers. Customers include most of the major telecom and electronic equipment manufacturers in the world. AMT is especially well positioned with its growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the Year, the division’s revenue was approximately HK$2,130,305,000, representing a decrease of HK$208,835,000 or 8.9%, compared to approximately HK$2,339,140,000 in the last year. The decrease in revenue was mainly due to sluggish demand in the global mobile phone market which directly impact the Group’s mobile phone manufacturing customers. The Group experienced significant decline in orders during the first 3 quarters during which the customers have been delaying or scaling down their procurement plans for manufacturing equipment. China had eased the pandemic measures and scraped its strict zero-Covid policy in December 2022 and the disruptions in component production and logistics were eased from the 4th quarter of the Year. The customer orders received by the division in the 4th quarter of the Year were rebound and the division was vigorously chasing the completion of orders. From the exceptional effort put in by various operational teams of the division, it managed to minimize the level of decrease in revenue for the Year compared to last year.

Direct machine sales revenue was approximately HK$1,968,076,000, representing a decrease of HK$144,436,000 or 6.8%, compared to approximately HK$2,112,512,000 in the last year. The division’s spare part and software sales were approximately HK$82,218,000, representing a decrease of HK$169,000 or 0.2%, compared to approximately HK$82,387,000 in the last year. The sales support service, commission and other services income was approximately HK$80,011,000, representing a decrease of HK$64,230,000 or 44.5%, compared to approximately HK$144,241,000 in last year. The decrease in high-margin sales support services, commissions and other services was primarily due to a large sales support service order placed last year by one of our major customers for its new smartphone product line.

The division’s net profit for the year was approximately HK$60,594,000, representing a decrease of HK$85,610,000 or 58.6% compared to approximately HK$146,204,000 last year.

Leasing Division

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

The leasing business encountered a highly challenging operating environment during the Year. Due to the prolonged impact of the COVID-19 pandemic and a decrease in consumer purchasing power, it resulted in weakened demand for consumer electronic products. The supply chain, production schedules of manufacturers and customer terms of equipment rental became highly unstable and often disrupted, making them more volatile and unpredictable.

The division generated revenue of approximately HK$136,337,000 during the Year, representing a significant increase of 28.6% from approximately HK$106,010,000 last year. In order to support business growth and diversify revenue streams, various new areas have been developed this year, including the sale of machines related to the semiconductor industry and the addition of different brands to our portfolio. The division recorded sales of machineries at approximately HK$93,865,000 during the Year, representing a 58.9% increase from approximately HK$59,066,000 last year.

Despite the challenging operating lease business environment this Year, the division maintained a reasonable utilization rate of its available machines leveraging on our professional expertise and allocating resources to meet the needs of our major customers who are small home appliances and mobile phones manufacturers. However, the market has become increasingly difficult due to rental price competition from other leasing businesses competitors and second-hand machine dealers, resulting in a higher volume of idle machines in the market. This led to approximately 50.6% year-on-year decrease in gross profit margin of the division's operating lease business in the Year. Revenue from operating lease arrangements during the Year recorded approximately HK$35,049,000, decreased by 6.8% from approximately HK$37,614,000 last year.

Despite the decline in demand from large customers and the effects of risk control measures implemented, the division's financing lease business has shown slight growth. To further mitigate risks, we have diversified our customer base to high-tech products with substantial growth potential, and offered short-term (6-12 months) financing options, consistent with the goal to minimize exposure to longer-term financing to ensure sustainable and stable growth. During the year, the interest income derived from finance lease receivables decreased by approximately 20.4% to approximately HK$7,423,000 in the Year from approximately HK$9,330,000 last year. As at 31st March 2023, the aggregate principal amount of finance lease receivables increased by 27.2% to approximately HK$78,350,000 from approximately HK$61,583,000 at 31st March 2022. As risk management remains a top priority, management will continue to maintain a conservative approach in managing the Group's exposure to finance lease business.

Although the division recorded revenue growth for the Year, the reduction in profit margin has had a substantial impact on the division's overall financial performance. Consequently, the division recorded a net loss of approximately HK$1,893,000 for the Year, compared to a net profit of approximately HK$4,064,000 last year.

CORPORATE DEVELOPMENT

On 21st December 2022, the Group entered into a sale and purchase agreement ("SPA") with Aigniter Holdings Limited ("AHL"), AIgniter Technologies Limited ("ATL") and their affiliated companies, to acquire upon the fulfilment of certain conditions precedent (i) AHL entire interest in Jarvix (Hong Kong) Limited ("Jarvix"), (ii) the Tech and IP Rights which ATL is required under the SPA to assign to Jarvix at completion of the acquisition and (iii) the ATL receivables, for a initial consideration of USD2,400,000 in cash subject to adjustments according to the terms of SPA. Jarvix is principally engaged in operating the payment business (using the Tech and IP Rights) which provides merchants with a payment solution that bridges online payment acquirers (that operate payment platforms with a wide range of credit card issuers) and such merchants. The Group's proposed acquisition of Jarvix was driven by the growth prospects of its business which, post-acquisition, can contribute towards the diversification of the Group's revenue streams. Further details of the proposed acquisition were disclosed in the Company's announcement dated 21st December 2022.

The acquisition of Jarvix was completed on 3rd April 2023 ("Completion"). As a brief financial update, the unaudited turnover and loss (before and after taxation) of Jarvix from its incorporation to 31st March 2023 was approximately HK$20,011,000 and HK$2,430,000 respectively. During this period, aggregate fees of approximately HK$6,966,000 were payable by Jarvix to ATL (the unpaid portion of which will be included in the ATL receivables) for the use of the Tech and IP Right (which form part of the Acquistion) and this arrangement was terminated with effect from Completion.

OUTLOOK

Overall Summary

The COVID-19 pandemic finally came to an end with the announcement by the World Health Organization on 5th May 2023 that COVID-19 is no longer a global health emergency. Most countries have terminated their social distancing and quarantine policies and expect economic recovery from the impact of such policies in near future. In response to the pandemic and geopolitical risks, we see a trend of diversification of manufacturing bases outside China amongst our customers. In order to serve our customer, management has also diversified and expanded its operations in Thailand and Vietnam.

The Greater Bay Area blue print by President Xi outlines the future for growth and development for Hong Kong. Since the Group is motivated and optimistic about the future of Hong Kong and its role in the Greater Bay Area initiative, it acquired the "Jarvix" online payment business in Hong Kong to capture the local business opportunities. Going forward, the Group will seek 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.

Hi-Tech Distribution and Services Division

Most countries have set a net-zero emission target by 2030. Some of these countries have codified this target in their laws. To achieve this net-zero emissions target, the Company expects to see the large-scale replacement of petroleum fuelled vehicles with electric vehicles. The emerging electric vehicle manufacturing industry creates new opportunities for the Group since some of the Group's major customers are leading electric vehicle manufacturers, or their OEM manufacturers in China.

On the other hand, with 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 infrastructure building for more virtual reality and virtual augmented equipped applications. Furthermore, ChatGPT (AI Chatbot by OpenAI) suddenly became popular all over the World contributing to a new wave of growth of the demand for Cloud server build on GPU platform.

These trends create ample opportunities for the semiconductor and SMT industries. Some of the Group's major customers are leading electric vehicle manufacturers, telecommunication companies and OEM electronic device manufacturers in China. They play a vital role in the metaverse and electric vehicle transformation. The Group will strive to provide them leading edge equipment and top notch service.

The International Monetary Fund ("IMF") announced recently in its latest World Economic Outlook published in April 2023 that the outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of the Russia Ukraine conflict, and three years of COVID-19. IMF revised down its projected world economy growth rate to 2.8% in 2023, which is slightly lower than 2022 economic growth rate of 3.4%. According to Canalys, smartphone shipments in the Q1 of 2023 fell by 13% to 269.8 million units compared to 311.2 million units in Q1 2022. This situation was really disappointing given the early signs of recovery from the end of pandemic. However, Canalys maintained its forecast of marginal declines for 2023 and that the smartphone market will start to regain momentum in the second half of 2023. In March 2023, the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker predicted that the worldwide smartphone market will decline by 1.1% in 2023 to 1.19 billion units from 2022 shipments of 1.21 billion units, down from 2.8% growth in its previous forecast, since the market continues to suffer from weak demand and ongoing macroeconomic challenges. IDC expects real recovery to occur from 2024, and from there shipments will reach 1.37 billion units in 2027 representing a CAGR of 2.6%. Although China reopening brought good news to the market, the outlook of the smartphone industry is highly uncertain, resulting in cautious outlook.

The Group will continue to closely monitor its working capital, gross margin, operating cost and industry developments with a view to maintaining adequate cash flow, improving its results and achieving long-term sustainability and growth of its business.

Leasing Division

The Group will remain very cautious on developing its leasing business in 2023/24. The Chinese government has implemented measures to stimulate the economy and consumption, such as in the new energy vehicles, energy storage facilities and green energy development are unlikely to offset the challenges faced by the leasing industry. These challenges include the weak outlook for the manufacturing sector generally, including huge excess capacity in the consumer electronics industry. Such an operating environment has contributed to the leasing industry holding a large inventory of leasing equipment in warehouses and being afflicted by falling rental prices (in many cases to half of the peak rental rates in the past few years).

Faced with a severe and uncertain market environment, the leasing division will improve the leasing rate of equipment to speed up return of funds through diversified operational leasing plans, such as increasing support of lease-to-own plans. In addition, we also provide customers with value-added services through independent research and development and customized modification to reduce customers' costs, and at the same time maintain customer relations through our core competitiveness and exclusivity.

For direct finance leases, we will increase risk control by diversifying our business areas , focusing on high-tech products with good growth potential, increasing the development of short-term (6-12 months) financing business, and avoiding long-term direct finance lease business as much as we can.

Considering the macro view of the Russia-Ukraine conflict, the situation in the Taiwan Strait and the major uncertainties in Sino-US relations, as well as the microscopic unfavorable factors such as overcapacity in the electronics manufacturing industry, offshore transfers, uncertain AI policies and lack of new product highlights in smart devices, our strategic business planning will face more difficulties in the new financial year, and there will be great uncertainties in our business development. Based on the principle of prudence, we will on the one hand increase diversified cooperation with our partners to improve the disposal and leasing rate of equipment, and on the other hand, reserve sufficient funds and technologies to prepare for opportunities arising from the crisis.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group generally finance its operation with internally generated resources and banking facilities provided by its principal bankers in Hong Kong. As at 31st March 2023, the Group had a secured other borrowings of HK$1,800,000 (2022: HK$15,269,000), which are denominated in RMB. As at 31st March 2023, the Group had banking facilities of approximately HK$870,268,000 (2022: approximately HK$876,084,000) from several banks for trade financing. As at 31st March 2023, banking facilities of approximately HK$147,350,000 were utilised by the Group (2022: approximately HK$279,776,000). These facilities were secured by corporate guarantees of approximately HK$1,130,270,000 (2022: approximately HK$931,437,000) provided by the Company. As at 31st March 2023, the Group had total assets of approximately HK$2,079,936,000 (2022: approximately HK$3,161,987,000) and total liabilities of approximately HK$644,600,000 (2022: approximately HK$1,714,545,000). The Group had net cash position as at 31st March 2023 and 2022.

CONTINGENT LIABILITIES

As at 31st March 2023, pledged deposits of HK$4,490,000 (2022: HK$1,275,000) were held as security at a bank in respect of performance bonds in favour of certain contract customers. The guarantees given by the Group to certain banks in respect of performance bonds and standby letter of credit in favour of certain contract customers and a supplier amounted to HK$61,303,000 (2022: HK$58,151,000).

Net Asset Value

Consolidated net asset value per ordinary share attributable to ordinary shareholders of the Company was approximately HK$3.16 as at 31st March 2023, decreased by HK$0.24 from approximately HK$3.40 as at 31st March 2022.

Number of Employees and Remuneration Policies

As at 31st March 2023, the Group employed 388 (2022: 375) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the year amounted to approximately HK$194,215,000 (2022: HK$177,703,000).

The Company operates a share option scheme for the purpose of providing incentives and rewards to Directors, employees and eligible participants who contributed or will contribute to the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March 2023.

CORPORATE GOVERNANCE PRACTICES

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31st March 2023, the Company complied with all the Code provisions with the exceptions addressed below and, where appropriate, adopted the recommended best practices set out in the Code.

Code provision 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 of dealing 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 during the year ended 31st March 2023.

AUDIT COMMITTEE

The audit committee currently comprises three members, namely Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Dr. Cai Qing, all being independent non-executive Directors. The committee is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters.

The Board has adopted a set of the revised terms of reference of the audit committee to align with the provisions set out in the Code in November 2018. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The audit committee meets at least four times a year to discuss any area of concern during the audits or reviews and at least twice of the meetings shall be with the external auditors. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. Senior representatives of the external auditors, executive Directors and senior management are invited to attend the meetings, if required.

During the year, the audit committee has approved the nature and scope of the statutory audits, and reviewed the quarterly, interim and annual financial statements of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong.

The Group's annual results for the year ended 31st March 2023 has been reviewed by the audit committee.

The annual report for the year ended 31st March 2023 will be dispatched to the shareholders by end of June 2023.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity, and the related notes thereto for the year ended 31st March 2023 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

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

Hong Kong, 21st June 2023

As at the date of this announcement, the Board comprises Ms. Zhang Yifan (Chairlady and Executive Director); Mr. Kenneth Kon Hiu King (Executive Director); Mr. Pierre Tsui Kwong Ming (Non-executive Director); 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.