

# NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8080)**

## INTERIM RESULTS

**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

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

*\* For identification purpose only*

## RESULTS

The Board of directors (the “Board”) of North Asia Strategic Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th September 2024, together with the comparative unaudited figures of the corresponding period in 2023.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30th September	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	750,422	517,740
Cost of sales		<u>(608,188)</u>	<u>(423,247)</u>
Gross profit		142,234	94,493
Other income and gains, net		3,933	8,974
Selling and distribution expenses		(58,793)	(75,093)
General and administrative expenses		<u>(86,259)</u>	<u>(87,127)</u>
Operating profit/(loss)		1,115	(58,753)
Finance income	4	5,232	6,040
Finance costs	4	<u>(1,360)</u>	<u>(1,688)</u>
Profit/(loss) before income tax		4,987	(54,401)
Income tax (expense)/credit	5	<u>(3,773)</u>	<u>9,828</u>
PROFIT/(LOSS) FOR THE PERIOD		<u><u>1,214</u></u>	<u><u>(44,573)</u></u>
Earnings/(loss) per share attributable to ordinary shareholders of the Company	6		
Basic (HK cents)		<u><u>0.3</u></u>	<u><u>(9.8)</u></u>
Diluted (HK cents)		<u><u>0.3</u></u>	<u><u>(9.8)</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the six months ended 30th September</b>	
	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) for the period	<u>1,214</u>	<u>(44,573)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	<u>3,225</u>	<u>(19,526)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX OF NIL</b>	<u>3,225</u>	<u>(19,526)</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<u><b>4,439</b></u>	<u><b>(64,099)</b></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30th September 2024	As at 31st March 2024
	<i>Notes</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	117,501	84,466
Investment properties	8	229,084	231,609
Intangible assets	8	397,378	398,776
Right-of-use assets	8	44,950	55,559
Trade and other receivables	9	25,229	17,222
Deferred tax assets		1,331	1,302
		<b>815,473</b>	788,934
<b>Current assets</b>			
Financial assets at fair value through profit or loss		102,631	101,083
Inventories		210,637	215,810
Trade and other receivables	9	644,050	503,637
Pledged deposits		2,332	2,100
Cash and cash equivalents		254,367	345,494
		<b>1,214,017</b>	1,168,124
<b>Total assets</b>		<b>2,029,490</b>	1,957,058
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	11	45,450	45,450
Reserves		1,332,727	1,328,288
<b>Total equity</b>		<b>1,378,177</b>	1,373,738

		As at 30th September 2024 <i>HK\$'000</i> (Unaudited)	As at 31st March 2024 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank borrowings		8,711	—
Trade and other payables	10	580,022	506,758
Lease liabilities		18,102	20,779
Income tax liabilities		6,347	9,417
		<u>613,182</u>	<u>536,954</u>
<b>Non-current liabilities</b>			
Lease liabilities		33,120	40,628
Deposits received		2,403	2,913
Other non-current liabilities		251	254
Deferred tax liabilities		2,357	2,571
		<u>38,131</u>	<u>46,366</u>
<b>Total liabilities</b>		<u><u>651,313</u></u>	<u><u>583,320</u></u>
<b>Total equity and liabilities</b>		<u><u>2,029,490</u></u>	<u><u>1,957,058</u></u>
<b>Net current assets</b>		<u><u>600,835</u></u>	<u><u>631,170</u></u>
<b>Total assets less current liabilities</b>		<u><u>1,416,308</u></u>	<u><u>1,420,104</u></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)		
	Attributable to shareholders of the Company		
	Share capital	Reserves	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(note 12)</i>	
Balances as at 1st April 2023	45,450	1,389,886	1,435,336
<b>Comprehensive income</b>			
Loss for the period	—	(44,573)	(44,573)
<i>Other comprehensive loss</i>			
Currency translation differences of foreign operations	—	(19,526)	(19,526)
Total other comprehensive loss	—	(19,526)	(19,526)
<b>Total comprehensive loss for the period</b>	—	(64,099)	(64,099)
Equity-settled share-based transactions	—	865	865
Balances as at 30th September 2023	<u>45,450</u>	<u>1,326,652</u>	<u>1,372,102</u>
Balances as at 1st April 2024	<u>45,450</u>	<u>1,328,288</u>	<u>1,373,738</u>
<b>Comprehensive income</b>			
Profit for the period	—	1,214	1,214
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	3,225	3,225
Total other comprehensive income	—	3,225	3,225
<b>Total comprehensive income for the period</b>	—	4,439	4,439
<b>Balances as at 30th September 2024</b>	<u>45,450</u>	<u>1,332,727</u>	<u>1,378,177</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Net cash flows (used in)/from operating activities	<u>(39,809)</u>	<u>75,114</u>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(87,225)	(52,005)
Proceeds from disposal of items of property, plant and equipment	28,223	27,496
Acquisition of a subsidiary	—	(13,059)
Receipts from sales of financial assets at fair value through profit or loss	—	17,226
Others	<u>5,000</u>	<u>8,818</u>
Net cash flows used in investing activities	<u>(54,002)</u>	<u>(11,524)</u>
<b>Cash flows from financing activities</b>		
Repayment of other borrowings	—	(1,800)
New bank loan	8,711	—
Principal portion of lease payments	<u>(10,497)</u>	<u>(10,369)</u>
Net cash flows used in financing activities	<u>(1,786)</u>	<u>(12,169)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(95,597)</b>	<b>51,421</b>
Cash and cash equivalents at 1st April	<b>345,494</b>	425,154
Effect of foreign exchange rate changes, net	<u>4,470</u>	<u>(13,283)</u>
<b>Cash and cash equivalents at 30th September</b>	<b><u>254,367</u></b>	<b><u>463,292</u></b>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash at banks and on hand	131,084	219,349
Non-pledged time deposits with original maturity of three months or less when acquired	<u>123,283</u>	<u>243,943</u>
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	<b><u>254,367</u></b>	<b><u>463,292</u></b>

Notes:

## 1. GENERAL INFORMATION

The Group is principally engaged in the following businesses during the period:

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly 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;
- **electronic payment solution:** provision of payment solution that bridges online payment acquirers and the merchants; and
- **property and investment holding.**

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the “Companies Act”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and that of its principal place of business is Suite 1618, 16th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

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

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

In the opinion of the directors, the immediate holding company and ultimate holding company of the Company is Sky Virtue Holdings Limited, which was incorporated in the British Virgin Islands.

This announcement has been approved and authorised for issue by the Company’s board of directors on 14th November 2024.



## 2. BASIS OF PREPARATION

This announcement has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the “GEM Listing Rules”).

The interim condensed consolidated financial information for the six months ended 30th September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting*. This announcement does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31st March 2024.

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March 2024, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) effective as of 1st April 2024.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

### 3. REVENUE AND SEGMENT INFORMATION

#### 3.1 Revenue

An analysis of revenue is as follows:

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers (note)</b>		
Recognised at a point in time:		
Sales of goods	695,706	477,289
Sales support service	2,631	7,869
E-payment service income	1,337	3,815
Recognised over time:		
Other service income	15,471	15,306
	<u>715,145</u>	<u>504,279</u>
<b>Revenue from other sources</b>		
Income from finance lease arrangements	4,191	3,950
Income from operating lease arrangements	31,086	9,511
	<u>750,422</u>	<u>517,740</u>
<i>Note:</i>		
<b>Disaggregated revenue information</b>		
<i>Geographic markets</i>		
The PRC including Hong Kong	682,858	481,374
Asia — others	32,287	22,905
Total revenue from contracts with customers	<u>715,145</u>	<u>504,279</u>

### **3.2 Operating segment information**

For management purposes, the Group is organised into three major reportable operating segments — hi-tech distribution and services, leasing and electronic payment solution. The hi-tech distribution and services operating segment derives revenue from the sales of goods, sales support services and other service income. The leasing operating segment derives revenue from finance lease and operating lease arrangements, and trading of lease assets. The electronic payment solution operating segment derives revenue from the provision of payment solution that bridges online payment acquirers and the merchants.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before income tax. The adjusted profit/loss before income tax is measured consistently with the Group's profit/loss before 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, pledged deposits, cash and cash equivalents, financial assets at fair value through profit or loss, deferred tax assets and corporate and others.

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

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

The operating segment results for the period are as follows:

	<b>For the six months ended 30th September 2024</b>			
	<b>(Unaudited)</b>			
	<b>Hi-tech distribution and services operation HK\$'000</b>	<b>Leasing operation HK\$'000</b>	<b>Electronic payment solution HK\$'000</b>	<b>Total HK\$'000</b>
Revenue				
— Sales to external customers	<u>678,433</u>	<u>70,652</u>	<u>1,337</u>	<u>750,422</u>
Segment results	<u>24,885</u>	<u>8,453</u>	<u>(2,350)</u>	<u>30,988</u>
Change in fair value of financial assets at fair value through profit or loss				1,290
Interest income of financial assets at fair value through profit or loss				258
Finance income				5,232
Finance costs				(1,360)
Corporate and other unallocated expenses				<u>(31,421)</u>
Profit before income tax				4,987
Income tax expense				<u>(3,773)</u>
Profit for the period				<u>1,214</u>
Capital expenditure	16,147	71,117	266	<u>87,530</u>
Depreciation and amortisation	14,575	17,105	1,310	32,990
Corporate and other unallocated depreciation and amortisation				<u>4,200</u>
				<u>37,190</u>
Impairment of trade, bills and finance lease receivables, net	238	211	—	449
Loss/(gain) on disposal of items of property, plant and equipment	<u>462</u>	<u>(219)</u>	<u>—</u>	<u>243</u>

For the six months ended 30th September 2023  
(Unaudited)

	Hi-tech distribution and services operation <i>HK\$'000</i>	Leasing operation <i>HK\$'000</i>	Electronic payment solution <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
— Sales to external customers	<u>445,839</u>	<u>68,086</u>	<u>3,815</u>	<u>517,740</u>
Segment results	<u>(28,365)</u>	<u>2,914</u>	<u>(81)</u>	(25,532)
Change in fair value of financial assets at fair value through profit or loss				2,084
Interest income of financial assets at fair value through profit or loss				567
Finance income				6,040
Finance costs				(1,688)
Corporate and other unallocated expenses				<u>(35,872)</u>
Loss before income tax				(54,401)
Income tax credit				<u>9,828</u>
Loss for the period				<u>(44,573)</u>
Capital expenditure	11,179	44,702	22,740	78,621
Corporate and other unallocated expenditure				<u>2,968</u>
				<u>81,589</u>
Depreciation and amortisation	12,380	15,062	64	27,506
Corporate and other unallocated depreciation and amortisation				<u>4,107</u>
				<u>31,613</u>
Reversal of impairment of trade, bills and finance lease receivables, net	(95)	(177)	—	(272)
Gain on disposal of items of property, plant and equipment	<u>(503)</u>	<u>—</u>	<u>—</u>	<u>(503)</u>

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

	<b>Hi-tech distribution and services operation HK\$'000</b>	<b>Leasing operation HK\$'000</b>	<b>Electronic payment solution HK\$'000</b>	<b>Total HK\$'000</b>
<b>As at 30th September 2024 (Unaudited)</b>				
Segment assets	<u>1,082,159</u>	<u>331,097</u>	<u>20,377</u>	1,433,633
Unallocated assets:				
Investment properties				229,084
Deferred tax assets				1,331
Financial assets at fair value through profit or loss				102,631
Pledged deposits				2,332
Cash and cash equivalents				254,367
Corporate and others				<u>6,112</u>
Total assets per the unaudited condensed consolidated statement of financial position				<u>2,029,490</u>
<b>As at 31st March 2024 (Audited)</b>				
Segment assets	<u>948,266</u>	<u>299,083</u>	<u>20,567</u>	1,267,916
Unallocated assets:				
Investment properties				231,609
Deferred tax assets				1,302
Financial assets at fair value through profit or loss				101,083
Pledged deposits				2,100
Cash and cash equivalents				345,494
Corporate and others				<u>7,554</u>
Total assets per the consolidated statement of financial position				<u>1,957,058</u>

## **Geographical information**

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

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

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

	<b>For the six months ended 30th September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
The PRC including Hong Kong	<b>718,135</b>	494,835
Asia — others	<b>32,287</b>	22,905
	<b><u>750,422</u></b>	<b><u>517,740</u></b>

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

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

## **Information about major customers**

During the six months ended 30th September 2024, revenue of HK\$95,851,000 was derived from sales to a customer of the hi-tech distribution and services operating segment, which accounted for more than 10% of the Group's total revenue.

Revenue from each major customer is set out as below:

	<b>For the six months ended 30th September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer 1	<b><u>95,851</u></b>	<b><u>N/A*</u></b>

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

#### 4. FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Finance income:</b>		
Interest income from bank deposits	<u>5,232</u>	<u>6,040</u>
<b>Finance costs:</b>		
Interest on other borrowings	152	131
Interest on lease liabilities	<u>1,208</u>	<u>1,557</u>
	<u>1,360</u>	<u>1,688</u>

#### 5. INCOME TAX (EXPENSE)/CREDIT

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Subsidiaries established in Chinese Mainland are subject to the Chinese Mainland corporate income tax at the standard rate of 25% (2023: 25%).

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

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	577	—
Chinese Mainland corporate income tax		
— current period	3,439	516
Deferred	<u>(243)</u>	<u>(10,344)</u>
	<u>3,773</u>	<u>(9,828)</u>



## 6. EARNINGS/(LOSS) PER SHARE

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

No adjustment had been made to the basic earnings per share amount presented for the six months ended 30th September 2024 and the basic loss per share amount presented for the six months ended 30th September 2023 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic earnings/(loss) per share amount presented.

The calculations of basic and diluted earnings/(loss) per share amount are based on:

	<b>For the six months ended 30th September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit/(loss)</b>		
Profit/(loss) attributable to shareholders of the Company, used in the basic and diluted earnings/(loss) per share calculation (HK\$'000)	<u>1,214</u>	<u>(44,573)</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue, used in the basic and diluted earnings/(loss) per share calculation	<u>454,509,311</u>	<u>454,509,311</u>

## 7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September 2024 (2023: Nil).

## 8. CAPITAL EXPENDITURE

	<b>Property, plant and equipment</b>	<b>Investment properties</b>	<b>Intangible assets</b>	<b>Right-of-use assets</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>At 1st April 2024</b>	<b>84,466</b>	<b>231,609</b>	<b>398,776</b>	<b>55,559</b>	<b>770,410</b>
<b>Additions</b>	<b>87,225</b>	<b>—</b>	<b>—</b>	<b>305</b>	<b>87,530</b>
<b>Disposals</b>	<b>(28,466)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(28,466)</b>
<b>Depreciation and amortisation</b>	<b>(22,356)</b>	<b>(2,525)</b>	<b>(1,398)</b>	<b>(10,911)</b>	<b>(37,190)</b>
<b>Exchange realignments</b>	<b>(3,368)</b>	<b>—</b>	<b>—</b>	<b>(3)</b>	<b>(3,371)</b>
<b>At 30th September 2024</b>	<u><b>117,501</b></u>	<u><b>229,084</b></u>	<u><b>397,378</b></u>	<u><b>44,950</b></u>	<u><b>788,913</b></u>
<b>At 1st April 2023</b>	<b>88,810</b>	<b>236,660</b>	<b>378,992</b>	<b>66,131</b>	<b>770,593</b>
<b>Additions</b>	<b>52,005</b>	<b>—</b>	<b>—</b>	<b>6,849</b>	<b>58,854</b>
<b>Acquisition of a subsidiary (note 15)</b>	<b>—</b>	<b>—</b>	<b>22,735</b>	<b>—</b>	<b>22,735</b>
<b>Disposals</b>	<b>(26,993)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(26,993)</b>
<b>Depreciation and amortisation</b>	<b>(18,068)</b>	<b>(2,525)</b>	<b>(164)</b>	<b>(10,856)</b>	<b>(31,613)</b>
<b>Exchange realignments</b>	<b>(2,707)</b>	<b>—</b>	<b>—</b>	<b>(648)</b>	<b>(3,355)</b>
<b>At 30th September 2023</b>	<u><b>93,047</b></u>	<u><b>234,135</b></u>	<u><b>401,563</b></u>	<u><b>61,476</b></u>	<u><b>790,221</b></u>

## 9. TRADE AND OTHER RECEIVABLES

	As at 30th September 2024 <i>HK\$'000</i> (Unaudited)	As at 31st March 2024 <i>HK\$'000</i> (Audited)
Trade receivables	423,169	299,215
<i>Less: Impairment of trade receivables</i>	<u>(7,310)</u>	<u>(7,067)</u>
	<u>415,859</u>	<u>292,148</u>
Bills receivable	12,812	15,159
<i>Less: Impairment of bills receivable</i>	<u>(194)</u>	<u>(199)</u>
	<u>12,618</u>	<u>14,960</u>
Trade and bills receivables, net ( <i>note (a)</i> )	<u>428,477</u>	<u>307,108</u>
Finance lease receivables	103,447	80,790
<i>Less: Impairment of finance lease receivables</i>	<u>(1,015)</u>	<u>(804)</u>
Finance lease receivables, net ( <i>note (b)</i> )	102,432	79,986
<i>Less: Non-current portion*</i>	<u>(21,306)</u>	<u>(12,004)</u>
Finance lease receivables, net, current portion ( <i>note (b)</i> )	<u>81,126</u>	<u>67,982</u>
Prepayments, deposits and other receivables, net	138,370	133,765
<i>Less: Non-current portion*</i>	<u>(3,923)</u>	<u>(5,218)</u>
Prepayments, deposits and other receivables, net, current portion	<u>134,447</u>	<u>128,547</u>
Total trade and other receivables, current portion	<u>644,050</u>	<u>503,637</u>
* Total trade and other receivables, non-current portion	<u>25,229</u>	<u>17,222</u>

### (a) *Trade and bills receivables, net*

The Group's trading terms with its customers of hi-tech distribution and service operation are mainly on letters of credit or documents against payment, and in some cases granting a credit period of 5 to 180 days. Payment in advance is normally required. In respect of the Group's operating leasing operation, trade receivables are settled based on the terms stipulated in the lease agreements. The Group's terms with its debtors of electronic payment solution operation are generally with a credit period of 4 to 7 days. 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:

	As at <b>30th September</b> <b>2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31st March 2024 <i>HK\$'000</i> <i>(Audited)</i>
3 months or less	<b>312,196</b>	162,599
4 to 6 months	<b>80,886</b>	64,681
7 to 9 months	<b>27,836</b>	51,375
10 to 12 months	<b>4,456</b>	12,103
Over 12 months	<b>3,103</b>	16,350
	<b>428,477</b>	307,108

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

	As at <b>30th September</b> <b>2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31st March 2024 <i>HK\$'000</i> <i>(Audited)</i>
Gross investment in finance leases	<b>110,401</b>	86,482
<i>Less: Unearned finance lease income</i>	<b>(6,954)</b>	(5,692)
Present value of minimum lease amounts receivables	<b>103,447</b>	80,790
<i>Less: Accumulated allowance for impairment</i>	<b>(1,015)</b>	(804)
	<b>102,432</b>	79,986
<i>Less: Current portion</i>	<b>(81,126)</b>	(67,982)
Non-current portion	<b>21,306</b>	12,004

### ***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:

	<b>Gross amounts</b>		<b>Present values</b>	
	<b>As at 30th September 2024 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31st March 2024 <i>HK\$'000</i> (Audited)</b>	<b>As at 30th September 2024 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31st March 2024 <i>HK\$'000</i> (Audited)</b>
Within one year	<b>87,592</b>	71,736	<b>81,126</b>	67,982
After one year but not more than two years	<b>22,809</b>	14,746	<b>21,306</b>	12,004
	<b>110,401</b>	86,482	<b>102,432</b>	79,986

### **10. TRADE AND OTHER PAYABLES**

	<b>As at 30th September 2024 <i>HK\$'000</i> (Unaudited)</b>	<b>As at 31st March 2024 <i>HK\$'000</i> (Audited)</b>
Trade and bills payables ( <i>note</i> )	<b>322,896</b>	267,154
Accrual for operating expenses	<b>78,822</b>	71,842
Receipts in advance	<b>607</b>	613
Contract liabilities	<b>153,858</b>	146,268
Deposits received	<b>12,280</b>	9,806
Other payables	<b>11,559</b>	11,075
	<b>580,022</b>	506,758

Note:

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

	As at <b>30th September</b> <b>2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31st March 2024 <i>HK\$'000</i> (Audited)
3 months or less	283,477	229,369
4 to 6 months	22,321	20,651
7 to 9 months	11,490	10,376
10 to 12 months	1,526	789
Over 12 months	4,082	5,969
	<u>322,896</u>	<u>267,154</u>

## 11. SHARE CAPITAL

### (a) Share capital of the Company

	Ordinary shares Number of shares '000	Ordinary share capital HK\$'000	Preference shares Number of shares '000	Preference share capital HK\$'000	Total HK\$'000
Authorised:					
At 1st April 2023, 31st March 2024, 1st April 2024 and 30th September 2024 — HK\$0.1 each	<u>4,000,000</u>	<u>400,000</u>	<u>3,000,000</u>	<u>300,000</u>	<u>700,000</u>
Issued:					
At 1st April 2023, 31st March 2024, 1st April 2024 and 30th September 2024	<u>454,509</u>	<u>45,450</u>	<u>—</u>	<u>—</u>	<u>45,450</u>

**(b) Share options of the Company**

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group (the “Participants”). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The movement in the number of share options outstanding and their related weighted average exercise price are as follows:

	<b>Weighted average exercise price per share HK\$</b>	<b>Number of share options</b>
At 1st April 2023	0.79	22,196,388
Granted during the period	0.34	<u>9,860,000</u>
At 30th September 2023	<u>0.65</u>	<u>32,056,388</u>
At 1st April 2024	<b>0.79</b>	<b>32,056,388</b>
Lapsed during the period	<b>0.79</b>	<u><b>(32,056,388)</b></u>
At 30th September 2024	<u>—</u>	<u>—</u>

During the six months ended 30th September 2024 and 2023, no share options granted were exercised.

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

As at 30th September 2023

Number of options	Exercise price* <i>HK\$ per share</i>	Exercise period
7,404,388	1.14	16th August 2017 — 15th August 2027
11,524,000	0.70	24th December 2021 — 23rd December 2031
3,268,000	0.33	7th November 2022 — 6th November 2032
<u>9,860,000</u>	0.34	6th July 2023 — 5th July 2033
<u><u>32,056,388</u></u>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the six months ended 30th September 2023, determined using a binomial model, was approximately HK\$865,000. The Group had recognised a share option expense of HK\$865,000 during the six months ended 30th September 2023. No share option was granted during the six months ended 30th September 2024.

The fair value of equity-settled share options granted during the six months ended 30th September 2023 was determined as at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Expected dividend yield (%)	0.000
Expected volatility (%)	76.965
Risk-free interest rate (%)	3.937
Exercise multiple (times)	1.03

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

## 12. RESERVES

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	(Unaudited)		Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
			Share option reserve <i>HK\$'000</i>	Cumulative translation adjustments <i>HK\$'000</i>		
Balances at 1st April 2024	<u>227,465</u>	<u>956,292</u>	<u>15,609</u>	<u>(15,560)</u>	<u>144,482</u>	<u>1,328,288</u>
Profit for the period	-	-	-	-	1,214	1,214
Currency translation differences of foreign operations	-	-	-	3,225	-	3,225
Total comprehensive income for the period	-	-	-	3,225	1,214	4,439
Balances at 30th September 2024	<u>227,465</u>	<u>956,292</u>	<u>15,609</u>	<u>(12,335)</u>	<u>145,696</u>	<u>1,332,727</u>
Balances at 1st April 2023	<u>227,465</u>	<u>956,292</u>	<u>14,744</u>	<u>(1,832)</u>	<u>193,217</u>	<u>1,389,886</u>
Loss for the period	-	-	-	-	(44,573)	(44,573)
Currency translation differences of foreign operations	-	-	-	(19,526)	-	(19,526)
Total comprehensive loss for the period	-	-	-	(19,526)	(44,573)	(64,099)
Equity-settled share- based transactions (note 11(b))	-	-	865	-	-	865
Balances at 30th September 2023	<u>227,465</u>	<u>956,292</u>	<u>15,609</u>	<u>(21,358)</u>	<u>148,644</u>	<u>1,326,652</u>



### 13. RELATED PARTY TRANSACTIONS

#### (a) *Key management compensation of the Group*

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and bonuses	8,181	6,273
Equity-settled share option expenses	—	865
Retirement benefits — defined contribution scheme	36	27
	<u>8,217</u>	<u>7,165</u>

(b) During the six months ended 30th September 2024, compensation of HK\$2,277,000 (six months ended 30th September 2023: HK\$1,209,000) was payable to the spouse of Ms. Zhang Yifan, a director of the Company, for service rendered to the Group.

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

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

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

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

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

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

Assets measured at fair value:

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
<b>As at 30th September 2024</b>				
<b>(Unaudited)</b>				
<b>Financial assets at fair value through profit or loss</b>	<b>102,631</b>	<b>—</b>	<b>—</b>	<b>102,631</b>
<b>As at 31st March 2024 (Audited)</b>				
Financial assets at fair value through profit or loss	101,083	—	—	101,083

The Group did not have any financial liabilities measured at fair value as at 30th September 2024 and 31st March 2024.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30th September 2023: Nil).

## 15. BUSINESS COMBINATION

On 4th April 2023, the Group acquired a 100% interest in Jarvix (Hong Kong) Limited from a vendor (the “Vendor”). Jarvix (Hong Kong) Limited is engaged in operating the payment business. Details of the transactions are set out in the Company’s announcement dated 21st December 2022. The acquisition was made as part of the Group’s strategy to expand its business into other industry. The purchase consideration for the acquisition was in the form of cash of US\$2,400,000 (equivalent to HK\$18,672,000).

The provisional fair values of the identifiable assets and liabilities of Jarvix (Hong Kong) Limited as at the date of acquisition were as follows:

	<b>Provisional fair value recognised on acquisition</b> <i>HK\$'000</i>
Intangible assets	19,107
Inventories	9
Trade and other receivables	42
Trade and other payables	(961)
Deferred tax liabilities	(3,153)
	<hr/>
Total identifiable net assets at fair value	15,044
Goodwill on acquisition	3,628
	<hr/>
Satisfied by cash	<u><u>18,672</u></u>

The fair value of the identifiable assets and liabilities of the subsidiary at the completion date of the acquisition for initial accounting purpose are determined on a provisional basis as the Group is in the process of completing the valuation. They may be adjusted upon the completion of the initial accounting year which shall not exceed one year from the acquisition date.

The fair values of the other receivables as at the date of acquisition amounted to HK\$42,000.

The Group incurred transaction costs of HK\$3,674,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>HK\$'000</i>
Cash consideration	<u>(18,672)</u>
Deposit paid in the prior year	(5,613)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(13,059)
Transaction costs of the acquisition included in cash flows from operating activities	<u>(3,674)</u>
	<u><u>(22,346)</u></u>

Since the acquisition, Jarvix (Hong Kong) Limited contributed HK\$3,815,000 to the Group's revenue and HK\$71,000 to the consolidated loss for the six months ended 30th September 2023.

Had the combination taken place at the beginning of the prior period, there would have been no significant impact to the revenue and the loss of the Group for the prior period.

## **BUSINESS REVIEW**

### **Financial and Business Performance**

For the six months ended 30th September 2024 (the “Interim Period”), the Group recorded unaudited consolidated revenue of approximately HK\$750,422,000, representing an increase of 44.9% from approximately HK\$517,740,000 in the corresponding period last year.

During the Interim Period, revenue of the Group’s hi-tech distribution and services division increased by 52.2%, from corresponding period last year. Such increase is mainly due to the rebound in demand in global mobile phone market which caused the Group’s customers, which are mainly mobile phone manufacturers in China, to expand their acquisition plans. The leasing division recorded an increase in revenue of 3.8% compared to the corresponding period last year mainly due to the net effect of increase in revenue from operating lease and reduction in revenue from sale of machines during the Interim Period. The electronic payment solution division recorded a decrease in revenue of 28.8% compared to the corresponding period last year mainly due to the sluggish local consumption market and weak spending.

During the Interim Period, the Group’s total operating expenses amounted to approximately HK\$145,052,000, representing a decrease of 10.6% from approximately HK\$162,220,000 in the corresponding period last year. The decrease in operating expenses was mainly because of the reduction in staff cost as a result of the optimization of sales and service cohort over the past year and reduction of net exchange loss from approximately HK\$8,944,000 in the corresponding period last year to approximately HK\$5,383,000 in the Interim Period. During the Interim Period, the Group’s total operating expenses (excluding the net exchange loss) to the revenue ratio decreased to 18.6% from approximately 29.6% in the corresponding period last year.

During the Interim Period, the Group recorded an unaudited consolidated net profit of approximately HK\$1,214,000 in contrast to the unaudited consolidated net loss of approximately HK\$44,573,000 in the corresponding period last year. The unaudited basic earnings per share in the Interim Period was approximately HK0.3 cent, while the Group incurred a loss per share of approximately HK9.8 cents in the corresponding period last year.

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

## Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited (“AMT”). AMT is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 30 years in serving its customers in the hi-technology sector. AMT’s team of more than 250 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, including Thailand, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. AMT is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the Interim Period, the unaudited revenue of the division was approximately HK\$678,433,000, representing an increase of 52.2% from approximately HK\$445,839,000 in the corresponding period last year. Extending growth trend from the second half of last financial year, the division’s revenue continued to grow from the market rebound during the Interim Period. According to the International Data Corporation (“IDC”) Worldwide Quarterly Mobile Phone Tracker, the global smartphone shipment for both the Q2 and Q3 of 2024, the same period as the Interim Period, recorded 6.5% and 4% year on year gain respectively. Such increase demand was driven by the artificial intelligence (“AI”) feature in the smartphone and stockpiling for upcoming holiday sales seasons. The division’s customers, mainly smartphones manufacturers in China, have received new orders and expanded their manufacturing facilities and placed significant orders to the division during Interim Period. Thus it led to a higher completion of orders and consequently recorded a higher revenue during the Interim Period than the same period last year.

The division’s direct machine sales during the Interim Period was approximately HK\$618,616,000, representing an increase of 61.5% from approximately HK\$382,951,000 in the corresponding period last year. It also recorded sales support service and other service income of approximately HK\$17,693,000, representing a decrease of 22.6% from approximately HK\$22,847,000 in the corresponding period last year. Sales of spare parts and software sales were approximately HK\$42,124,000, representing an increase of 5.2% from approximately HK\$40,041,000 in the corresponding period last year.

During the Interim Period, the division recorded an unaudited net profit of approximately HK\$24,284,000, compared to an unaudited net loss of approximately HK\$20,624,000 in the corresponding period 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 Leasing (Shenzhen) Co., Ltd. (“FNAL”) in Qianhai Shenzhen-Hong Kong 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.

Canalys has reported that in the third quarter of 2024, global smartphone shipments increased by 5% year-on-year, marking the fourth consecutive quarter of growth. Despite this positive trend, the consumer electronics market remained volatile throughout the Interim Period. The overall operation of the leasing business shows a trend of low performance in the early part of the year followed by significant growth later on and experienced some short-lived but intense demand for operating lease equipment.

In response to market fluctuations, management has implemented several strategic measures to elevate service standards. These include enhancing equipment customization, optimizing leasing scheduling processes through collaboration with other second-hand dealers, and offering more comprehensive technical support. Additionally, pricing has been adjusted in alignment with market demand and competitive pressures to maintain competitiveness and appeal. By implementing these operational strategies, the division generated unaudited revenue of approximately HK\$70,652,000, representing an increase of 3.8%, from the same period last year of approximately HK\$68,086,000.

Furthermore, the revenue generated from operating lease arrangements was approximately HK\$31,086,000, representing an increase of 226.8% from approximately HK\$9,511,000 in the same period last year. This significant increase was due to the short-lived intense demand mentioned, they have notably improved our equipment utilization rate.

To adapt to market changes and interest rates, the division flexibly adjusted its strategies to balance risk and growth. The division continued to diversify its customer base and to offer short-term (6-12 months) finance lease options. As at 30th September 2024, the division’s principal amount of finance lease receivables increased by 56.8% to approximately HK\$102,432,000 as of 30th September 2024, from approximately HK\$65,332,000 as of 30th September 2023. This highlights the market’s need for short-term financing and indicates signs of market recovery. Finance lease income also rose by 6.1% to HK\$4,191,000, compared to HK\$3,950,000 in the same period last year.

The division continues to strengthen its customer base and diversify its revenue streams to sale of electronic components, devices and equipment. Additionally, the division is actively adding new brands to its portfolio to further enhance its products offering. During the Interim Period, the division recorded revenue from sales of machines and other service income of approximately HK\$35,375,000, representing a 35.2% decrease from approximately HK\$54,625,000 in the same period last year.

The division has made persistent effort in leveraging the resources of the market to generate revenue and implemented cost-saving measures under unfavourable market conditions. During the Interim Period, the division managed to record an unaudited net profit of approximately HK\$5,621,000, representing an increase of 92.0% from approximately HK\$2,927,000 in the same period last year.

## **Electronic Payment Solution Division**

The Group conducted its payment solution business through its wholly-owned subsidiary, Jarvix (Hong Kong) Limited (“Jarvix”). Jarvix is principally engaged in providing a payment solution to local merchants such that they can accept wide range of electronic payment methods. Jarvix has been focusing on various industries such as fitness, beauty and sports.

According to the latest data from the Census and Statistics Department, the total retail sales value for the first nine months of this year is provisionally estimated to have decreased by 7.6% compared to the same period last year. Changes in consumer behavior and the high exchange rate of the Hong Kong dollar continue to exert pressure on the retail industry.

During the Interim Period, Jarvix has successfully signed a partnership agreement with a well-known acquiring institution, enabling Jarvix to offer offline services to both existing and potential customers. This integration of online and offline payment solutions enhances Jarvix’s competitiveness in the market of payment solution business. Apart, the division continued to increase its investment in manpower to enable it to expand and diversify its client base. During the Interim Period, the division recorded unaudited revenue of approximately HK\$1,337,000, representing a 28.8% decrease from approximately HK\$1,879,000 in the same period last year. During the Interim Period, the division recorded an unaudited net loss of approximately HK\$2,136,000, representing an increase of 2,908.5% from approximately HK\$71,000 in the corresponding period last year. This loss includes HK\$1,298,000 in amortization of intangible assets during the Interim Period.



## OUTLOOK

### General

The global economic growth is expected to remain stable in 2024 to 2025 at 3.2% according to International Monetary Fund's ("IMF") latest World Economic Outlook published in October 2024. IMF also forecasted the global growth five years from now at 3.1%. However, it upgraded the forecast for emerging Asia where surging demand for semiconductors and electronics, driven by the significant investments in AI bolstering growth.

IDC has revised upward its forecast of 2024 worldwide smartphone shipments from a growth of 4% to 5.8% year over year to 1.23 billion units. According to the quarterly report of global smartphone market by Canalys published in October 2024, the continuous growth of the first three quarters in 2024 is primarily driven by resilient demand in emerging countries and a replacement cycle of new AI feature smartphone in North America, China and Europe. Canalys also stated that although the market conditions are improving, the smartphone demand remains fragile and smartphone vendors facing regulatory challenges such as EU's eco-design directive.

From Global EV Outlook 2024 published by International Energy Agency ("IEA"), the electric car sales keep rising and could reach around 17 million in 2024, accounting for more than one in five cars sold worldwide. IEA estimated that as soon as 2030, almost one in three cars on the roads in China is electric and almost one in five in both the United States and European Union. The Group expects the replacement of petroleum fuelled vehicles with electric vehicles will be continued rapidly in the years ahead. China electric vehicle manufacturing industry had created massive opportunities for the Group since some of the Group's major customers are leading electric vehicle manufacturers, or their OEM manufacturers in China.

Nevertheless, with EU tariff increases, US-China trade tensions, and uncertainties following the US elections, business owners in the electronics manufacturing sector in China which are heavily reliant on external demand continue to be more cautious, translating into further challenges and uncertainties for our business in the latter half of 2024 and into 2025. Further, with the continuing US-China decoupling and other geopolitical reasons, the trend of manufacturing base moving outside China amongst our customers is persisting. The Group, having already established operations in Thailand and Vietnam, will continue to expand the service cohort in South East Asia region to support the Group's customers.

On a more positive note, faster than expected upgrade of AI is causing the surge of demand in AI chips and user device such as AI notebooks, AI smartphones and AI servers. The Group expects this in turn to further drive up the demand for SMT and semiconductor manufacturing facilities.

According to the National Bureau of Statistics (“NBS”) of China’s preliminary estimate in October 2024, the gross domestic product (“GDP”) for the Q1 to Q3 of 2024 were up 5.3%, 4.7% and 4.6% year-on-year respectively. NBS also reported that the value-added output of the manufacturing industry increased by 5.4% year-on-year in September 2024, decelerating from 7.5% year-on-year growth in April 2024. Meanwhile, several key manufacturing sectors experienced high levels of growth in added value output including manufacturing of computers, communication equipment and other electronic equipment increased by 12.8% year-on-year for Q1 to Q3 2024.

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, the Group will seek to continue to emphasize its business in Hong Kong and the Greater Bay Area and to enhance the operational efficiency of its various business divisions to improve their profitability and increase shareholders’ value.

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.

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

Despite the uncertainties that geopolitical factors may engender in the Group’s markets, the division expects continuous year over year growth of orders from customers after the Interim Period given the new demand from AI notebooks and AI smartphones. Some of the division’s customers engaging in smartphone manufacturing in China, has started to acquire new manufacturing facilities in large scale after the end of Interim Period and this trend is likely to extend into the second half of the financial year. Additionally, the division’s operations in South East Asia is able to serve some of its customers’ operations in those markets. In 2025, the Group’s major SMT product, NXT III, will be replaced by a new generation model, NXTR, which has improved performance and automation capabilities. The division expects a new wave of replacement demand will surge in coming years.

## **Leasing Division**

Since the beginning of 2024, the market has encountered significant uncertainties and challenges, pushing the leasing operation business into intense competition and price pressures. Customer demand has shorter lead times and stricter terms. In response, we are leveraging our newer equipment and expertise while enhancing our customized services and focusing on accessories and domestic substitution to help customers reduce costs, and enhance the added value of our services. We are also intensifying our focus on accessories and self-developed products. Our objective is to entrench market share and enhance profit margins through targeted diversification.

By September 2024, as the traditional Christmas and New Year stocking season, a brief leasing peak was observed, especially in the new energy sector, though its sustainability remains uncertain. We are integrating market resources to meet customer leasing needs while carefully managing our resource investments. As risks in the financing and leasing sectors accumulate, we will maintain our current scale and strengthen risk management.

## **Electronic Payment Solution Division**

This year, Hong Kong's retail market and consumer spending situation are pessimistic. According to data from the Census and Statistics Department, the total retail sales value and quantity have declined compared to the same period last year in most months this year. Since March 2024, the total retail sales value has dropped for seven consecutive months, with an estimated decline of 7.6% for the first nine months of 2024. In the same month, online sales accounted for 10.4% of the total retail sales value, approximately HK\$3.1 billion, but this represents an 11.8% decrease compared to last year. The challenges faced by the retail industry included changes in tourist spending patterns, a decline in purchasing power, and residents opting to shop in mainland China. Additionally, the strong Hong Kong dollar has further impacted retail performance. Recently in Hong Kong, several major retail chain stores have been closed, highlighting the difficulties in the retail environment.

Looking ahead, the economic outlook for the mainland China has improved with the recent introduction of a package of stimulus measures by the government of the People's Republic of China and supportive measures for Hong Kong. Furthermore, the Hong Kong government has also recently launched a funding scheme aimed at helping and encouraging small and medium-sized enterprises ("SMEs") to undergo digital transformation and to promote the use of electronic payments. The division is collaborating with some local service providers to launch promotional programs to attract more SMEs to adopt our online and offline electronic payment solutions and participate in this funding scheme. Our future goal is to have a wider variety of merchants, such as those in the catering industry and some small to medium-sized hotels.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Interim Period, the Group generally financed its operation with internally generated resources and banking facilities provided by its principal bankers in Hong Kong. At 30th September 2024, the gearing ratio of the Group, which was calculated as total liabilities over the total assets was 32.1%, as compared to 29.8% as at 31st March 2024.

### **Contingent Liabilities**

As at 30th September 2024, pledged deposits of HK\$2,332,000 (31st March 2024: HK\$2,100,000) were held as security at a bank in respect of performance bonds in favour of certain contract customers. The guarantee given by the Group to a bank in respect of a performance bond in favour of a supplier amounted to HK\$4,549,000 (31st March 2024: HK\$4,549,000).

### **Foreign Currency Exposure**

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

### **Employee Information**

As at 30th September 2024, the Group employed 331 staff (as at 30th September 2023: 395). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30th September 2024 amounted to approximately HK\$71,845,000 (for the six months ended 30th September 2023: HK\$79,432,000).

### **Capital Commitments**

There was no material capital commitments as at 30th September 2024.

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

As at 30th September 2024, the Directors and chief executive of the Company and their respective associates had the following interests or short positions in the shares and/or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

### **Long positions in the shares of the Company:**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shares held</b> <i>(Note a)</i>
Zhang Yifan	Interest of controlled corporation <i>(Note b)</i>	257,003,901	56.55%

#### *Notes:*

- (a) The above approximate percentages of the shareholdings are based on 454,509,311 ordinary shares in issue as at 30th September 2024.
- (b) Sky Virtue Holdings Limited is wholly-owned by Ms. Zhang Yifan. By virtue of Part XV of the SFO, Ms. Zhang Yifan is deemed to be interested in the shares held by Sky Virtue Holdings Limited.

Save as disclosed above, as at 30th September 2024, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30th September 2024, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

## Long positions in the shares of the Company:

Name of Shareholder	Capacity	Number of ordinary shares held	Approximate percentage of shares held (Note a)
Lu Ying	Interest of controlled corporation (Note b)	51,752,205	11.39%
Sincere Ardent Limited	Beneficial owner (Note b)	51,752,205	11.39%
Sky Virtue Holdings Limited	Beneficial owner (Note c)	257,003,901	56.55%
Sun Ciyang	Beneficial owner	39,861,357	8.77%

### Notes:

- (a) The above approximate percentages of the shareholdings are based on 454,509,311 ordinary shares in issue as at 30th September 2024.
- (b) Sincere Ardent Limited is wholly owned by Ms. Lu Ying. By virtue of Part XV of the SFO, Ms. Lu Ying is deemed to be interested in the shares held by Sincere Ardent Limited.
- (c) Sky Virtue Holdings Limited is wholly owned by Ms. Zhang Yifan, the Chairlady and an executive Director of the Company. By virtue of Part XV of the SFO, Ms. Zhang Yifan is deemed to be interested in the shares held by Sky Virtue Holdings Limited.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has any interests or short positions in the securities of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 30th September 2024.

## **SHARE OPTION SCHEME**

### **2023 Scheme**

On 7th September 2023, the shareholders of the Company approved the adoption of a share option scheme (the “2023 Scheme”). Under the terms of the 2023 Scheme, the Board may at its discretion offer share options to eligible participants including any Director or employee of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary, and any employee whom the Board considers, at its sole discretion, have contributed or will contribute to the Group, and persons who are granted options under 2023 Scheme as inducement to enter into employment contracts with the Company or any subsidiary. The purpose of the 2023 Scheme is to reward eligible participants who have contributed or will contribute to the Group and to encourage longer term commitment of eligible participants to the Group and to better align their interests with those of shareholders as a whole, which can contribute towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2023 Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

As at 30th September 2024, no share options have been granted by the Company pursuant to the 2023 Scheme. As at 1st April 2024 and 30th September 2024, the number of share options available for grant under the 2023 Scheme was 45,450,931.

### **2014 Scheme**

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to eligible participants including any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group. The principal purpose of the 2014 Scheme is to reward the eligible participants who have contributed or will contribute to the Group and to encourage the eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. The 2014 Scheme has expired on 4th September 2024.

The following table sets out the movements in the Company's share options under the 2014 Scheme during the reporting period:

Name	Date of grant	Exercise period	Vesting period	Exercise price <sup>(Note)</sup>	Number of share options					Outstanding as at 30th September 2024
					Outstanding as at 1st April 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
<b>Executive Directors</b>										
Zhang Yifan	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	2,755,817	—	—	—	2,755,817	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	980,000	—	—	—	980,000	—
	7th November 2022	7th November 2022 to 6th November 2032	Vested on the date of grant	HK\$0.325	3,268,000	—	—	—	3,268,000	—
	6th July 2023	6th July 2023 to 5th July 2033	Vested 12 months after date of grant	HK\$0.339	1,276,000	—	—	—	1,276,000	—
Kenneth Kon Hiu King	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	202,217	—	—	—	202,217	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	4,248,000	—	—	—	4,248,000	—
	6th July 2023	6th July 2023 to 5th July 2033	Vested 12 months after date of grant	HK\$0.339	4,544,000	—	—	—	4,544,000	—
<b>Non-executive Director</b>										
Pierre Tsui Kwong Ming	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	202,217	—	—	—	202,217	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	980,000	—	—	—	980,000	—



Name	Date of grant	Exercise period	Vesting period	Exercise price <sup>(Note)</sup>	Number of share options					
					Outstanding as at 1st April 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30th September 2024
<b>Independent non-executive Directors</b>										
Joseph Liang Hsien Tse	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	202,217	—	—	—	202,217	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	424,000	—	—	—	424,000	—
	6th July 2023	6th July 2023 to 5th July 2033	Vested 12 months after date of grant	HK\$0.339	452,000	—	—	—	452,000	—
Joseph Chan Nap Kee	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	202,217	—	—	—	202,217	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	424,000	—	—	—	424,000	—
	6th July 2023	6th July 2023 to 5th July 2033	Vested 12 months after date of grant	HK\$0.339	452,000	—	—	—	452,000	—
<b>Sub-Total</b>					20,612,685	—	—	—	20,612,685	—
<b>Substantial Shareholder</b>										
Lu Ying	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	275,016	—	—	—	275,016	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	424,000	—	—	—	424,000	—
<b>Employees of the Group</b>										
Other Employees	16th August 2017	16th August 2017 to 15th August 2027	Vested on the date of grant	HK\$1.137	3,564,687	—	—	—	3,564,687	—
	24th December 2021	24th December 2021 to 23rd December 2031	Vested on the date of grant	HK\$0.700	4,044,000	—	—	—	4,044,000	—
	6th July 2023	6th July 2023 to 5th July 2033	Vested 12 months after date of grant	HK\$0.339	3,136,000	—	—	—	3,136,000	—
<b>Total</b>					<b>32,056,388</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32,056,388</b>	<b>—</b>

*Note:*

The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The number and the exercise price of share options which remained outstanding on 13th May 2021 have been adjusted due to completion of open offer on 13th May 2021.

— For the share options granted on 16th August 2017, the total number of share options outstanding on 13th May 2021 was adjusted from 7,323,200 to 7,404,388 and the exercise price per share was adjusted from HK\$1.15 to HK\$1.137.

The number of share options available for grant under the 2014 Scheme as at 1st April 2024 and 30th September 2024 was 531 and 0 respectively.

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

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

	Date of grant			
	16th August 2017	24th December 2021	7th November 2022	6th July 2023
Expected dividend yield (%)	0.000	0.000	0.000	0.000
Expected volatility (%)	79.012	72.564	73.844	76.965
Risk-free interest rate (%)	2.030	1.512	4.422	3.937
Exercise multiple (times)	2.80	1.10	1.10	1.03
Fair value of the total share options granted	HK\$4,684,000	HK\$730,000	HK\$961,000	HK\$865,000

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

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

The total number of shares of the Company (the “Shares”) that may be issued in respect of share options granted under all schemes of the Company during six months ended 30th September 2024 divided by the weighted average number of Shares in issue for the six months ended 30th September 2024 is 0%.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) none of the grantees is a director, chief executive or substantial shareholder of the Company or an associate (as defined under the GEM Listing Rules) of any of them; (ii) none of the grantees is a participant with options granted and to be granted exceeding the 1% individual limit under Rule 23.03D(1) of the GEM Listing Rules; and (iii) none of the grantees is a related entity participant or a service provider (as defined under the GEM Listing Rules).

## **COMPETING INTERESTS**

As at 30th September 2024, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30th September 2024.

## **CORPORATE GOVERNANCE CODE**

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the “Code”) contained in Appendix C1 of the GEM Listing Rules. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the six months ended 30th September 2024, acting in compliance with the Code.

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

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard"). Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Required Standard and the Company's code of conduct regarding securities transactions throughout the six months ended 30th September 2024.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises four independent non-executive Directors and is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the six months ended 30th September 2024 of the Company now reported on has been reviewed by the audit committee.

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

Hong Kong, 14th November 2024

*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, Dr. Cai Qing and Mr. Airy Lau Tak Chuen (being Independent Non-executive Directors).*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" page for at least seven days from the date of its posting and on the Company's website at [www.nasholdings.com](http://www.nasholdings.com).*