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If you have sold or transferred all your shares in A & S Group (Holdings) Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

REVISION OF THE EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EGM

**Independent Financial Adviser to the Independent Board Committee and
Independent Shareholders**



A letter from the Board (as defined herein) is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from the Independent Financial Adviser is set out on pages 14 to 24 of this circular.

A notice convening the EGM of the Company to be held at 2/F., 100 QRC, 100 Queen's Road Central, Central, Hong Kong on Thursday, 18 March 2021 at 11 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A proxy form for use at the EGM is enclosed with this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the completed proxy form to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment meeting as the case maybe. Completion and submission of a proxy form shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 ("COVID-19"), the Company will implement the following precautionary measures at the EGM including, without limitation:

- compulsory body temperature screening;
- wearing of surgical face masks;
- no distribution of corporate gift or refreshment;
- mandatory health declaration – anyone subject to the Hong Kong Government's prescribed quarantine or who has travelled overseas within 14 days immediately before the date of the EGM will be denied entry into the EGM venue; and
- appropriate seating arrangement in line with the guidance from the Hong Kong Government will be made.

The Company strongly advises Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the EGM in person. Shareholders are advised to read page (ii) of this circular for further details and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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PRECAUTIONARY MEASURES FOR THE EGM

In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health (the "CHP") on the prevention of COVID-19, the Company will implement precautionary measures at the EGM in the interests of the health and safety of our shareholders, investors, directors, staff and other participants of the EGM (the "**Stakeholders**") which include without limitation:

- (1) Every attendee **will be required to wear a surgical face mask** throughout the EGM and inside the EGM venue. Attendees are advised to maintain appropriate social distance with each other at all times when attending the EGM.
- (2) There will be **compulsory body temperature screening** for all persons before entering the EGM venue. Any person with a body temperature of 37.3 degrees Celsius or above or any person which exhibits any flu-like symptoms may be denied entry into the EGM venue or be required to promptly leave the EGM venue.
- (3) **No refreshment will be served, and there will be no corporate gift.**
- (4) Attendees may be asked (i) if he/she has travelled outside of Hong Kong within 14 days immediately before the EGM; AND (ii) if he/she is subject to any Hong Kong Government prescribed quarantine requirement. Any person who responds positively to any of these questions will be denied entry into the EGM venue.
- (5) Anyone attending the EGM is reminded to observe good personal hygiene at all times.
- (6) Appropriate seating arrangement at the EGM venue in line with the guidance from the Hong Kong Government will be made.
- (7) **In light of the continuing risks posed by the COVID-19 pandemic, and in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and reminds Shareholders that physical attendance in the EGM is not necessary for the purpose of exercising voting rights. The Company strongly advises Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) as an alternative to attending the EGM in person.**
- (8) **Shareholders are advised to monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.**
- (9) Health education materials and up-to-date development on COVID-19 can be found on the CHP website (www.chp.gov.hk) and the website of the Hong Kong Government on COVID-19 (www.coronavirus.gov.hk)

DEFINITION

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“A & S (HK)”	A & S (HK) Logistics Limited (亞洲實業(香港)物流有限公司), a company incorporated in Hong Kong on 9 October 2002 with limited liability and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Civil Aviation Department”	the Civil Aviation Department of the Government of Hong Kong
“Company”	A & S Group (Holdings) Limited (亞洲實業集團(控股)有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange since 14 March 2018
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for, among other things, the Independent Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and the Revised Annual Caps
“Gobo Trade”	Gobo Trade Limited (國邦環貿有限公司), a company incorporated in Hong Kong on 20 January 2009 with limited liability which is owned as to 51%, 19% and 30% by Mr. Alex Law, Mr. Simon Law and Mr. Anthony Law, respectively and is a connected person of the Company
“Gobo Trade Framework Agreement”	the agreement entered into between A & S (HK) and Gobo Trade on 24 March 2020 for a term of three years ending 31 March 2023, pursuant to which Gobo Trade agreed to provide packaging materials to the Group from time to time upon its request
“Group”	the Company and its subsidiaries

DEFINITION

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board (which comprises Mr. Ho Chun Chung Patrick, Mr. Iu Tak Meng Teddy and Mr. Kwan Ngai Kit, being all of the independent non-executive Directors) established to advise the Independent Shareholders with regard to the Supplemental Agreement and the Revised Annual Caps
“Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), the independent financial adviser to the Independent Board Committee and Independent Shareholders with regard to the Supplemental Agreement and the Revised Annual Caps and a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the EGM pursuant to the Listing Rules
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	10 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Alex Law”	Mr. Law Kwok Leung Alex (羅國樑), the chairman of the Board, an executive Director and the brother of Mr. Simon Law and Mr. Anthony Law
“Mr. Anthony Law”	Mr. Law Kwok Pan Anthony (羅國斌), the procurement manager of the Group and the brother of Mr. Alex Law and Mr. Simon Law

DEFINITION

“Mr. Simon Law”	Mr. Law Kwok Ho Simon (羅國豪), an executive Director and the brother of Mr. Alex Law and Mr. Anthony Law
“Revised Annual Caps”	the proposed revised annual caps for the packaging material provided by Gobo Trade to the Group under the Supplemental Agreement
“Regulated Air Cargo Screening Facilities Scheme”	the Regulated Air Cargo Screening Facilities Scheme launched by the Civil Aviation Department on 30 October 2018 to enable and regulate air cargo screening at off-airport locations
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 26 January 2021 and entered into between A & S (HK) and Gobo Trade, which amended and supplemented the Gobo Trade Framework Agreement
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Law Kwok Leung Alex (*Chairman*)
Mr. Law Kwok Ho Simon
Mr. Chiu Tat Ting Albert (*Chief Executive Officer*)

Independent non-executive Directors:

Mr. Ho Chun Chung Patrick
Mr. Iu Tak Meng Teddy
Mr. Kwan Ngai Kit

Registered Office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place Of Business

In Hong Kong:
Room 11, 14th Floor, Tower 2
Ever Gain Plaza
88 Container Port Road
Kwai Chung, New Territories
Hong Kong

18 February 2021

To the Shareholders

Dear Sir or Madam

REVISION OF THE EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Company's announcement dated 26 January 2021 in relation to, among other things, the revision of annual caps under the continuing connected transactions contemplated under the Gobo Trade Framework Agreement.

The purposes of this circular is to provide you with, among other things, (i) details of the Supplemental Agreement and the Revised Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Supplemental Agreement and the Revised Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Supplemental Agreement and the Revised Annual Caps; and (iv) a notice of EGM to consider and, if thought fit, to approve the Supplemental Agreement and Revised Annual Caps.

LETTER FROM THE BOARD

GOBO TRADE FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

On 24 March 2020, A & S (HK), an indirect wholly-owned subsidiary of the Company, entered into the Gobo Trade Framework Agreement with Gobo Trade, pursuant to which Gobo Trade agreed to provide packaging materials to the Group from time to time upon request from 1 April 2020 to 31 March 2023.

Based on the historical and projected demand for the packaging materials provided by Gobo Trade, the Company expects that the existing annual caps will not be sufficient to meet the demand requirement of the Group for the years ending 31 March 2021, 2022 and 2023. Hence, on 26 January 2021 (after trading hours), the Company has entered into the Supplemental Agreement to revise the existing annual caps for the years ending 31 March 2021, 2022 and 2023 under the Gobo Trade Framework Agreement.

The principal terms of the Gobo Trade Framework Agreement are reproduced below:

Date	:	24 March 2020
Parties	:	(i) A & S (HK) (ii) Gobo Trade
Subject	:	Pursuant to the Gobo Trade Framework Agreement, Gobo Trade agreed to provide packaging materials to the Group from time to time in response to purchase initiated by the Group by sending corresponding purchase orders
Term	:	The Gobo Trade Framework Agreement has a fixed term from 1 April 2020 to 31 March 2023 (both days inclusive)

The tables below set out the historical figures and the existing annual caps under the Gobo Trade Framework Agreement and the proposed Revised Annual Caps under the Supplemental Agreement:

For the year ended 31 March			For the year ending 31 March		
2018	2019	2020	2021	2022	2023
Historical annual cap (HK\$'000)	Historical annual cap (HK\$'000)	Historical annual cap (HK\$'000)	Existing annual cap (HK\$'000)	Existing annual cap (HK\$'000)	Existing annual cap (HK\$'000)
14,000	15,500	17,000	8,500	9,200	9,900

LETTER FROM THE BOARD

For the year ended 31 March			For the eight months ended 30 November 2020	For the year ending 31 March		
2018	2019	2020	2020	2021	2022	2023
Historical amount	Historical amount	Historical amount	Historical amount	Proposed revised annual cap	Proposed revised annual cap	Proposed revised annual cap
(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
10,202	9,143	5,472	5,827	10,000	15,500	17,000

Save for such revision in the annual caps, the scope of services and other terms of the Gobo Trade Framework Agreement shall remain valid and in full force and effect. The Board confirms that as at the Latest Practicable Date, the amount of transactions between the Group and Gobo Trade under the Gobo Trade Framework Agreement has not exceeded the existing annual cap for the year ending 31 March 2021.

BASIS OF THE REVISED ANNUAL CAPS

Based on the unaudited management accounts of the Group for the eight months ended 30 November 2020, the total actual transaction amount under Gobo Trade Framework Agreement amounted to approximately HK\$5.8 million, representing approximately 68% of the existing annual cap for the year ending 31 March 2021. The Group expects the rate of use of the annual cap balance will accelerate and the purchases of packaging materials from Gobo Trade will exceed the existing annual caps for the each of the years ending 31 March 2021, 2022 and 2023. The Revised Annual Caps have been determined after taking consideration of (i) the projected revenue of the Group for the years ending 31 March 2021, 2022 and 2023; (ii) the additional packaging materials required in order to comply with Regulated Air Cargo Screening Facilities Scheme launched by the Civil Aviation Department for facilitating the establishment and operation of air cargo screening facilities at off-airport locations and (iii) the prevailing market prices of the demanded packaging materials.

PRICING POLICY

The price payable for the packaging materials under the Gobo Trade Framework Agreement by the Group to Gobo Trade shall be determined after arm's length negotiation between the parties with regard to the prevailing market rates of similar providers from time to time. In order to ensure that the prices are fair and reasonable and in line with prevailing market rates, the Group will obtain quotations of packaging materials which are of similar in nature, quantity and delivery time frame from not fewer than two Independent Third Parties packaging materials providers, at a frequency not less than on a quarterly basis. The Group will only accept Gobo Trade's quotation when the prices and terms offered by Gobo Trade are no less favourable than those offered to the Group by the Independent Third Parties packaging materials providers.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the procurement department, finance department and management of the Group in charge to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

Regular checks, including price and business terms comparison, such as quality of materials, payment and delivery terms, between packaging materials provided by Gobo Trade and Independent Third Parties suppliers, will be conducted at a frequency not less than on a quarterly basis to review and assess whether the transactions contemplated under the Gobo Trade Framework Agreement (as supplemented) are conducted in accordance with the terms of the agreement and the price charged is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the Gobo Trade Framework Agreement (as supplemented) and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions thereof.

In view of the foregoing, the Directors consider that the Company has established sufficient internal control measures to ensure that the transactions contemplated under the Gobo Trade Framework Agreement (as supplemented) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

REASON FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

The Group has established good and long-standing relationship with Gobo Trade and has been purchasing packaging materials from Gobo Trade since 2012. Packaging materials that the Group purchased from Gobo Trade mainly include paper corner, foam board, plastic sheets and tape which are consumed by the Group to pack customers' products for transportation, distribution and storage. The Group is experiencing increasing demand in packaging materials due to (i) larger scale of sales, the Group has engaged a new sizeable customer in June 2020. Also, there is an increasing demand for the Group's services from its existing customers. As packaging materials are one of the main direct costs for and positively correlated to the amount of service provided by the Group, the amount of packaging materials used has increased accordingly; and (ii) government regulation, the use of packaging materials has increased due to Regulated Air Cargo Screening Facilities Scheme launched by the Civil Aviation Department for facilitating the establishment and operation of air cargo screening facilities at off-airport locations. The Supplemental Agreement and Revised Annual Caps will support the Group to meet its current operational demand for packaging materials and also serve as a buffer in order to cope with the unforeseen increases in demand of packaging materials from the Group due to business expansion in the future.

LETTER FROM THE BOARD

Taking into account that the services provided by Gobo Trade to the Group are under normal commercial terms and are reached after arm's length negotiations and are being carried out in the usual and ordinary course of business of each of the parties, the Board (including the independent non-executive Directors) is of the view that the terms of the Supplemental Agreement entered into and the Revised Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL AGREEMENT

The Company

The Company is an investment holding company. The Group is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

Gobo Trade

Gobo Trade is principally engaged in trading of commercial packaging materials.

A & S (HK)

A & S (HK) is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. A & S (HK) is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Gobo Trade is owned as to 51%, 19% and 30% by Mr. Alex Law, Mr. Simon Law and Mr. Anthony Law, respectively. Gobo Trade is therefore a connected person of the Company and the transactions contemplated under the Gobo Trade Framework Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the Provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the Revised Annual Caps under the Supplemental Agreement exceeds 5% and the value of Revised Annual Caps for the each of the years ending 31 March 2021, 2022 and 2023 are not less than HK\$10 million, therefore the transactions contemplated under the Supplemental Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

BOARD APPROVAL

At the Board meeting held to approve the Supplemental Agreement and Revised Annual Caps, each of Mr. Alex Law and Mr. Simon Law was considered as having a material interest in the transactions contemplated under the Supplemental Agreement. Accordingly, each of Mr. Alex Law and Mr. Simon Law has abstained from voting on the Board resolution for approving the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps therefor).

Save as disclosed above, none of the Directors was required to abstain from voting on the relevant Board resolution.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee (comprising all of the independent non-executive Directors) has been established to advise the Independent Shareholders on the terms of the Supplemental Agreement and the transactions contemplated respectively thereunder. The Company has appointed the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in this regard. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 12 to 13 of this circular. The letter from the Independent Board Committee to the Independent Shareholders contains its recommendation on the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

Having considered the appropriate internal control procedures in place and the pricing policies with respect to the Gobo Trade Framework Agreement (as supplemented), the methods and procedures established by the Company to ensure the strict compliance with the pricing policies and that the transactions contemplated thereunder Gobo Trade Framework Agreement (as supplemented) will be conducted in the ordinary and usual course of business and on normal commercial terms, the independent non-executive Directors are of the view that the Gobo Trade Framework Agreement (as supplemented) and its proposed Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER

Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of Gobo Trade Framework Agreement (as supplemented) and its proposed Revised Annual Caps are fair and reasonable, and whether they are entered into on normal commercial term or better and in ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders contains factors they have considered and their recommendations on the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

LETTER FROM THE BOARD

EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM which will be held at 2/F., 100 QRC, 100 Queen's Road Central, Central, Hong Kong on Thursday, 18 March 2021 at 11 a.m.. At the EGM, ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Any Shareholders and his/her/its associate(s) who are involved or interested in the Supplemental Agreement and the transactions contemplated respectively thereunder are required to abstain from voting on the relevant resolution approving the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

Mr. Alex Law, Mr. Simon Law and their associates are regarded as having a material interest in the Supplemental Agreement, and therefore they are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder. As at the Latest Practicable Date, Dynamic Victor Limited, the associate of Mr. Alex Law and Mr. Simon Law, held 750,000,000 Shares, representing 75% of the issued share capital of the Company. Accordingly, Dynamic Victor Limited will abstain from voting at the EGM in respect of the resolution proposed to be passed for approving the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for the above, none of the Shareholders is required to abstain from voting on the resolution to be proposed at the EGM.

An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Closure of register of members

The EGM will be held on Thursday, 18 March 2021. For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 15 March 2021 to Thursday, 18 March 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all Share transfer documents, together with the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 March 2021.

LETTER FROM THE BOARD

Form of proxy

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether you are able to attend the EGM or not, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the completed proxy form to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible, and in any event it should be received not less than 48 hours before the time appointed for holding the EGM (i.e. before 11 a.m. on Tuesday, 16 March 2021) or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM or any adjournment of such meeting and voting in person should you so wish and in such event, the proxy form will be deemed to be revoked.

RECOMMENDATION

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole and therefore recommends you to vote in favour of the relevant resolution to be proposed at the EGM.

GENERAL INFORMATION

Your attention is drawn to the appendix headed "General Information" to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of approving the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps therefor).



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)

18 February 2021

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF THE EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 18 February 2021 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Asian Capital Limited has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with each of the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 14 to 24 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 11 of the Circular and the general information set out in the appendix of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information as set out in the letter from the Board, the terms and conditions of the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that the terms of the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the approval of the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully
Independent Board Committee

Ho Chun Chung Patrick
*Independent Non-executive
Director*

Iu Tak Meng Teddy
*Independent Non-executive
Director*

Kwan Ngai Kit
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation into this circular.



ASIAN CAPITAL LIMITED

Suite 1405-1409, Bank of America Tower
12 Harcourt Road, Central
Hong Kong

18 February 2021

*To: the Independent Board Committee and the Independent Shareholders of
A & S Group (Holdings) Limited*

Dear Sirs,

REVISION OF THE EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee of the Company (the “**Independent Board Committee**”) and the independent shareholders of the Company (the “**Independent Shareholders**”) in respect of the proposed revised annual caps (the “**Revised Annual Caps**”) under the supplemental agreement dated 26 January 2021 entered into between A & S (HK) and Gobo Trade (the “**Supplemental Agreement**”). Details of the Supplemental Agreement are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company issued to the Shareholders dated 18 February 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

On 24 March 2020, A & S (HK), an indirect wholly-owned subsidiary of the Company, entered into the Gobo Trade Framework Agreement with Gobo Trade, pursuant to which Gobo Trade agreed to provide packaging materials to the Group for the years ending 31 March 2021, 2022 and 2023.

As set out in the Letter from the Board, based on the historical and projected demand for the packaging materials provided by Gobo Trade, the Company expects that the existing annual caps (the “**Existing Annual Caps**”) will not be sufficient to meet the demand of the Group for packaging materials for the years ending 31 March 2021, 2022 and 2023. Hence, on 26 January 2021 (after trading hours), A & S (HK) has entered into the Supplemental Agreement, subject to the approval of the Independent Shareholders, to revise the Existing Annual Caps for the years ending 31 March 2021, 2022 and 2023 under the Gobo Trade Framework Agreement. Save for the Revised Annual Caps, all the other terms of the Gobo Trade Framework Agreement remain valid and in full force and effect.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Gobo Trade is a company owned as to 51%, 19% and 30% by Mr. Alex Law, Mr. Simon Law and Mr. Anthony Law, respectively. Gobo Trade is therefore a connected person of the Company and the transactions contemplated under the Gobo Trade Framework Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Revised Annual Caps exceeds 5%, and the value of Revised Annual Caps for the each of the years ending 31 March 2021, 2022 and 2023 are not less than HK\$10 million, the transactions contemplated under the Supplemental Agreement (based on the Revised Annual Caps) are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Iu Tak Meng Teddy, Mr. Kwan Ngai Kit and Mr. Ho Chun Chung Patrick (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to (i) whether the terms of the Supplemental Agreement has been determined on a fair and reasonable basis and entered into on normal commercial term or better and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole; and (ii) whether the Independent Shareholders should vote in favour of the relevant resolutions to approve the Supplemental Agreement together with the Revised Annual Caps. We, Asian Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and Rule 14A.36 of the Listing Rules requires any shareholder who has a material interest in the underlying transactions to abstain from voting on related resolutions. Mr. Alex Law, Mr. Simon Law and their associates are regarded as having a material interest in the Supplemental Agreement, and therefore they are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder. As at the Latest Practicable Date, Dynamic Victor Limited, the associate of Mr. Alex Law and Mr. Simon Law, held 750,000,000 Shares, representing 75% of the issued share capital of the Company. Accordingly, Dynamic Victor Limited will abstain from voting at the EGM in respect of the resolution proposed to be passed for approving the Supplemental Agreement, the Revised Annual Caps and the transactions contemplated thereunder.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, save for the above, none of the Shareholders is required to abstain from voting on the relevant resolutions at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the past two years, we have not acted as an independent financial adviser to the Independent Board Committee and/or the Independent Shareholders. As at the Latest Practicable Date, there were no relationship or interest between (i) Asian Capital Limited and (ii) the Company and its respective subsidiaries and associates that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and/or the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied considered, among other things, (i) the Gobo Trade Framework Agreement; (ii) the Supplemental Agreement; (iii) the agreement dated 21 February 2018 entered into between A & S (HK) and Gobo Trade; (iv) the annual reports of the Company for each of the two years ended 31 March 2019 and 31 March 2020; (v) the interim report of the Company for the six months ended 30 September 2020; (vi) other information as set out in the Circular; and (vii) relevant market data and information available from public sources.

We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management and Gobo Trade, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, Gobo Trade and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken the following principal factors and reasons into consideration:–

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1. Background information of the parties

Information of the Company

The Company is an investment holding company. The Group is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

Information on A & S (HK)

A & S (HK) is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. A & S (HK) is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

Information of Gobo Trade

Gobo Trade is principally engaged in trading of commercial packaging materials.

2. Background of the Gobo Trade Framework Agreement

Reference is made to the Company's announcements dated 24 March 2020 and 26 January 2021 in relation to the renewal of continuing connected transactions between the Group and Gobo Trade under the Gobo Trade Framework Agreement for a further period of three years from 1 April 2020 to 31 March 2023.

As stated in the Letter from the Board, pursuant to the Gobo Trade Framework Agreement, the price payable for the packaging materials by the Group to Gobo Trade shall be determined after arm's length negotiation between the parties with regard to the prevailing market rates of similar providers from time to time. In order to ensure that the prices are fair and reasonable and in line with prevailing market rates, the Group will obtain quotations of packaging materials which are of similar in nature, quantity and delivery time frame from not fewer than two Independent Third Parties packaging materials providers, at a frequency not less than on a quarterly basis. The Group will only accept Gobo Trade's quotation when the prices and terms offered by Gobo Trade are no less favourable than those offered to the Group by the Independent Third Parties packaging materials providers.

We have obtained and reviewed four sets of sample transaction documents on random basis, which include purchase orders, invoices and delivery notes to understand the purchase process. We have also obtained and reviewed, (i) one invoice per month for the transactions between the Group and Gobo Trade under the Gobo Trade Framework Agreement (i.e. eight invoices in total for the eight months ended 30 November 2020); (ii) one invoice per month for the transactions between the Group and Independent Third Party for the eight months ended 30 November 2020, except August 2020 in which the Company had no transaction with the Independent Third Party (i.e. seven invoices in total); all selected on a random sampling basis and (iii) all quotations (nine quotations in total) obtained by the Group from two Independent Third Parties during the eight months ended 30 November 2020, and we noted that the unit purchase prices of packaging materials procured from Gobo Trade to the

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Group at similar timing are no less favourable to those procured from the Group's other Independent Third Parties. We are of the view that the aforementioned sample documents which we have obtained on random sampling basis from the period under review, and reviewed are fair and representative samples. Accordingly, we are of the view that the Company has properly implemented the pricing policy under the Gobo Trade Framework Agreement.

The transactions contemplated under the Gobo Trade Framework Agreement, based on the Existing Annual Caps, constituted a de minimis continuing connected transaction pursuant to Rule 14A.76(2)(b) and was exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Reasons for and benefits of the revision of annual caps

The Group has been purchasing packaging materials from Gobo Trade since 2012. Such materials mainly include paper corner, foam board, plastic sheets and tape which are consumed by the Group to pack customers' products for transportation, distribution and storage.

(i) Expected increase in level of business

As stated in the Letter from the Board, packaging materials are one of the main direct costs for and positively correlated to the amount of service provided by the Group. In view of the increase in level of business due to (a) an increasing demand for the Group's services from its existing customers; and (b) a new sizeable customer (the "**New Customer**") engaged in June 2020, the amount of packaging materials used has increased accordingly.

As advised by the Management, the packaging materials purchased by the Group were mainly for the provision of air freight forwarding ground handling services. We have further reviewed the schedules provided by the Management and noted that 98.0%, 97.8% and 100.0% of the purchase of packaging materials are incurred for the air freight forwarding ground handling service for the two years ended 31 March 2020 and the six months ended 30 September 2020 respectively.

Apart from the above, we have reviewed the annual reports and interim report of the Company and extracted the relevant financial information as below:

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	For the year ended 31 March			For the six months ended				
					30 September			
	2018	2019	2020	2019	2020			
	HK\$'000	HK\$'000	Change	HK\$'000	Change	HK\$'000	HK\$'000	Change
Revenue								
– Air freight forwarding ground handling services	243,969	233,276	-4.4%	218,996	-6.1%	108,198	132,989	22.9%
– Air cargo terminal operating services	<u>230,721</u>	<u>214,280</u>	-7.1%	<u>199,127</u>	-7.1%	<u>105,974</u>	<u>55,839</u>	-47.3%
Total	<u>474,690</u>	<u>447,556</u>	-5.7%	<u>418,123</u>	-6.6%	<u>214,172</u>	<u>188,828</u>	-11.8%
Costs of packaging materials	10,202	9,143	-10.4%	6,017	-34.2%	3,332	4,439	33.2%

Based on the above, we noted that the fluctuation of costs of packaging materials are in line with the revenue from air freight forwarding ground handling services. We also noted that the costs of packaging materials accounted for 4.2%, 3.9%, 2.7%, 3.1% and 3.3% of the revenue generated from air freight forwarding ground handling services for the years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2019 and 2020 respectively, which shows a relatively stable positive correlation between the revenue generated from air freight forwarding ground handling services and the costs of packaging materials.

Based on the above observations, we concur with the view that the costs of packaging materials are positively correlated to the amount of air freight forwarding ground handling service provided by the Group.

Based on the unaudited consolidated accounts for the six months ended 30 September 2020 of the Group, the revenue from the existing customers for the Group's air freight forwarding ground handling service (excluding the New Customer) has increased by 3.9% for the six months ended 30 September 2020 when compared to that for the six months ended 30 September 2019.

As advised by the Management, the Group provides air freight forwarding service to the New Customer since June 2020. Based on the unaudited consolidated accounts for the six months ended 30 September 2020 of the Group, the revenue from the New Customer has accounted for approximately 10.9% and 15.4% of the total revenue and the revenue generated from air freight forwarding ground handling service for the period, respectively. Based on the unaudited consolidated accounts for the six months ended 30 September 2020 of the Group, we also noted an average monthly growth of 13.0% in the revenue generated from the New Customer since June 2020.

Following the increase in demand for the Group's air freight forwarding ground handling service for the six months ended 30 September 2020 as depicted above, the Management expects the increasing trend will continue given the anticipated increase in logistic activities when the global economy resumes and normalises after absorbing the impact of COVID-19.

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(ii) Government regulation

In October 2018 the Civil Aviation Department of the Hong Kong Special Administrative Region (the “CAD”) introduced the Regulated Air Cargo Screening Facilities Scheme (the “RACSF Scheme”) to enable and regulate air cargo screening at off-airport locations.

According to the arrangement, starting from January 2020, the regulated agents are required to gradually increase the percentage of screening known cargoes consigned by existing known / account consignors, which have not been validated by the CAD to 100% in phases before 30 June 2021 (the “**Transitional Arrangement**”). Detailed schedule of the Transitional Arrangement is set out below:–

Transition phase	Date	% of cargoes (by weight) required to be screened by regulated agents
Before commencement of Transitional Arrangement	–	1%
Phase 1	January 2020 – April 2020	25%
Phase 2	May 2020 – August 2020	40%
Phase 3	September 2020 – February 2021	70%
Phase 4	March 2021 – June 2021	100%

As advised by the Management, additional packaging materials are required for the cargo screening process for fixing of cargoes on the pallet or bins when going through the screening machine. Certain cargoes have to be re-packed due to size limitation of screening machine, which have also increased the consumption of packaging materials of the Group.

We have reviewed the approval letter from the CAD dated 25 November 2019 and noted that A & S (HK)’s facility has been accepted by the CAD as the Regulated Air Cargo Screening Facility (code: RF0040). As advised by the Management, A & S (HK), being a regulated agent, has been gradually increasing the percentage of cargoes required to be screened in accordance with the above schedule. It is expected that such increase will be stabilised after the end of the Transitional Arrangement (i.e. June 2021), after which the percentage of screening unknown cargoes will remain at 100%.

Given the increase in the level of business of the Group as depicted above and the effect of the implementation of the RACSF Scheme is expected to be magnified in phase 4 of the Transitional Arrangement, it is expected that the Existing Annual Caps will not be sufficient to (i) meet the relevant expected upsurges in business activities and (ii) cater the increase in demand of the Group for packaging materials as a result of the implementation of government regulation for the years ending 31 March 2021, 2022 and 2023.

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As further advised by the Management, the Group has maintained a long-term relationship with Gobo Trade for more than 8 years and did not have any disputes or complaints against Gobo Trade in relation to the quality of products supplied by Gobo Trade. The entering into of the Supplemental Agreement is in substance an extension of the established business relationship between the Company and Gobo Trade under the Gobo Trade Framework Agreement. Pursuant to the Supplemental Agreement, there is no exclusivity in the transactions between the parties to the agreement and A & S (HK) is allowed to source materials from Independent Third Parties. We also noted that there is no minimum purchase amount required under the Supplemental Agreement.

The Supplemental Agreement and the Revised Annual Caps will support the Group to meet its current operational demand for packaging materials and also serve as a buffer in order to cope with the anticipated increase in logistic activities when the global economy resumes and normalises after absorbing the impact of COVID-19.

Taking into account that (i) the Group has maintained relationship with Gobo Trade of more than 8 years; (ii) the Supplemental Agreement allows the Group to maintain a stable business relationship with Gobo Trade; (iii) the Supplemental Agreement does not restrict the Group to have limited selection of packaging material suppliers; (iv) the selection of suppliers is based on the pricing policy of pursuant to the Supplemental Agreement and the prevailing market price of packaging materials needed; and (v) the other terms of the Supplemental Agreement remain the same as the Gobo Trade Framework Agreement, we concur with the Directors' view that the entering into of the Supplemental Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Supplemental Agreement

On 26 January 2021, A & S (HK), an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Gobo Trade, pursuant to which, the parties agreed to revise the Existing Annual Caps under the Gobo Trade Framework Agreement. The tables below set out the Existing Annual Caps under the Gobo Trade Framework Agreement and the proposed Revised Annual Caps under the Supplemental Agreement:–

	For the year ending 31 March		
	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000
Existing Annual Caps	8,500	9,200	9,900
Proposed Revised Annual Caps	10,000	15,500	17,000
Year-over-year change in Revised Annual Caps (%)	–	55.0%	9.7%
Proposed increase in cap under the Supplemental Agreement (%)	17.6%	68.5%	71.7%

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Save for such revision in the annual caps, the scope of services and other terms of the Gobo Trade Framework Agreement shall remain valid and in full force and effect. The Supplemental Agreement is conditional upon, among others, the approval from the Independent Shareholders at the EGM. Further details of the Supplemental Agreement are set out in the Letter from the Board.

5. Basis of the proposed Revised Annual Caps

As stated in the Letter from the Board, based on the unaudited management accounts of the Group for the eight months ended 30 November 2020, the total actual transaction amount under Gobo Trade Framework Agreement amounted to approximately HK\$5.8 million, representing approximately 68.6% of the Existing Annual Cap for the year ending 31 March 2021. The Group expects the rate of use of the annual cap balance will accelerate and the purchases of packaging materials from Gobo Trade will exceed the Existing Annual Caps for each of the years ending 31 March 2021, 2022 and 2023. The Revised Annual Caps have been determined after taking consideration of (i) the projected revenue of the Group for the years ending 31 March 2021, 2022 and 2023; (ii) the additional packaging materials required in order to comply with the RACSF Scheme launched by the CAD; and (iii) the prevailing market prices of the packaging materials required by the Group.

As advised by the Management, among the basis of the proposed Revised Annual Caps, the projected purchase of the Group from Gobo Trade for the four months ending 31 March 2021 has been prepared with reference to (i) sales orders for the air freight forwarding ground handling services already received as at the Latest Practicable Date; and (ii) the expected increase of revenue from both the existing customers and the New Customer, we are of the view that the proposed Revised Annual Caps for the year ending 31 March 2021 under the Supplemental Agreement is fair and reasonable.

Further, having considered that (i) phase 4 of the Transitional Arrangement (which increases the percentage of unknown cargoes to be screened from 70% to 100%, implying that 42.3% more unknown cargoes will be screened when compared to phase 3) will become effective in March 2021, the additional packaging materials required in order to comply with the RACSF Scheme launched by the CAD; and (ii) an approximate 10% buffer for anticipated increase in logistic activities when the global economy resumes and normalises after absorbing the impact of COVID-19 for each of the two years ending 31 March 2022 and 2023, we are of the view that the proposed Revised Annual Caps for the two years ending 31 March 2022 and 2023 under the Supplemental Agreement are fair and reasonable.

Further to the sample documents we have obtained and reviewed as disclosed in the paragraph head “Background of the Gobo Trade Framework Agreement” above, we have further obtained and reviewed, on a random sampling basis, one invoice per quarter for the transactions between the Group and Gobo Trade during the three years ended 31 March 2020, we note that (i) the unit purchase prices of packaging materials procured from Gobo Trade to the Group at similar timing had been no less favourable than those procured from the Group’s other Independent Third Parties; and (ii) the price of packaging materials provided by Gobo Trade has remained stable throughout the period under review (i.e. since April 2017 and up to November 2020). We are of the view that the aforementioned sample documents which we have obtained on random sampling basis from the period under review, and reviewed are fair and representative samples. As further discussed with the Management, the prices of the packaging materials remain stable and the Group expects that there will not be any material fluctuation on the price of packaging materials for the years ending 31 March 2021, 2022 and 2023 after their discussion with the representative of Gobo Trade.

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Having taken into consideration of the (i) the historical transaction amount of approximately HK\$5.8 million for the total packaging materials purchased of the Group for the eight months ended 30 November 2020; (ii) the basis and calculation of the Revised Annual Caps; (iii) the expected stable price of packaging materials after the discussion between the Group and Gobo Trade; and (iv) the stable supply of the packaging materials with good quality from Gobo Trade, we are of the view that the proposed Revised Annual Caps under the Supplemental Agreement is determined based on reasonable estimation and after due and careful consideration and is fair and reasonable so far as the Independent Shareholders are concerned.

6. Pricing policy and internal control measures within the Group

As disclosed in the Letter from the Board, the Company has adopted a series of pricing policy and internal control measures for the continuing connected transactions of the Group:–

- The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the procurement department, finance department and management of the Group in charge to ensure the relevant continuing connected transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.
- Regular checks are conducted on the price and business terms, quality of materials, payment and delivery terms, offered by Gobo Trade and Independent Third Parties suppliers, on a quarterly basis at minimum to review and assess whether the transactions contemplated under the Gobo Trade Framework Agreement (as supplemented) are conducted in accordance with the terms of its respective agreement and the price charged is fair and reasonable and in accordance with the aforesaid pricing policy.
- The independent non-executive Directors will continue to review the transactions contemplated under the Gobo Trade Framework Agreement (as supplemented) and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions thereof.

We have independently reviewed the internal control procedural manual of the Group and have discussed with the Management regarding the actual implementation from time to time to govern the continuing connected transactions, we considered the established internal control procedures are adequate for safeguarding the interests of the company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the above internal control measures, in particular, (i) the ongoing supervision and monitoring of the pricing policy and the regular review and assessment on the transactions contemplated under the Gobo Trade Framework Agreement conducted by the relevant personnel and management of the Group; (ii) the respective annual review by the independent non-executive Directors regarding the transactions contemplated under the Gobo Trade Framework Agreement (as supplemented); and (iii) the respective annual review by the auditors of the Company on the pricing terms and annual caps of the relevant continuing connected transactions, we are of the view that appropriate and adequate measures will be in place to ensure compliance with the terms of the Gobo Trade Framework Agreement (as supplemented) in order to safeguard the interest of the Independent Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the Supplemental Agreement is entered in the ordinary and usual course of business of the Company; and (ii) the terms of the Supplemental Agreement and the proposed Revised Annual Caps are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
Asian Capital Limited
Louis HAU
Executive Director

Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over nine years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

2.1. Interests of Directors

As at the Latest Practicable Date, the Directors and chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares and underlying Shares of the Company

Name	Capacity/ Nature of interest	Number of shares of the Company held/interested	Approximately percentage of shareholding
Mr. Law Kwok Leung Alex ^(Note 1)	Interest of a controlled corporation	750,000,000	75.0%
Mr. Law Kwok Ho Simon ^(Note 2)	Interest of a controlled corporation	225,000,000	22.5%
Mr. Chiu Tat Ting Albert ^(Note 3)	Interest of a controlled corporation	75,000,000	7.5%

Notes:

- Mr. Alex Law beneficially owns 60% of the issued shares of Dynamic Victor Limited (“**Dynamic Victor**”). Therefore, Mr. Alex Law is deemed, or taken to be, interested in 750,000,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.
- Mr. Simon Law beneficially owns 30% of the issued shares of Dynamic Victor. Therefore, Mr. Simon Law is deemed to be interested in 225,000,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.
- Mr. Chiu Tat Ting Albert (“**Mr. Albert Chiu**”) beneficially owns 10% of the issued shares of Dynamic Victor. Therefore, Mr. Albert Chiu is deemed to be interested in 75,000,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.

Save from disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

2.2. Interests of substantial Shareholders

As at the Latest Practicable Date, Mr. Albert Chiu beneficially owns 10% of the issued shares of Dynamic Victor. Therefore, Mr. Albert Chiu is deemed to be interested in 75,000,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.

Long positions in the Shares and underlying Shares of the Company

Name	Capacity/ Nature of interest	Number of shares of the Company held/interested	Approximately percentage of shareholding
Dynamic Victor	Beneficial owner	750,000,000	75.0%
Ms. Lau Lai Ha Sunshine ^(Note 1)	Interest of spouse	750,000,000	75.0%
Ms. Choi Yuen Lam Bonnie ^(Note 2)	Interest of spouse	75,000,000	7.5%

Notes:

- Ms. Lau Lai Ha Sunshine is the spouse of Mr. Alex Law. Therefore, Ms. Lau Lai Ha Sunshine is deemed, or taken to be, interested in the same number of shares of the Company in which Mr. Alex Law is interested for the purpose of the SFO.
- Ms. Choi Yuen Lam Bonnie is the spouse of Mr. Albert Chiu. Therefore, Ms. Choi Yuen Lam Bonnie is deemed, or taken to be, interested in the same number of shares of the Company in which Mr. Albert Chiu is interested for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company are not aware of any other person (other than the Directors or chief executives of the Company) having an interest or short position in the Shares or underlying Shares which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

3. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group taken as a whole.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made.

9. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

Name	Qualification
Asian Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert:

1. has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), report(s), opinion and/or the references to its name, in the form and context in which it appears;
2. was not beneficially interested in the share capital of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Group;
3. did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
4. did not have any direct or indirect interest in any assets which had been since 31 March 2020 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from the date of this circular up to and including the date of the EGM:

1. the Gobo Trade Framework Agreement;
2. the Supplemental Agreement;
3. the letter from the Independent Board Committee, the text of which is set out on pages 12 and 13 of this circular;
4. the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 14 to 24 of this circular;

5. the written consent of the Independent Financial Adviser as referred to in the section headed “Expert and Consent” in this appendix; and
6. this circular.

11. MISCELLANEOUS

This circular and the accompanying proxy form have been prepared in both English and Chinese. In the event of discrepancies, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of A & S Group (Holdings) Limited (the “Company”) will be held at 2/F., 100 QRC, 100 Queen’s Road Central, Central, Hong Kong on Thursday, 18 March 2021 at 11 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

1. the supplemental agreement dated 26 January 2021 entered into among the A & S (HK) Logistics Limited and Gobo Trade Limited (the “**Supplemental Agreement**”) and the transactions contemplated thereunder be and are hereby confirmed and approved;
2. the revised annual caps in relation to the transactions contemplated under the Supplemental Agreement for the years ending 31 March 2021, 2022 and 2023 be and are hereby approved;
3. any one or more directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents (including under the seal of the company) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Supplemental Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 18 February 2021

NOTICE OF EGM

Registered Office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place Of Business In Hong Kong:

Room 11, 14th Floor, Tower 2
Ever Gain Plaza
88 Container Port Road
Kwai Chung, New Territories
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised on its behalf.
3. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and, in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 11:00 a.m. on Tuesday, 16 March 2021) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish and in such event, the proxy form will be deemed to be revoked.
5. The register of members of the Company will be closed from Monday, 15 March 2021 to Thursday, 18 March 2021, both days inclusive, to determine the entitlement of the shareholders of the Company to attend and vote at the EGM, during which period no share transfers will be registered. All share transfer documents together with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 March 2021.
6. The voting on the resolution will be conducted by way of a poll.
7. A form of proxy for use by shareholders at the EGM is enclosed.
8. **In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 ("COVID-19"), the Company will implement precautionary measures at the EGM. Shareholders are advised to read page ii of the circular of the Company dated 18 February 2021 for details of the precautionary measures and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.**
9. In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly advises Shareholders to appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) as an alternative to attending the EGM in person.

NOTICE OF EGM

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

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