A & S GROUP (HOLDINGS) LIMITED

亞洲實業集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1737)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$447.6 million for the year ended 31 March 2019, representing a decrease of approximately 5.7% as compared with approximately HK$474.7 million for the year ended 31 March 2018.

- Gross profit decreased from approximately HK$72.6 million for the year ended 31 March 2018 to approximately HK$46.7 million for the year ended 31 March 2019.

- Gross profit margin decreased from approximately 15.3% for the year ended 31 March 2018 to approximately 10.4% for the year ended 31 March 2019.

- Profit attributable to the owners of the Company was approximately HK$0.5 million for the year ended 31 March 2019 as compared to profit of approximately HK$12.1 million for the year ended 31 March 2018.

- Basic earnings per share was approximately HK0.05 cents for the year ended 31 March 2019, and approximately HK1.6 cents for the year ended 31 March 2018.

- The Board does not recommend the payment of any dividend for the year ended 31 March 2019.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of A & S Group (Holdings) Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2019 (the "**FY2019**"), together with the comparative figures for the year ended 31 March 2018 (the "**FY2018**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*3*	**447,556**	474,690
Direct costs		**(400,829)**	(402,128)
Gross profit		**46,727**	72,562
Other income and gains	*4*	**3,992**	3,516
Administrative and other operating expenses		**(48,616)**	(57,910)
Loss allowance on trade receivables		**(687)**	–
Operating profit		**1,416**	18,168
Finance costs	*6*	**(815)**	(866)
Profit before tax	*5*	**601**	17,302
Income tax expense	*7*	**(133)**	(5,163)
Profit and total comprehensive income for the year attributable to owners of the Company		**468**	12,139
Basic and diluted earnings per share	*8*	**HK0.05 cents**	HK1.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**12,008**	13,208
Club membership		**869**	–
		12,877	13,208
Current assets			
Trade receivables	*10*	**100,574**	90,760
Other receivables, deposits and prepayments		**20,186**	15,664
Amounts due from related companies		**35**	28
Pledged deposit		**3,004**	3,000
Cash and bank balances		**89,546**	142,245
Tax recoverable		**3,656**	1,558
		217,001	253,255
Total assets		**229,878**	266,463
EQUITY			
Capital and reserves			
Share capital		**10,000**	10,000
Reserves		**178,720**	179,639
Total equity		**188,720**	189,639

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**560**	1,047
Current liabilities			
Trade payables	*11*	**9,127**	9,720
Accruals and other payables	*11*	**20,200**	20,105
Bank borrowings		**11,271**	45,952
		40,598	75,777
Total liabilities		**41,158**	76,824
Total equity and liabilities		**229,878**	266,463
Net current assets		**176,403**	177,478
Total assets less current liabilities		**189,280**	190,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 7 July 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 14 March 2018 (the "**Listing Date**"). Its parent and ultimate holding company is Dynamic Victor Limited, a company incorporated in the Republic of Seychelles (the "**Seychelle**s") and owned as to 60% by Mr. Law Kwok Leung Alex, 30% by Mr. Law Kwok Ho Simon and 10% by Mr. Chiu Tat Ting Albert (collectively referred to as the "**Controlling Shareholders**").

The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the Company's principal place of business is Room 11, 14th Floor, Tower 2, Ever Gain Plaza, 88 Container Port Road, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were collectively controlled by the Controlling Shareholders. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 21 February 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the common control of the Controlling Shareholders prior to and after the Reorganisation.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company. All values are rounded to nearest thousand (HK$'000) except when otherwise indicated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to existing standards are effective to the Group for accounting periods on or after 1 April 2018 but did not result in any significant impact on the results and financial position of the Group.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
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
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments ("HKFRS 9")

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measuremen*t ("**HKAS 39**").

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Trade receivables *HK$'000*	Deferred tax liabilities *HK$'000*	Retained earnings *HK$'000*
Closing balance at 31 March 2018 – HKAS 39	90,760	(1,047)	81,518
Effect arising from initial application of HKFRS 9:			
Remeasurement			
Impairment under ECL	(1,660)	273	(1,387)
Opening balance at 1 April 2018	89,100	(774)	80,131

Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, the classification for all of the Group's financial assets and financial liabilities measured at amortised cost remain the same.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure ECL, trade receivables have been grouped using a provision matrix based on past due status.

Loss allowance for other financial assets at amortised cost, mainly comprising other receivables, are measured on 12 months ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of HK$1,660,000 has been recognised against retained earnings. The additional loss allowance is charged against the trade receivables. As a result, the adjustment (net of deferred tax) to the opening retained earnings at 1 April 2018 amounted to HK$1,387,000.

All loss allowances for trade receivables as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Loss allowance *HK$'000*
Reconciliation:	
Closing balance at 31 March 2018	
– HKAS 39	–
Amount remeasured through opening retained earnings	1,660
Opening balance at 1 April 2018	1,660

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 *Revenue* and the related interpretations.

The application on HKFRS 15 has no material impact on the timing and amounts of revenue recognised in current year and retained earnings at 1 April 2018.

(b) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for accounting period beginning on or after 1 April 2019, and have not been applied in preparing these consolidated financial statements.

		Effective for the accounting periods beginning on or after
HKFRS 3 (Amendments)	*Definition of a Business*	1 January 2020
HKFRS 9 (Amendments)	*Prepayment Features with Negative Compensation*	1 January 2019
HKFRS 10 and HKAS 28 (2011) (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
HKFRS 16	*Leases*	1 January 2019
HKFRS 17	*Insurance Contract*	1 January 2021
HKAS 1 and HKAS 8 (Amendments)	*Definition of Material*	1 January 2020
HKAS 19 (Amendments)	*Plan Amendment, Curtailment or Settlement*	1 January 2019
HKAS 28 (Amendments)	*Long-term Interests in Associate and Joint Ventures*	1 January 2019
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to HKFRSs	*Annual Improvements 2015-2017 Cycle*	1 January 2019

HKFRS 16 Leases ("HKFRS 16")

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding lability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any value remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst other. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financial cash flows by the Group.

Other than certain requirements which are applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group as lessee has non-cancellable operating lease commitments of approximately HK$106,965,000. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. The Group expects to adopt HKFRS 16 using a modified retrospective approach where the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings and comparatives are not restated. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the results and the net financial position of the Group.

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers and recognised over time:		
Air freight forwarding ground handling services	**233,276**	243,969
Air cargo terminal operating services	**214,280**	230,721
	447,556	474,690

Segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors regard the Group's business as a single operating segment and review consolidated financial statements accordingly. Also, all of the Group's revenue during the years ended 31 March 2019 and 2018 are derived from Hong Kong, the place of domicile of the Group's operating subsidiary. Therefore, no segment information is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**214,280**	230,721
Customer B[1]	**175,592**	180,572

[1] The above customer represents a collective of companies within a group.

4 OTHER INCOME AND GAINS

Other income and gains recognised during the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**711**	–
Gain on disposal of property, plant and equipment	**223**	63
Income from sale of scrap materials	**824**	1,242
Management fee income	**–**	60
Others	**2,234**	2,151
	3,992	3,516

5 PROFIT BEFORE TAX

	2019	2018
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Included in direct costs:		
Direct labour costs	**116,719**	130,505
Dispatched labour costs	**183,428**	175,077
Costs of packaging materials	**9,143**	10,202
Depreciation	**3,657**	3,531
Forklift rental	**11,205**	11,514
Operating lease rental on		
– Car parking spaces	**1,392**	1,513
– Warehouses and loading bay	**38,671**	38,256
Included in administrative and other operating expenses:		
Auditors' remuneration		
– Audit services	**1,000**	950
– Non-audit services	**–**	–
Depreciation	**2,504**	1,968
Listing expenses	**186**	10,668
Operating lease rental on premises	**360**	345
Staff costs, including directors' emoluments	**14,282**	12,205

6 FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on finance leases	**–**	35
Interest on bank borrowings	**815**	620
Interest on other borrowings	**–**	211
	815	866

7 INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong profits tax:		
– Current income tax	**348**	4,138
– Overprovision in prior periods	**(1)**	(22)
Deferred income tax	**(214)**	1,047
Income tax expense	**133**	5,163

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

8 BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018
Profit attributable to owners of the Company (HK$'000)	**468**	12,139
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**1,000,000**	762,329
Basic earnings per share (HK cents)	**0.05**	1.6

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2018 was derived from 750,000,000 ordinary shares in issue, as if these 750,000,000 ordinary shares were outstanding throughout the year ended 31 March 2018, and the effect of the share offer (250,000,000 ordinary shares issued on 14 March 2018) by the Company.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2019 and 2018.

9 DIVIDENDS

On 10 May 2017, the subsidiary of the Company declared a dividend of HK$11,000,000 to its then shareholders prior to the Reorganisation. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation of these consolidated financial statements.

No dividend was paid or proposed for the shareholders of the Company during the year ended 31 March 2019 (2018: Nil), nor has any dividend been proposed since the end of the reporting period.

10 TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**102,921**	90,760
Less: Loss allowance	**(2,347)**	–
	100,574	90,760

The credit period granted to customers is 30 to 60 days from invoice date generally. Trade receivables are denominated in HK$. The Group does not hold any collateral as security.

The ageing analysis of the trade receivables, net of loss allowance, based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**39,838**	39,002
31–60 days	**50,971**	45,735
61–90 days	**9,142**	5,095
Over 90 days	**623**	928
	100,574	90,760

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on 1 April 2018 by approximately HK$1,660,000 for trade receivables. The loss allowance increased by a further HK$687,000 to HK$2,347,000 for trade receivables during the current reporting period.

Movements on loss allowance of receivables are as follows:

	2019
	HK$'000
At 31 March 2018	**–**
Adjustment on application of HKFRS 9	**1,660**
Adjusted at 1 April 2018	**1,660**
Increase in loss allowance recognised in profit or loss	**687**
At 31 March 2019	**2,347**

11 TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**9,127**	9,720
Accruals and other payables	**18,050**	18,555
Deposits received	**2,150**	1,550
	29,327	29,825

Payment terms granted by suppliers are generally 7 to 60 days from the invoice date of the relevant purchases.

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

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**5,192**	3,546
31 – 60 days	**1,115**	3,556
61 – 90 days	**455**	718
Over 90 days	**2,365**	1,900
	9,127	9,720

As at 31 March 2019, included in trade payables was approximately HK$3,366,000 and HK$141,000 (2018: HK$3,760,000 and HK$261,000) payable to related companies, Gobo Trade Limited and Hung Kee Body Building Factory Limited, respectively.

All trade and other payables are denominated in HK$.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

As an established air freight forwarding ground handling services provider and air cargo terminal operating services provider in Hong Kong, the Group continues to provide services to customers including global logistics companies and major freight forwarding agents in the FY2019. Although the trade war between the United States of America (the "**US**") and the People's Republic of China (the "**PRC**") is still under negotiation and inevitably casts uncertainties over the trading environment between the two countries, the Group is adopting a flexible approach in business operation and closely monitoring the market situation for timely action.

In the FY2019, being affected by the decrease in overall cargo volume proceeds and relatively high labour cost, the Group had a moderate operation and financial performance. Looking ahead, to mitigate the possible negative impact of the trade war between the US and the PRC, the Group will execute cost control measures, strategically.

Besides, it will actively seek for new opportunities. Following the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the management believes that there will be full integration of transport networks in the region, including air cargo, ground transportation and warehousing services. To meet the growing demand as expected, the Group will keep improving the quality of its services, acquiring new customers, as well as upgrading its existing facilities and seize the opportunities arising from the rapid development of e-commerce so as to facilitate the long-term growth of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 5.7% from approximately HK$474.7 million for the FY2018 to approximately HK$447.6 million for the FY2019. Such decrease was mainly driven by the decrease in overall cargo volume processed for both air freight forwarding ground handling services and air cargo terminal operating services, both possibly due to the continuance of trade war between the US and the PRC.

Gross profit and gross profit margin

Gross profit decreased by approximately 35.7% from approximately HK$72.6 million for the FY2018 to approximately HK$46.7 million for the FY2019. Such decrease was primarily resulted from the Group not being able to reduce its overall labour cost to the same extent as compared to the decrease in the overall cargo handling volume for its services. The Group's gross profit margin for the FY2019 was approximately 10.4%, representing a decrease of approximately 4.9% as compared to approximately 15.3% for the FY2018.

Other income and gains

Other income and gains mainly comprised of bank interest income, income from sales of scrap materials and other miscellaneous income. Other income and gains increased by approximately 14.3% from approximately HK$3.5 million for the FY2018 to approximately HK$4.0 million for the FY2019.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately 16.1% from approximately HK$57.9 million for the FY2018 to approximately HK$48.6 million for the FY2019, primarily due to the listing expenses of approximately HK$10.7 million incurred for the FY2018.

Profit and total comprehensive income for the year

As a result of the foregoing, the Group recorded a profit and total comprehensive income attributable to owners of the Company of approximately HK$0.5 million for the FY2019 as compared to approximately HK$12.1 million for the FY2018.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2019, the Group had net current assets of approximately HK$176.4 million (31 March 2018: HK$177.5 million), cash and bank balances of approximately HK$89.5 million (31 March 2018: HK$142.2 million) and pledged bank deposit with original maturity over three months of approximately HK$3.0 million (31 March 2018: HK$3.0 million). As at 31 March 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK$188.7 million (31 March 2018: HK$189.6 million), and the Group's total debt comprising bank borrowings amounted to approximately HK$11.3 million (31 March 2018: HK$46.0 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 14 March 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2019, the Company's issued share capital was HK$10.0 million and the number of its issued ordinary shares were 1,000,000,000 of HK$0.01 each.

GEARING RATIO

As at 31 March 2019, the gearing ratio (calculated on the basis of total bank borrowings divided by total equity of the Group was approximately 6.0% (31 March 2018: 24.2%).

COMMITMENTS

As at 31 March 2019, the Group did not have any material capital commitments (31 March 2018: Nil).

As at 31 March 2019, the Group's operating lease commitments were approximately HK$107.0 million (31 March 2018: HK$70.1 million).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liability (31 March 2018: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2019, the Group employed 465 employees (31 March 2018: 539 employees). Remuneration packages are generally structured to market terms, individual qualifications and experience. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the year ended 31 March 2019 amounted to approximately HK$131.0 million (31 March 2018: HK$142.7 million).

CHARGE ON GROUP ASSETS

Certain cash deposits of the Group of approximately HK$3.0 million as at 31 March 2019 and 31 March 2018 are charged to the bank to secure general banking facilities.

FOREIGN EXCHANGE EXPOSURE

The Group is currently not exposed to any material foreign exchange risks as most of the monetary assets and liabilities are denominated in Hong Kong dollars. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of any future growth opportunities.

SEGMENT INFORMATION

Segmental information for the Group is disclosed in Note 3 to this announcement.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries and associated companies for the FY2019. There is no other plan for material investments or capital assets as at 31 March 2019.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the FY2019 (the FY2018: Nil).

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 28 February 2018 (the "**Prospectus**") with the Group's actual business progress for the period from the Listing Date to 31 March 2019 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2019 as stated in the Prospectus	Actual business progress up to 31 March 2019
Setting up of new warehouse premises	– Rental deposit of new warehouse premises in Tuen Mun of around 130,000 sq. ft.	The Group is in the course of identifying suitable warehouse premises. Due to the Group's specific requirements on the warehouse premises and the property market condition of Hong Kong, the Group has taken more time to identify suitable premises for rental on terms acceptable to the Group.
	– Fitting out and renovation of new warehouse premises	
	– Installation of CCTV system, access control system and burglar alarm system	
	– Installation of cargo storage an forklift operation systems in the new warehouse premises	
Upgrading existing facilities and acquiring additional trucks and equipment	– Acquire two additional 5.5 ton trucks, two additional 9 ton trucks and eight additional 16 ton trucks	The Group has acquired five additional 16 ton trucks
	– Upgrade other existing facilities in the Group's warehouses and offices, such as shelving and racking, CCTV surveillance and fire equipment and RFID applications	The Group has upgraded the CCTV surveillance equipment and security system of the warehouses, and made deposit payment for the purchase of three units of x-ray machines to upgrade the air cargo security screening facilities
	– Install two automatic measurement and weight check systems for pallet integrated into conveyor in cargo receiving areas in the existing warehouses	The Group is in the course of identifying suitable equipment

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2019 as stated in the Prospectus	Actual business progress up to 31 March 2019
Implementing new information technology system	– Plan for upgrading the existing warehouse management system and accounting system	The Group has paid the first installment for upgrading the warehouse management system and accounting system. Subsequent to 31 March 2019, phase I of the upgraded system has been launched.
	– Recruit two experienced personnel responsible for the planning and implementation of the information system upgrade	Due to shortage of right calibre, the recruitment is deferred
	– Upgrade the existing hardwares, acquiring new computer facilities and implementing new human resources management system	The Group is working with its information technology consultant to study the hardwares upgrade and the implementation of the new human resources system
	– Maintain the cost of additional personnel for information system upgrade	Due to shortage of right calibre, the recruitment is deferred

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$92.8 million. After the listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the listing as at 31 March 2019 is set out below:

	Planned use of net proceeds up to 31 March 2019 *HK$ million*	**Actual use of net proceeds up to 31 March 2019** *HK$ million*
Setting up of new warehouse premises	17.0	–
Upgrading on existing facilities and acquisition of additional trucks and equipment	26.7	6.0
New information technology system	9.1	0.3
General working capital	5.5	5.5
	58.3	11.8

The remaining unutilised net proceeds as at 31 March 2019 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the Prospectus. The Directors will review the Group's business strategies and specific needs from time to time, and the Company will make further announcement if there are any changes on the use of net proceeds as and when appropriate.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transaction by the Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the FY2019.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. During the FY2019, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the FY2019.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 21 February 2018. The chairman of the Audit Committee is Mr. Kwan Ngai Kit, the independent non-executive Director, and other members included Mr. Ho Chun Chung Patrick and Mr. Iu Tak Meng Teddy, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the FY2019 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the FY2019. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the FY2019 and the final results announcement of the Group for the FY2019.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2019 and up to date of this announcement.

APPRECIATION

Mr. Law Kwok Leung Alex, the chairman of the Board, would like to take this opportunity to express his heartfelt thanks to the members of the Board and all the staff of the Group for their effective work and strenuous efforts. As in the past, the Company will strive to reward all its shareholders for their unwavering support.

By order of the Board
A & S Group (Holdings) Limited
Law Kwok Leung Alex
Chairman and Executive Director

Hong Kong, 26 June 2019

As at the date of this announcement, the Board comprises Mr. Law Kwok Leung Alex, Mr. Law Kwok Ho Simon and Mr. Chiu Tat Ting Albert as executive Directors; and Mr. Iu Tak Meng Teddy, Mr. Kwan Ngai Kit and Mr. Ho Chun Chung Patrick as independent non-executive Directors.