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 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

* *For identification purpose only*

RESULTS

The Board of directors (the "Board" 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 2019, together with the comparative figures of the corresponding year ended 31st March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*3*	**2,397,010**	1,655,450
Cost of sales		**(2,016,602)**	(1,301,850)
Gross profit		**380,408**	353,600
Other income and gains, net		**2,915**	2,916
Selling and distribution expenses		**(149,310)**	(136,880)
General and administrative expenses		**(96,063)**	(90,713)
Operating profit		**137,950**	128,923
Fair value gain on the derivative component of convertible bond		**—**	69
Finance income	*4*	**2,669**	3,138
Finance costs	*4*	**(3,041)**	(549)
Profit before income tax	*5*	**137,578**	131,581
Income tax expense	*6*	**(27,425)**	(23,370)
PROFIT FOR THE YEAR		**110,153**	108,211
Earnings per share attributable to ordinary shareholders of the Company	*7*		(Restated)
Basic *(HK cents)*		**40.4**	43.3
Diluted *(HK cents)*		**40.4**	39.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**110,153**	108,211
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	**(24,038)**	25,635
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL	**(24,038)**	25,635
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**86,115**	133,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**68,404**	50,320
Intangible assets		**373,692**	373,692
Trade and other receivables	*9*	**52,568**	102,459
Deferred tax assets		**1,564**	—
		496,228	526,471
Current assets			
Financial assets at fair value through profit or loss		**36,760**	36,044
Derivative financial instrument		**—**	1,010
Inventories		**38,396**	133,511
Trade and other receivables	*9*	**620,335**	816,987
Pledged deposit		**4,239**	—
Cash and cash equivalents		**619,260**	231,292
		1,318,990	1,218,844
Total assets		**1,815,218**	1,745,315
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*11*	**27,258**	27,258
Reserves	*12*	**961,542**	899,582
Total equity		**988,800**	926,840
LIABILITIES			
Current liabilities			
Trade and other payables	*10*	**794,017**	745,845
Income tax liabilities		**11,524**	24,441
		805,541	770,286

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2019

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**—**	494
Deposits received	**20,735**	47,440
Other non-current liabilities	**142**	255
	20,877	48,189
Total liabilities	**826,418**	818,475
Total equity and liabilities	**1,815,218**	1,745,315
Net current assets	**513,449**	448,558
Total assets less current liabilities	**1,009,677**	975,029

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2019

	Attributable to shareholders of the Company		
	Issued capital *HK$'000* *(note 11)*	**Reserves** *HK$'000* *(note 12)*	**Total** *HK$'000*
Balances at 1st April 2017	19,150	824,058	843,208
Comprehensive income			
Profit for the year	—	108,211	108,211
Other comprehensive income			
Currency translation differences of foreign operations	—	25,635	25,635
Total other comprehensive income	—	25,635	25,635
Total comprehensive income for the year	—	133,846	133,846
Special dividend paid *(note 8)*	—	(114,898)	(114,898)
Issue of shares upon conversion of convertible bond	8,108	51,892	60,000
Equity-settled share-based transactions	—	4,684	4,684
Balances as at 31st March 2018	27,258	899,582	926,840
Previously reported balances as at 1st April 2018	**27,258**	**899,582**	**926,840**
Effect of adoption of HKFRS 9 *(note 2.2(b))*	—	**(9,055)**	**(9,055)**
Effect of adoption of HKFRS 15 *(note 2.2(c))*	—	**(15,100)**	**(15,100)**
Restated balances as at 1st April 2018	**27,258**	**875,427**	**902,685**
Comprehensive income			
Profit for the year	—	**110,153**	**110,153**
Other comprehensive income			
Currency translation differences of foreign operations	—	**(24,038)**	**(24,038)**
Total other comprehensive income	—	**(24,038)**	**(24,038)**
Total comprehensive income for the year	—	**86,115**	**86,115**
Balances as at 31st March 2019	**27,258**	**961,542**	**988,800**

NOTES

1. General information

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

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

- **leasing**: provision of finance to its customers via a wide array of assets under finance lease arrangements and operating lease arrangements; and

- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the "Companies Act"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and that of its principal place of business is 18th Floor, Shanghai Commercial Bank Tower, 12 Queen's Road Central, Hong Kong.

The Company's ordinary shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This announcement has been approved and authorised for issue by the Company's board of directors on 13th June 2019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of this announcement 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 the derivative financial instrument and financial assets at fair value through profit or loss, which have been measured at fair value.

This announcement is 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Except for the amendments to HKFRS 4, amendments to HKAS 40 and *Annual Improvements 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1st January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied HKFRS 9 retrospectively in accordance with the transition requirements, with the initial application date of 1st April 2018. The Group has elected not to adjust the comparative information for the period beginning on 1st April 2017, during which the comparative information was prepared under classification and measurement requirements of HKAS 39. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs")

On the date of initial application, 1st April 2018, the financial instruments of the Group were as follows:

	Measurement category		**Carrying amount**		
	Original (HKAS 39)	**New (HKFRS 9)**	**Original** *HK$'000*	**New** *HK$'000*	**Difference** *HK$'000*
Non-current financial assets					
Financial assets included in trade and other receivables *(note)*	Loans and receivables	Amortised cost	102,459	102,459	—
Current financial assets					
Financial assets at fair value through profit or loss	FVPL[1]	FVPL	36,044	36,044	—
Derivative financial instrument	FVPL	FVPL	1,010	1,010	—
Financial assets included in trade and other receivables *(note)*	Loans and receivables	Amortised cost	476,319	465,206	(11,113)
Cash and cash equivalents	Loans and receivables	Amortised cost	231,292	231,292	—
Current financial liabilities					
Financial liabilities included in trade and other payables	Amortised cost	Amortised cost	568,217	568,217	—
Non-current financial liabilities					
Deposits received	Amortised cost	Amortised cost	47,440	47,440	—

[1]FVPL: Financial assets at fair value through profit or loss

Note:

The gross carrying amount of the financial assets included in trade and other receivables represent the amounts after adjustments for the adoption of HKFRS 15. Further details of the adjustments for the adoption of HKFRS 15 are included in note 2.2(c) to the financial information.

Impairment

HKFRS 9 requires an impairment on trade and other receivables that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowance under HKAS 39 at 31st March 2018	**Re-measurement**	**ECL allowances under HKFRS 9 at 1st April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	—	8,473	8,473
Finance lease receivables	—	2,640	2,640
	—	11,113	11,113

Reserves

	HK$'000
Balance as at 31st March 2018 under HKAS 39	899,582
Recognition of ECLs for trade receivables under HKFRS 9	(8,473)
Recognition of ECLs for finance lease receivables under HKFRS 9	(2,640)
Deferred tax in relation to the above	2,058
	(9,055)
Balance as at 1st April 2018 under HKFRS 9	890,527

(c) HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group adopted HKFRS 15 using the modified retrospective method of adoption with date of initial application of 1st April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to all contracts as at 1st April 2018.

The cumulative effect of initially applying HKFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of accumulated losses. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1st April 2018 as a result of the adoption of HKFRS 15:

	Increase/ (decrease) *HK$'000*
Assets	
Inventories	**220,985**
Trade receivables	**(162,273)**
Total assets	**58,712**
Liabilities	
Trade and other payables	**76,790**
Income tax liabilities	**(2,978)**
Total liabilities	**73,812**
Total adjustment on equity:	
Accumulated losses	**15,100**

The Group's principal activities consist of the sale of machinery and spare parts and the provision of finance leasing and operating lease arrangements. The Group provides installation services for all machinery sales. Prior to the adoption of HKFRS 15, revenue from sale of machinery was recognised when significant risks and rewards of ownership of goods have been passed to customers, that is when the machinery is delivered to customers and the revenue from the sale of goods was measured at fair value of the consideration received or receivable, net of allowances, trade discounts and/or volume rebates. If revenue could not be reliably measured, revenue recognition was deferred until the uncertainty was resolved.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has been passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group has assessed that the installation services bundled together with the sale of machinery are not distinct and are considered as one single performance obligation under HKFRS 15 because the installation service is highly interrelated with the sale of machinery and combining them into a functional machinery that the customer contracted to receive. Accordingly, the Group determined that revenue from the sale of machinery with installation services is recognised at point in time when the respective installation services are completed under HKFRS 15.

In addition to the sale of machinery and spare parts, the Group also generates commission, service and management fee income. Before the adoption of HKFRS, revenue from the provision of these services was recognised when the services have been rendered. Under HKFRS 15, revenue from these services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. Given that these services are generally completed within a short period of time, the revenue from the provision of these services is recognised when the services have been rendered. Accordingly, the adoption of HKFRS 15 does not have an impact on the revenue recognition in respect of the provision of these services.

As a result of this change in accounting policy, the Group had made adjustments to opening balances at 1st April 2018 which increased accumulated losses by HK$15,100,000.

Consideration received from customers in advance

Generally, the Group receives short-term advances from its customers. Using the practical expedient in HKFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance for purchase of machinery and spare parts as “receipt in advance” as included in trade and other payables. Under HKFRS 15, such amount is classified as “contract liabilities” which are included in trade and other payables.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$83,002,000 from receipt in advance to contract liabilities as at 1st April 2018 in relation to the consideration received from customers in advance as at 1st April 2018.

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31st March 2019, as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has not had a material impact on other comprehensive income or the Group’s operating, investing and financing cash flows. The first column shows the amounts prepared under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted.

Consolidated statement of profit or loss for the year ended 31st March 2019

	Amount prepared under HKFRS 15	**Amount prepared under previous HKFRS**	**Increase**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	2,397,010	2,190,507	206,503
Cost of sales	(2,016,602)	(1,829,822)	186,780
Gross profit	380,408	360,685	19,723
Other income and gains, net	2,915	2,915	—
Selling and distribution expenses	(149,310)	(144,024)	5,286
General and administrative expenses	(96,063)	(96,063)	—
Operating profit	137,950	123,513	14,437
Finance income	2,669	2,669	—
Finance costs	(3,041)	(3,041)	—
Profit before income tax	137,578	123,141	14,437
Income tax expense	(27,425)	(25,048)	2,377
PROFIT FOR THE YEAR	110,153	98,093	12,060
Earnings per share attributable to ordinary shareholders of the Company			
Basic *(HK cents)*	40.4	36.0	4.4
Diluted *(HK cents)*	40.4	36.0	4.4

Consolidated statement of financial position as of 31st March 2019

	Amounts prepared under		
	HKFRS 15	**Previous HKFRS**	**Increase/ (decrease)**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	68,404	68,404	—
Intangible assets	373,692	373,692	—
Trade and other receivables	52,568	52,568	—
Deferred tax assets	1,564	1,564	—
	496,228	496,228	—
Current assets			
Financial assets at fair value through profit or loss	36,760	36,760	—
Inventories	38,396	4,946	33,450
Trade and other receivables	620,335	659,216	(38,881)
Pledged deposit	4,239	4,239	—
Cash and cash equivalents	619,260	619,260	—
	1,318,990	1,324,421	(5,431)
Total assets	1,815,218	1,820,649	(5,431)
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	27,258	27,258	—
Reserves	961,542	964,582	(3,040)
Total equity	988,800	991,840	(3,040)

	Amounts prepared under		
	HKFRS 15	**Previous HKFRS**	**(Decrease)**
	HK$'000	*HK$'000*	*HK$'000*
LIABILITIES			
Current liabilities			
Trade and other payables	794,017	795,807	(1,790)
Income tax liabilities	11,524	12,125	(601)
	805,541	807,932	(2,391)
Non-current liabilities			
Deposits received	20,735	20,735	—
Other non-current liabilities	142	142	—
	20,877	20,877	—
Total liabilities	826,418	828,809	(2,391)
Total equity and liabilities	1,815,218	1,820,649	(5,431)
Net current assets	513,449	516,489	(3,040)
Total assets less current liabilities	1,009,677	1,012,717	(3,040)

(d) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

3. Revenue and segment information

3.1 Revenue

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(note (i))
Revenue from contracts with customers *(note (ii))*		
Recognised at a point in time:		
Sales of goods	**2,271,973**	1,486,610
Recognised over time:		
Commission and other service income	**66,756**	136,008
	2,338,729	1,622,618
Revenue from other source		
Income from leasing arrangements	**58,281**	32,832
	2,397,010	1,655,450

Notes:

(i) The Group has initially applied HKFRS 15 using the modified retrospective method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 11, HKAS 18 and related interpretation.

(ii) *Disaggregated revenue information*

For the year ended 31st March 2019

Geographical markets

	HK$'000
The PRC including Hong Kong	**2,243,953**
Asia — others	**94,776**
Total revenue from contract with customers	**2,338,729**

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:

	2019
	HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sale of goods	**83,002**

Performance obligations

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

Sale of goods

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

Commission and other service income

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

No transaction prices were allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31st March 2019.

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 sale of goods, commission and other service income. The leasing operating segment derives revenue from finance leasing and operating lease arrangements.

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 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, other non-current assets, inventories and trade and other receivables. Unallocated assets comprise pledged deposit, cash and cash equivalents, derivative financial instrument, financial assets at fair value through profit or loss, deferred tax assets and corporate and others.

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

Capital expenditure comprises additions to property, plant and equipment.

There were no significant sales between the operating segments during the years ended 31st March 2019 and 2018. The operating results for the year are as follows:

	Year ended 31st March 2019		
	Hi-tech distribution and services operation *HK$'000*	**Leasing operation** *HK$'000*	**Total** *HK$'000*
Revenue			
— Sales to external customers	**2,338,729**	**58,281**	**2,397,010**
Segment results	**137,901**	**24,832**	**162,733**
Fair value loss on derivative financial instruments			**(3,038)**
Changes in fair value of financial assets at fair value through profit or loss			**716**
Finance income			**2,669**
Finance costs			**(3,041)**
Corporate and other unallocated expenses			**(22,461)**
Profit before income tax			**137,578**
Income tax expense			**(27,425)**
Profit for the year			**110,153**
Capital expenditure	**9,971**	**53,136**	**63,107**
Depreciation	**6,465**	**14,138**	**20,603**
Corporate and other unallocated depreciation			**1,203**
			21,806
(Loss)/gain on disposal of items of property, plant and equipment, net	**(221)**	**254**	**33**

	Year ended 31st March 2018		
	Hi-tech distribution and services operation *HK$'000*	Leasing operation *HK$'000*	Total *HK$'000*
Revenue			
— Sales to external customers	1,622,618	32,832	1,655,450
Segment results	141,368	15,415	156,783
Fair value gain on derivative financial instruments			415
Changes in fair value of financial assets at fair value through profit or loss			244
Fair value gain on the derivative component of convertible bond			69
Finance income			3,138
Finance costs			(549)
Corporate and other unallocated expenses			(28,519)
Profit before income tax			131,581
Income tax expense			(23,370)
Profit for the year			108,211
Capital expenditure	19,852	34,939	54,791
Depreciation	2,649	7,863	10,512
Corporate and other unallocated depreciation			964
			11,476
Gain on disposal of items of property, plant and equipment, net	178	537	715

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 2019			
ASSETS	**826,934**	**324,704**	**1,151,638**
Segment assets			
Unallocated assets:			
Deferred tax assets			**1,564**
Financial assets at fair value through profit or loss			**36,760**
Pledged deposit			**4,239**
Cash and cash equivalents			**619,260**
Corporate and others			**1,757**
Total assets per the consolidated statement of financial position			**1,815,218**
LIABILITIES			
Segment liabilities	**678,298**	**134,204**	**812,502**
Unallocated liabilities:			
Income tax liabilities			**11,524**
Corporate and others			**2,392**
Total liabilities per the consolidated statement of financial position			**826,418**

	Hi-tech distribution and services operation *HK$'000*	Leasing operation *HK$'000*	Total *HK$'000*
At 31st March 2018			
ASSETS	1,043,238	428,724	1,471,962
Segment assets			
Unallocated assets:			
Financial assets at fair value through profit or loss			36,044
Derivative financial instrument			1,010
Cash and cash equivalents			231,292
Corporate and others			5,007
Total assets per the consolidated statement of financial position			1,745,315
LIABILITIES			
Segment liabilities	679,586	112,618	792,204
Unallocated liabilities:			
Deferred tax liabilities			494
Income tax liabilities			24,441
Corporate and others			1,336
Total liabilities per the consolidated statement of financial position			818,475

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 the location of the customers by the leasing operation segment.

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

	2019	2018
	HK$'000	*HK$'000*
The PRC including Hong Kong	**2,302,234**	1,624,446
Asia – others	**94,776**	31,004
	2,397,010	1,655,450

(b) *Non-current assets*

The non-current asset geographical information is not presented since over 90% of the Group's non-current assets are located in the PRC (including Hong Kong).

Information about major customers

During the year ended 31st March 2019, revenue of HK$317,800,000 was derived from sales to a single customer of the hi-tech distribution and services operating segment, which accounted for more than 10% of the Group's total revenue.

During the year ended 31st March 2018, there was no single customer that contributed 10% or more of the Group's revenue.

4. Finance income and costs

An analysis of finance income and costs is as follows:

	2019	2018
	HK$'000	*HK$'000*
Finance income:		
Interest income from bank deposits	**2,669**	2,035
Interest income from held-to-maturity investments	**—**	1,103
	2,669	3,138
Finance costs:		
Interest on bank loans	**3**	84
Amortisation of liability component of convertible bond	**—**	374
Net foreign exchange loss on financing activities	**—**	91
Fair value loss on derivative financial instruments	**3,038**	—
	3,041	549

5. Profit before income tax

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**1,981,222**	1,250,184
Other costs	**35,380**	51,666
Cost of sales	**2,016,602**	1,301,850
Net foreign exchange loss	**2,523**	1,074
Depreciation of property, plant and equipment	**21,806**	11,476
Minimum lease payments under operating leases	**15,198**	13,776
Write-off of trade receivables	**762**	—
Reversal of impairment of trade and bills receivables, net	**(1,458)**	—
Reversal of impairment of finance lease receivables, net	**(810)**	—
Impairment of obsolete inventories	**808**	—
Gain on disposal of items of property, plant and equipment, net	**(33)**	(715)

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% (2018: 16.5%) on the estimated assessable profit for the year.

Subsidiaries established in the Mainland China are subject to Mainland China corporate income tax at the standard rate of 25% (2018: 25%). During the year ended 31st March 2019, NAS American Tec (Shenzhen) Co Limited, a subsidiary of the Company, was entitled to a preferential tax rate of 15%, as it is recognised as a high technology enterprise.

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

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

	2019	2018
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax		
— current year	**17,314**	20,590
Mainland China corporate income tax		
— current year	**10,877**	3,239
— overprovision in prior years	**(766)**	(459)
	27,425	23,370

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 and the weighted average number of ordinary shares in issue during the year.

The basic and diluted earnings per share amounts for years ended 31st March 2018 and 2019 had been adjusted to reflect the Share Consolidation (as defined in note 11(i)) of the Company during the year ended 31st March 2019.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary shareholders of the Company, adjusted to exclude the interest on the convertible bond and fair value gain on the derivative component of convertible bond less tax effect, if any. The weighted average number of ordinary shares used in the calculation is 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 (i) at no consideration on the deemed exercise of all share options; and (ii) conversion of all dilutive potential ordinary shares into ordinary shares.

On 10th July 2017, the conversion price of the convertible bond was adjusted from HK$0.25 to HK$0.074 upon the payment of a special dividend by the Company on the same date which, according to the instrument constituting the convertible bond, constituted a capital distribution (as defined in the instrument) as it was not paid out of the retained profits for the financial periods after 31st March 2013. A retrospective adjustment on the number of potential ordinary shares to be issued from the convertible bond was made.

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to the shareholders of the Company, used in the basic earnings per share calculation	**110,153**	108,211
Interest on convertible bond	—	374
Fair value gain on derivative component of convertible bond	—	(69)
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation	**110,153**	108,516

	Number of shares	
	2019	2018 (Restated)
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**272,580,805**	249,700,389
Effect of dilution – weighted average number of ordinary shares:		
Convertible bond *(note)*	—	22,880,414
Assumed issuing at no consideration on deemed exercise of all share options outstanding during the year	**129,862**	391,174
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	**272,710,667**	272,971,977

Note:

The weighted average number of ordinary shares has been adjusted to reflect the Share Consolidation (as defined in note 11) of the Company during the year.

8. Dividends

The Directors do not recommend the payment of any final dividend for the year ended 31st March 2019 (2018: Nil).

On 8th June 2017, the Board declared a special dividend of HK$0.06 per share (before the Share Consolidation as defined in note 11), approximately HK$114,898,000 in aggregate. This special dividend was paid on 10th July 2017.

9. Trade and other receivables

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**389,103**	377,151
Less: Impairment of trade receivables	**(7,015)**	—
	382,088	377,151
Bills receivable	**2,259**	8,302
Trade and bills receivables, net *(note (a))*	**384,347**	385,453
Finance lease receivables	**217,048**	316,697
Less: Impairment of finance lease receivables	**(1,830)**	—
Finance lease receivables, net *(note (b))*	**215,218**	316,697
Less: non-current portion*	**(50,401)**	(98,738)
Finance lease receivables, net, current portion *(note (b))*	**164,817**	217,959
Prepayments, deposits and other receivables	**73,338**	217,296
Less: non-current portion*	**(2,167)**	(3,721)
Prepayments, deposits and other receivables, net, current portion	**71,171**	213,575
Total trade and other receivables, current portion	**620,335**	816,987
* Total trade and other receivables, non-current portion	**52,568**	102,459

(a) Trade and bills receivables, net

The Group's trading terms with its customers are mainly on letters of credit or documents against payment, and in some cases granting a credit period of 5 to 180 days, except for new customers, where payment in advance is normally required. 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. 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:

	2019	2018
	HK$'000	*HK$'000*
90 days or less	**306,442**	355,374
91 to 180 days	**60,432**	14,898
181 to 270 days	**3,171**	12,195
271 to 365 days	**8,402**	2,102
Over 365 days	**5,900**	884
	384,347	385,453

(b) Finance lease receivables, net

	2019	2018
	HK$'000	*HK$'000*
Gross investment in finance leases	**239,143**	341,455
Less: unearned finance lease income	**(22,095)**	(24,758)
Present value of minimum lease amounts receivables	**217,048**	316,697
Less: accumulated allowance for impairment	**(1,830)**	—
	215,218	316,697
Less: current portion	**(164,817)**	(217,959)
Non-current portion	**50,401**	98,738

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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**188,679**	240,301	**169,555**	217,959
After 1 year but not more than 2 years	**50,464**	97,650	**47,493**	95,619
After 2 years	**—**	3,504	**—**	3,119
	239,143	341,455	**217,048**	316,697

10. Trade and other payables

	2019	2018
	HK$'000	*HK$'000*
Trade and bills payables	**471,190**	495,169
Accrual for operating expenses	**91,938**	94,626
Receipts in advance	**10,812**	83,002
Contract liabilities	**121,415**	—
Deposits received	**46,526**	20,021
Other payables	**52,136**	53,027
	794,017	745,845

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

	2019	2018
	HK$'000	*HK$'000*
90 days or less	**267,342**	455,678
91 to 180 days	**142,619**	29,761
181 to 270 days	**3,312**	952
271 to 365 days	**56,710**	3,118
Over 365 days	**1,207**	5,660
	471,190	495,169

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 2017, 31st March 2018 and 1st April 2018					
— HK$0.01 each	40,000,000	400,000	30,000,000	300,000	700,000
Share Consolidation *(note (i))*	(36,000,000)	—	(27,000,000)	—	—
At 31st March 2019					
— HK$0.1 each	4,000,000	400,000	3,000,000	300,000	700,000
Issued:					
At 1st April 2017	1,914,997	19,150	—	—	19,150
Issue of shares upon conversion of convertible bond *(note (ii))*	810,811	8,108	—	—	8,108
At 31st March 2018 and 1st April 2018	2,725,808	27,258	—	—	27,258
Share Consolidation *(note (i))*	(2,453,227)	—	—	—	—
31st March 2019	272,581	27,258	—	—	27,258

Notes:

(i) On 26th March 2019, the Company completed the consolidation of every ten issued and unissued ordinary shares of HK$0.01 each into one consolidated ordinary share of HK$0.10 each and every ten unissued preference shares of HK$0.01 each into one preference share of HK$0.10 each (the "Share Consolidation").

(ii) On 13th July 2017, the Company issued and allotted 810,810,810 ordinary shares of HK$0.01 each at a conversion price of HK$0.074 per share upon the exercise of conversion rights by the convertible bondholder, resulting in the increase of share capital and share premium by approximately HK$8,108,000 and HK$51,892,000, respectively.

12. Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Cumulative translation adjustments HK$'000	Accumulated losses HK$'000	Total HK$'000
Balances at 1st April 2017	84,477	1,071,190	—	(1,497)	(330,112)	824,058
Profit for the year	—	—	—	—	108,211	108,211
Currency translation differences of foreign operations	—	—	—	25,635	—	25,635
Total comprehensive income for the year	—	—	—	25,635	108,211	133,846
Special dividend paid	—	(114,898)	—	—	—	(114,898)
Issue of shares upon conversion of convertible bond	51,892	—	—	—	—	51,892
Equity-settled share-based transactions	—	—	4,684	—	—	4,684
Balances at 31st March 2018	**136,369**	**956,292**	**4,684**	**24,138**	**(221,901)**	**899,582**
Previously reported balances as at 1st April 2018	**136,369**	**956,292**	**4,684**	**24,138**	**(221,901)**	**899,582**
Effect of adoption of HKFRS 9	**—**	**—**	**—**	**—**	**(9,055)**	**(9,055)**
Effect of adoption of HKFRS 15	**—**	**—**	**—**	**—**	**(15,100)**	**(15,100)**
Restated balances at 1st April 2018	**136,369**	**956,292**	**4,684**	**24,138**	**(246,056)**	**875,427**
Profit for the year	**—**	**—**	**—**	**—**	**110,153**	**110,153**
Currency translation differences of foreign operations	**—**	**—**	**—**	**(24,038)**	**—**	**(24,038)**
Total comprehensive income for the year	**—**	**—**	**—**	**(24,038)**	**110,153**	**86,115**
Balances at 31st March 2019	**136,369**	**956,292**	**4,684**	**100**	**(135,903)**	**961,542**

CHAIRLADY'S STATEMENT

General Overview

During the year, the Group recorded a consolidated net profit of approximately HK$110.1 million on a revenue of approximately HK$2,397 million, representing an increase of 1.8% and 44.8% from last year, respectively. The revenue was mainly boosted by the strong demand in Surface Mount Technology ("SMT") equipment from our long-term customers in manufacturing of smartphone, network and communication and automotive electronics and wearable devices, etc., of our hi-tech distribution and services division. Also, our leasing division shown remarkable progress in establishing a well balanced finance lease and operating lease portfolio.

Division Highlights

i) Hi-Tech Distribution and Services Division

During the year, the division achieved a net profit of approximately HK$117.2 million, representing a decrease of 2.6% from approximately HK$120.3 million in last year, and a revenue of approximately HK$2,338.7 million, representing an increase of 44.1% from approximately HK$1,622.6 million in last year. The current year's sales represented a new record of the division and resulted of our successful effort in securing orders from our major SMT customers. Our hi-tech distribution and services division management team will continue to maintain a close partnership and collaboration with its key business partner, Fuji Corporation, a manufacturer of high precision, cutting edge technology SMT machines and other industry leading peripheral equipment suppliers and business partners.

ii) Leasing Division

During the year, the leasing division continued its growth in its finance lease business and established a new company in Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone, which was set up to provide finance and operating lease arrangements to cope with surging customers' financing needs in Southern-China. During the year, the division recorded a revenue of approximately HK$58.3 million, representing an increase of 77.7% from approximately HK$32.8 million in last year. As at 31st March 2019, the aggregate principal amount of finance lease loans amounted to approximately HK$215.2 million.

OUTLOOK

The trade war between United States and China may impose a threat to the world economic outlook for the coming year. We have also seen a number of China electronic devices manufactures setting up their production lines outside China. After this weak start in 2019, we expect the momentum of global economy will be hindered in the coming quarters.

At the same time, China has ramped up its fiscal and monetary stimulus in response to the trade tariffs and we expected the domestic consumption set to become China's main economic driver. Our Group will strive to gain further market share of our hi-tech distribution and services division by providing better services and enhancing the marketing program. The leasing division is expected to have a moderate growth in anticipation of the growing operating lease market that we can offer flexible supply of SMT machines to our customers during the uncertain economic environment.

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

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to our business partners, our customers, the Board and our employees for their trust and support in the year. On behalf of the Board, I would also like to offer our utmost appreciation to our shareholders for their confidence in our Company. We believe our long-term investment strategy, setting operating goals, motivating our staff and sharing success with business partners will be essential elements for the Group's success.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Performance

During the year ended 31st March 2019 (the "year"), the Group recorded a consolidated revenue of approximately HK$2,397,010,000, representing a 44.8% growth from approximately HK$1,655,450,000 in last year. The increase in consolidated revenue was mainly due to approximately 44.1% year-on-year increase in revenue from our hi-tech distribution and services division. With the continuous effort of the Group's sale and management teams and their solid expertise in the SMT market, we successfully solidify our leading market position in the SMT industry. Besides, the Group's leasing division continued its growth and contributed a revenue of approximately HK$58,280,000, representing an increase of 77.7% from approximately HK$32,832,000 in last year.

During the year, the Group recorded a consolidated net profit of approximately HK$110,153,000, representing a slight increase of 1.8% from approximately HK$108,211,000 in last year. The consolidated net profit showing smaller rate of growth than the consolidated revenue was mainly due to the keen competition of the SMT market and significant decrease of commission sales income from last year. Decrease in commission income also resulted the Group's gross profit margin ratio dropping from last year's 21.4% to 15.9% in this year.

To support the growth of the Group's business in hi-tech distribution and services division and leasing division, the Group's total operating costs was increased by 7.8% from last year's approximately HK$227,593,000 to approximately HK$245,373,000 in this year. Since the Group's management team has implemented effective cost control, the total operating cost to Group's revenue ratio was decreased from last year's 13.7% to 10.2% in this year.

During the year, the Group recorded basic earnings per share of approximately HK40.4 cents in the year, representing 6.7% decrease from HK43.3 cents (restated) in last year.

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

Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited ("AMT"). AMT is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 30 years serving its customers in the hi-technology sector. AMT's team of more than 210 engineers and customer care staff are 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 year, the revenue of the division was approximately HK$2,338,729,000 representing an increase of 44.1% from approximately HK$1,622,619,000 in last year. The reason of increase was mainly due to the continued strong demand for SMT equipment in the telecommunication and industrial market segments. The division also successfully secured the orders from our major SMT customers, which continued to upgrade their manufacturing capacity in anticipation of the hugh demand from new mobile devices and accessories in the forthcoming 5G transformation. During the year, the division's direct machine sales were approximately HK$2,177,417,000, representing an increase of 56.5% from approximately HK$1,391,021,000 in last year. However, the division's commission and other services income, which recorded approximately of HK$66,756,000, representing a decrease of 50.9% from approximately of HK$136,008,000 in last year. The decrease in commission and other service income was mainly due to one of our local key customers had a significant purchase order for its new production facilities in last year. The division's spare part sales and software sales were approximately HK$94,556,000, representing a decrease of 1.1% from approximately HK$95,590,000 in last year.

On profit side, during the year, the net profit of the division was approximately HK$117,253,000, representing a decrease of 2.6% from approximately HK$120,329,000 in last year. AMT's management has taken various measures to maintain operating cost efficiency and has achieved expected profitability despite an increasing challenging market.

Leasing Division

The Group conducts its leasing business through its wholly-owned subsidiary, 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 projects.

During the year, the division generated a revenue from the leasing business of approximately HK$58,280,000, representing an increase of 77.5% from approximately HK$32,832,000 in last year and recorded a net profit of approximately HK$20,859,000, representing an increase of 43.9% from approximately HK$14,491,000 in last year. Increase in both revenue and net profit were also contributed by the newly set-up operating lease business. As at 31st March 2019, the aggregate principal amount of finance lease loans was HK$215,218,000, representing a decrease of 32.0% from HK$316,697,000 as at 31st March 2018. The decrease in the principal amount of finance lease loan was mainly due to the division's lease business engaged more resources in the operating lease business during the year.

Corporate Development

On 25th March 2019, an ordinary resolution for the share consolidation was passed by the members of the Company that, effective on 26th March 2019, every 10 issued and unissued ordinary shares with par value of HK$0.01 each were consolidated into 1 ordinary share with par value of HK$0.10 each ("Share Consolidation"). Upon the Share Consolidation become effective, the board lot size for trading on the Stock Exchange was changed from 8,000 shares to 4,000 shares.

OUTLOOK

Overall Summary

We believe the domestic consumption set to become China's main economic driver as the future mainstream although it is heightened volatility in the world economy in the coming quarters, and it may offer various challenges to our existing business and pressure on our margins. We expect to see another boom in SMT industry in the coming years following the wide range upgrade of mobile devices to telecom station equipment from 4G to 5G telecom network. Our customers including some leading telecommunication companies in China will play a vital role in the 5G transformation and provide immense opportunities to the SMT industry. We will embrace the opportunities offered by 5G transformation and continue to manage cash, cost and risks and, to build our strength by working with our management teams to improve capability and efficiency.

Hi-Tech Distribution and Services Division

MarketsandMarkets Research Private Ltd., in its report forecasts that the SMT market will be growing at a compound annual growth rate (CAGR) of 8.9% from 2017 and reaching USD5.42 billion by 2022. The consumer electronics segment currently held nearly 43% market share of SMT placement equipment, which is expected to continue to dominate the market throughout the forecast period till 2022. Asia-Pacific which including China led the market in 2017 with close to 44% of the market share and is expected to dominate the market throughout the period from 2018 to 2022.

Market outlook in medium term is modest optimistic. Smartphone manufacturers are major users of SMT machines. Per International Data Corporation's Worldwide Quarterly Mobile Phone Tracker, worldwide smartphone market reached a total of 1.4 billion unit shipments in 2018, decline 4.1% from 2017. Although 5G and new foldable form factors smartphone hit the road in 2019, it is yet to overcome the continuation of longer replacement cycles, a challenged China market and geopolitical headwinds. It is expected that from 2020 many countries will pick up again driven by large scale deployment of 5G network and popularisation of electric vehicles.

The trade negotiations between China and United States spanning over the past year cast doubt on the global economic outlook. The United States government has increased the import tariffs to 25% on USD200 billion worth of Chinese goods and China responded with 25% import tariffs on USD50 billion worth United States goods. It is difficult to predict when will the trade war be ended and the trade negotiation between United States and China may take much longer time than expected to settle. Furthermore, the United States also banned the trade between the United States companies and Huawei, a Chinese telecommunication company grasping the leading 5G technology, causing ripple effect on smartphone market, SMT industry and semiconductor industry. We will continue to monitor the latest development and work closely with our partners to come up with more competitive and innovative solutions. We will also continue to invest in our service and support infrastructure and systems so as to attain total customer satisfaction and customer retention. At the same time, we will also closely monitor our working capital, gross profit margin, operating cost and industry developments with a view to maintain our cash flow and profitability, as well as the long-term sustainability and growth of our business.

Leasing Division

The leasing business in which the Group is engaged underwent more favorable development with the continuous steady growth of SMT on the back of up-and-coming manufacturing of mobile phone-based consumer electronic brands in the Mainland China. In addition to repeated orders from existing customers with recurring financing needs, the number of new finance lease customers also shot up, thereby becoming the main driving force of our business growth. It is projected that following the trial run of 5G communications technologies, leasing in SMT and semiconductor packaging and testing will continue its satisfactory growth in 2019.

With the Group's financial platform in Hong Kong and abundant industry experience especially in hi-tech manufacturing equipment field, both the Group's finance and operating lease businesses will remain focus on SMT and semiconductor packaging equipment leasing to provide our customers diversified solutions and services. Furthermore, the Group will closely monitor other different equipment leasing demand to achieve a solid and rapid expansion in new business and income.

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 2019, the Group had no interest-bearing bank borrowing (2018: Nil). As at 31st March 2019, the Group had banking facilities of approximately HK$760,402,000 (2018: approximately HK$373,850,000) from several banks for trade financing. As at 31st March 2019, banking facilities of approximately HK$332,953,000 were utilised by the Group (2018: approximately HK$352,460,000). These facilities were secured by corporate guarantees of approximately HK$777,088,000 (2018: approximately HK$373,850,000) provided by the Company. As at 31st March 2019, the Group had total assets of approximately HK$1,815,218,000 (2018: approximately HK$1,745,315,000) and total liabilities of approximately HK$826,418,000 (2018: approximately HK$818,475,000). The gearing ratio of the Group, which was calculated as total liabilities over total assets was 45.5% (2018: 46.9%).

Contingent Liabilities

As at 31st March 2019, the guarantees given by the Group to certain banks in respect of performance bonds and bid bonds in favour of certain contract customers amounted to HK$1,403,000 (2018: HK$4,459,000).

Net Asset Value

Consolidated net asset value per ordinary share attributable to ordinary shareholders of the Company was approximately HK$0.36 as at 31st March 2019, increased by HK$0.02 from approximately HK$0.34 as at 31st March 2018 (restated to reflect the Share Consolidation approved by the Company's shareholders on 25th March 2019).

Number of Employees and Remuneration Policies

As at 31st March 2019, the Group employed 262 (2018: 250) 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$124,424,000 (2018: HK$118,447,000).

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.

Commitments

The Group's contractual commitments are primarily related to the operating lease commitments of its office premises and certain of its office equipment under operating lease arrangements. The Group's operating lease commitments amounted to approximately HK$17,859,000 in aggregate as at 31st March 2019 (2018: HK$30,780,000).

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 year ended 31st March 2019.

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 2019, the Company complied with all the Code provisions with the exceptions addressed below and, where appropriate, adopted the recommended best practices set out in the Code.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board's decisions are implemented under the leadership of the Chairlady with the involvement and support of the chief executive officer(s) and general manager(s) of the Company's operating companies. The Board believes that the balance of authority and division of responsibility are adequately ensured by the operations of the Board and management which comprise experienced and high calibre individuals.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Mr. Joseph Liang Hsien Tse and Mr. Kenneth Kon Hiu King were absent at the annual general meeting of the Company held on 6th September 2018 due to other important engagements and sickness respectively. Mr. Kenneth Kon Hiu King was absent at the special general meeting of the Company held on 25th March 2019 due to other important engagement. However, the Chairlady of the Board and all the other Board members attended the said general meetings.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Required Standard during the year ended 31st March 2019.

AUDIT COMMITTEE

During the year and up to the date of this announcement, the audit committee comprised of, namely Mr. Joseph Liang Hsien Tse, Mr. Kenneth Kon Hiu King, and Mr. Joseph Chan Nap Kee, 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 March 2016. 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 2019 have been reviewed by the audit committee.

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

Hong Kong, 13th June 2019

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

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the Company's website at www.nasholdings.com.