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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2021**

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$408.5 million for the year ended 31 March 2021, representing a decrease of approximately 2.3% as compared with approximately HK\$418.1 million for the year ended 31 March 2020.
- Gross profit increased from approximately HK\$40.9 million for the year ended 31 March 2020 to approximately HK\$59.3 million for the year ended 31 March 2021.
- Gross profit margin increased from approximately 9.8% for the year ended 31 March 2020 to approximately 14.5% for the year ended 31 March 2021.
- Profit attributable to the owners of the Company was approximately HK\$40.5 million for the year ended 31 March 2021 as compared to a loss of approximately HK\$8.9 million for the year ended 31 March 2020.
- Earnings per share was approximately HK4.05 cents for the year ended 31 March 2021 as compared to loss per share of approximately HK0.89 cents for the year ended 31 March 2020.
- The Board proposed to recommend, at the forthcoming annual general meeting of the Company, the payment of a final dividend of HK3.0 cents per ordinary share, amounting to approximately HK\$30.0 million for the year ended 31 March 2021.

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 2021 (the “**FY2021**”), together with the comparative figures for the year ended 31 March 2020 (the “**FY2020**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Revenue	3	408,500	418,123
Direct costs		(349,190)	(377,241)
Gross profit		59,310	40,882
Other income and gains	4	34,161	8,286
Administrative and other operating expenses		(47,426)	(50,750)
Reversal of/(provision for) loss allowance on trade receivables, net		1,613	(120)
Operating profit/(loss)		47,658	(1,702)
Finance costs	6	(5,499)	(7,150)
Profit/(loss) before tax	5	42,159	(8,852)
Income tax expense	7	(1,637)	–
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		40,522	(8,852)
Basic and diluted earnings/(loss) per share	8	HK4.05 cents	HK(0.89) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		14,089	13,107
Right-of-use assets	<i>10</i>	48,666	79,333
Club membership		869	869
		63,624	93,309
Current assets			
Trade receivables	<i>11</i>	122,938	101,170
Other receivables, deposits and prepayments		18,654	23,068
Amount due from a related company		35	35
Pledged deposit		3,012	3,011
Cash and bank balances		101,860	90,286
Tax recoverable		–	367
		246,499	217,937
Total assets		310,123	311,246
EQUITY			
Capital and reserves			
Share capital		10,000	10,000
Reserves		210,390	169,868
Total equity		220,390	179,868

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities	<i>10</i>	11,888	47,475
Deferred tax liabilities		763	560
		<u>12,651</u>	<u>48,035</u>
Current liabilities			
Trade payables	<i>12</i>	12,520	9,105
Accruals and other payables	<i>12</i>	21,340	24,335
Bank borrowings		2,399	15,513
Lease liabilities	<i>10</i>	39,756	34,390
Tax payable		1,067	–
		<u>77,082</u>	<u>83,343</u>
Total liabilities		<u>89,733</u>	<u>131,378</u>
Total equity and liabilities		<u>310,123</u>	<u>311,246</u>
Net current assets		<u>169,417</u>	<u>134,594</u>
Total assets less current liabilities		<u>233,041</u>	<u>227,903</u>

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 (Cap. 22, Law 3 of 1961, as consolidated and revised) 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 “**Seychelles**”) and owned as to 65% by Mr. Law Kwok Leung Alex and 35% by Mr. Law Kwok Ho Simon (collectively referred to as the “**Controlling Shareholders**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, 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 Group is principally engaged in provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

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 Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (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

(a) New and amended standards adopted by the Group

The Group has applied the following new standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

HKFRS 3 (Amendments)	Definition of a Business
HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 16 (Amendments)	COVID-19 Related Rent Concession
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform (Phase 1)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group had to change its accounting policies, but no retrospective adjustments were resulted following the early adoption of the amendments to HKFRS 16. The impact of adoption is disclosed in Note 2.2. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current period.

(b) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for the accounting periods beginning on or after
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform (Phase 2)	1 January 2021
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Annual Improvements Projects	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Hong Kong Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of assessing potential impact of the above new standards and amendments that are relevant to the Group upon initial application. According to the preliminary assessment, management does not anticipate any significant impact on the Group's consolidated financial position and consolidated results of operations upon adopting the above new standards and amendments. Management plans to adopt these new standards and amendments to existing standards when they become mandatory.

2.2 Changes in accounting policies

The Group has early adopted Amendment to HKFRS 16 "COVID-19 Related Rent Concessions" retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19 related rent concessions. Rent concessions approximately HK\$250,000 have been accounted for as negative variable lease payments and recognised in direct costs in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021. There is no impact on the opening balance of equity at 1 April 2020.

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers and recognised over time:		
Air freight forwarding ground handling services	293,855	218,996
Air cargo terminal operating services	114,645	199,127
	<u>408,500</u>	<u>418,123</u>

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 2021 and 2020 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	114,645	199,127
Customer B ¹	177,782	163,770
Customer C	<u>56,902</u>	<u>–</u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income and gains		
Bank interest income	233	1,113
Gain on disposal of property, plant and equipment	593	–
Income from sale of scrap materials	27	380
Management fee income	1,151	1,553
Government grants (<i>Note</i>)	23,658	–
Others	<u>8,499</u>	<u>5,240</u>
	<u>34,161</u>	<u>8,286</u>

Note: During the current year, the Group recognised government grants in respect of COVID-19 related subsidies provided by the Hong Kong government, of which approximately HK\$23,158,000 related to Employment Support Scheme and HK\$500,000 related to one-off subsidy for transport trades under Anti-epidemic Fund. There are no unfilled conditions or other contingencies attaching to these grants.

5 PROFIT/(LOSS) BEFORE TAX

2021 2020
HK\$'000 **HK\$'000**

Profit/(loss) before tax has been arrived at after charging/(crediting):

Included in direct costs:

Direct labour costs	120,790	114,514
Dispatched labour costs	120,737	166,902
Costs of packaging materials	9,920	6,017
Depreciation of property, plant and equipment	3,834	3,640
Depreciation of right-of-use assets	37,390	31,760
Expense relating to short-term leases not included in the measurement of lease liabilities		
– Car parking spaces	1,395	1,374
– Warehouses and loading bay	–	2,660
– Forklifts	3,718	6,770
	<u> </u>	<u> </u>

Included in administrative and other operating expenses:

Auditors' remuneration		
– Audit services	880	1,000
Depreciation of property, plant and equipment	4,264	3,296
Loss on disposal of property, plant and equipment	–	242
Expense relating to short-term leases not included in the measurement of lease liabilities		
– Office premises	360	360
Staff costs, including directors' and chief executive officer's emoluments	14,899	15,274
	<u> </u>	<u> </u>

6 FINANCE COSTS

2021 2020
HK\$'000 **HK\$'000**

Interest on lease liabilities	5,368	6,842
Interest on bank borrowings	131	308
	<u> </u>	<u> </u>
	<u>5,499</u>	<u>7,150</u>

7 INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	1,434	–
Deferred income tax	<u>203</u>	<u>–</u>
Income tax expense	<u><u>1,637</u></u>	<u><u>–</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduced 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%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax of the qualifying group entity 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 for the years ended 31 March 2021 and 2020.

8 BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	2021	2020
Profit/(loss) attributable to owners of the Company (HK\$'000)	<u><u>40,522</u></u>	<u><u>(8,852)</u></u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share (in thousand)	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
Basic earnings/(loss) per share (HK cents)	<u><u>4.05</u></u>	<u><u>(0.89)</u></u>

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2021 and 2020.

9 DIVIDENDS

On 18 June 2021, a final dividend of HK3.0 cents per ordinary share in respect of the year ended 31 March 2021, amounting to approximately HK\$30.0 million has been proposed by the Board. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting (2020: Nil).

10 LEASES

This note provides information for leases where the Group is a lessee.

Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Right-of-use assets		
Warehouses and loading bay	38,850	62,974
Equipment	9,816	16,359
	48,666	79,333
Lease liabilities		
Current	39,756	34,390
Non-current	11,888	47,475
	51,644	81,865

11 TRADE RECEIVABLES

	2021 HK\$'000	2020 <i>HK\$'000</i>
Trade receivables	123,792	103,637
Less: Loss allowance	(854)	(2,467)
	<u>122,938</u>	<u>101,170</u>

The credit period granted to customers is 30 to 90 days from invoice date generally. Trade receivables are denominated in HK\$. The Group does not hold any collateral as security.

At 31 March, the ageing analysis of the trade receivables, net of loss allowance, presented based on invoice date are as follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
0-30 days	38,948	34,647
31-60 days	58,788	58,161
61-90 days	11,992	2,273
Over 90 days	14,064	8,556
	123,792	103,637
Less: Loss allowance	(854)	(2,467)
	<u>122,938</u>	<u>101,170</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 March 2021, a provision of approximately HK\$854,000 (2020: HK\$2,467,000) was made against the gross amount of trade receivables.

Movements on loss allowance of receivables are as follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
At the beginning of the year	2,467	2,347
Loss allowance recognised	852	2,465
Unused amount reversed	(2,465)	(2,345)
	<u>854</u>	<u>2,467</u>

12 TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	12,520	9,105
Accruals and other payables	16,849	20,896
Provision for reinstatement cost	1,141	689
Deposits received	3,350	2,750
	<u>33,860</u>	<u>33,440</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	10,456	6,972
31–60 days	2,064	2,133
	<u>12,520</u>	<u>9,105</u>

As at 31 March 2021, included in trade payables was approximately HK\$1,535,000 and HK\$144,000 (2020: HK\$672,000 and HK\$117,000) payable to related companies, Gobo Trade Limited and Hung Kee Vehicle Engineering Limited (formerly known as 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 FY2021. In FY2021, the Group had a moderate operation and financial performance despite the decline in cargo volume processed from air cargo terminal operating services. With its professional and efficient services, the Group had engaged in the ground handling services for vaccines arriving in Hong Kong at Cathay Pacific Cargo Terminal in February 2021.

Looking ahead, amid the unstable economic environment, the Group will continue to adopt flexible approaches in business operation and take effective cost control measures. With the effective control of COVID-19 in mainland China and launch of vaccines, the management believes that the demand for transport, including air cargo, ground transportation and warehousing services will recover progressively. The Group will strive to maintain good relationship with existing clients and pro-actively acquire new customers by upgrading its existing facilities and enhancing its competitive strengths, so as to mitigate the impact of COVID-19 and other social uncertainties.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 2.3% from approximately HK\$418.1 million for the FY2020 to approximately HK\$408.5 million for the FY2021. Such decrease was mainly driven by the decrease in overall cargo volume processed for air cargo terminal operating services, which was mainly due to the reducing demand under the continuous outbreak of COVID-19 pandemic. Despite the unstable business environment, the Group secured a new customer for air freight forwarding ground handling services which has started service during the FY2021 to minimise the impact of COVID-19 pandemic.

Gross profit and gross profit margin

Gross profit increased by approximately 45.0% from approximately HK\$40.9 million for the FY2020 to approximately HK\$59.3 million for the FY2021. The Group's gross profit margin for the FY2021 was approximately 14.5%, representing an increase of approximately 4.7% as compared to approximately 9.8% for the FY2020. Such increase was primarily resulted from the Group being able to adopt effective cost control measures to lower the overall costs.

Other income and gains

Other income and gains mainly comprised of bank interest income, gain on disposal of property, plant and equipment, income from sale of scrap materials, management fee income, government grants and other miscellaneous income. Other income and gains increased from approximately HK\$8.3 million for the FY2020 to approximately HK\$34.2 million for the FY2021. Such increase was primarily resulted from the government grants received by the Group in relation to the outbreak of COVID-19 of approximately HK\$23.7 million.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately 6.7% from approximately HK\$50.8 million for the FY2020 to approximately HK\$47.4 million for the FY2021, which was mainly attributable to the warehouse relocation expenses for FY2020.

Finance costs

Finance costs decreased from approximately HK\$7.2 million for the FY2020 to approximately HK\$5.5 million for the FY2021, mainly due to lower interest on lease liabilities.

Profit/(loss) and total comprehensive income/(expense) 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\$40.5 million for the FY2021 as compared to a loss of approximately HK\$8.9 million for the FY2020.

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 2021, the Group had net current assets of approximately HK\$169.4 million (31 March 2020: HK\$134.6 million), cash and bank balances of approximately HK\$101.9 million (31 March 2020: HK\$90.3 million) and pledged bank deposit with original maturity over three months of approximately HK\$3.0 million (31 March 2020: HK\$3.0 million). As at 31 March 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$220.4 million (31 March 2020: HK\$179.9 million), and the Group's total debt comprising bank borrowings and lease liabilities amounted to approximately HK\$54.0 million (31 March 2020: HK\$97.4 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 Group's shares were successfully listed on the Main Board of the Stock Exchange on Listing Date. There has been no change in the capital structure of the Group since then. The capital of the Group only comprised of ordinary shares.

GEARING RATIO

As at 31 March 2021, the gearing ratio (calculated on the basis of total bank borrowings and lease liabilities divided by total equity of the Group) was approximately 24.5% (31 March 2020: 54.1%). The decrease in gearing ratio was mainly due to the decrease in lease liabilities for the right-of-use assets recognised under HKFRS 16 in the current period.

COMMITMENTS

As at 31 March 2021, the Group did not have any material capital commitments (31 March 2020: Nil).

As at 31 March 2021, the Group's operating lease commitments were approximately HK\$1.0 million (31 March 2020: HK\$0.8 million).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material contingent liability (31 March 2020: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2021, the Group employed 438 employees (31 March 2020: 427 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 Fund contributions) for the year ended 31 March 2021 amounted to approximately HK\$135.7 million (31 March 2020: HK\$129.8 million).

CHARGE ON GROUP ASSETS

Certain cash deposits of the Group of approximately HK\$3.0 million as at 31 March 2021 and 31 March 2020 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 is presented for the Group as 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 affiliated companies for the FY2021. There is no other plan for material investments or capital assets as at 31 March 2021.

FINAL DIVIDENDS

The Board proposed of a final dividend of HK3.0 cents per ordinary share of the Company in respect of the FY2021, amounting to approximately HK\$30.0 million. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting, being the first cash dividend payment since the listing of the Group.

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 2021 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2021 as stated in the Prospectus	Actual business progress up to 31 March 2021
Setting up of new warehouse premises	<ul style="list-style-type: none">– Rental deposit of new warehouse premises in Tuen Mun of around 130,000 sq. ft.– Fitting out and renovation of new warehouse premises– Installation of CCTV system, access control system and burglar alarm system– Installation of cargo storage and forklift operation systems in the new warehouse premises– Installation of RFID applications in the various storage locations in the new warehouses premises for cargo in and out segregation– Installation of measurement and control systems such as automatic measurement and weight check systems for pallet– Acquire mobile devices for scanning applications– Commence operations of the new warehouse premises– Working capital for the initial operation of new warehouse premises	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

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2021 as stated in the Prospectus	Actual business progress up to 31 March 2021
Upgrading existing facilities and acquiring additional trucks and equipment	<ul style="list-style-type: none"> <li data-bbox="399 255 933 414">– Acquire two additional 5.5 ton trucks, three additional 9 ton trucks and ten additional 16 ton trucks <li data-bbox="399 510 933 766">– Upgrade other existing facilities in the Group’s warehouses and offices, such as shelving and racking, CCTV surveillance and fire equipment and RFID applications <li data-bbox="399 808 933 1021">– Install two automatic measurement and weight check systems for cargo pallets in cargo receiving areas in the existing warehouses <li data-bbox="399 1064 933 1404">– Install security X-ray inspection systems for cargo pallets to applicable standard of the Transportation Security Administration of the United States for cargo screening process areas in our existing warehouses <li data-bbox="399 1532 933 1659">– Maintenance for the upgraded and new facilities or other existing facilities 	<p data-bbox="957 255 1527 414">The Group has acquired eight additional 16 ton trucks. Subsequent to 31 March 2021, the Group has acquired two additional 16 ton trucks</p> <p data-bbox="957 510 1527 627">The Group has upgraded the CCTV surveillance equipment and security system of the warehouses</p> <p data-bbox="957 808 1527 925">The Group has installed one unit of automatic measurement and weight check system</p> <p data-bbox="957 1064 1527 1489">The Group has installed five units of X-ray machines and one unit of explosive trace detection equipment to upgrade the air cargo security screening facilities. Subsequent to 31 March 2021, the Group made deposit payment for purchase of one additional unit of explosive trace detection equipment which is expected to be delivered to the Group in June 2021</p> <p data-bbox="957 1532 1527 1744">A portion of the net proceeds were used to maintain the upgraded and new facilities or other existing facilities but not fully utilised due to delay in the schedule as discussed above</p>

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2021 as stated in the Prospectus	Actual business progress up to 31 March 2021
Implementing new information technology system	<ul style="list-style-type: none"> <li data-bbox="399 255 925 378">– Plan for upgrading the existing warehouse management system and accounting system <li data-bbox="399 425 925 591">– Implement and evaluate the performance of the upgraded warehouse management system and accounting system <li data-bbox="399 808 925 1064">– Recruit two experienced personnel responsible for the planning and implementation of the information system upgrade and maintain the cost of additional personnel for information system upgrade <li data-bbox="399 1106 925 1361">– Upgrade the existing hardwares, acquiring new computer facilities, implementing and engage specialised service providers to develop the new human resources management system <li data-bbox="399 1532 925 1664">– Implement and evaluate the performance of the new human resources management system 	<p data-bbox="957 255 1527 766">Phase II of the upgraded system has been completed. The Group is working with its information technology consultants to integrate the traffic management system and the warehouse system. The electronic data interchange of the traffic management system was launched in April 2021. As the implementation of the upgraded systems involve the integration and modification of a few systems together, such system enhancement has taken longer time than expected</p> <p data-bbox="957 808 1527 936">The Group has recruited one experienced personnel responsible for the information system upgrade</p> <p data-bbox="957 1106 1527 1489">The Group is working with its information technology consultant to study the hardwares and computer facilities upgrade. The new human resources management system is currently undergoing the user acceptance testing process and the first attendance module is expected to go live in the third quarter of year 2021.</p>

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 2021 is set out below:

	Planned use of net proceeds up to 31 March 2021 <i>HK\$ million</i>	Actual use of net proceeds up to 31 March 2021 <i>HK\$ million</i>	Unutilised use of net proceeds up to 31 March 2021 <i>HK\$ million</i>
Setting up of new warehouse premises	36.4	–	36.4
Upgrading on existing facilities and acquisition of additional trucks and equipment	36.4	21.0	15.4
New information technology system	14.5	3.3	11.2
General working capital	5.5	5.5	–
	<u>92.8</u>	<u>29.8</u>	<u>63.0</u>

For the setting up of new warehouse premises, 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 premise for rental on terms acceptable to the Group.

For the upgrading on existing facilities and acquisition of additional trucks and equipment, the Group is in the course of upgrading the existing facilities of warehouse as mentioned above. Due to the trade tensions between the United States and China and outbreak of COVID-19 pandemic, the overall cargo volume processed decreased. The Group considers to utilise this unused proceeds according to the needs of the current business operation of the Group.

The remaining unutilised net proceeds as at 31 March 2021 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. Such amounts are expected to be fully utilised within 2 years.

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 FY2021.

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 FY2021, 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 FY2021.

CLOSURE OF REGISTER OF MEMBER

The forthcoming annual general meeting is scheduled to be held on Friday, 20 August 2021 (the “**2021 AGM**”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 August 2021 to Friday, 20 August 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the company 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 Monday, 16 August 2021.

In order to qualify for the entitlement to the proposed final dividend, the register of members of the Company will also be closed from Thursday, 26 August 2021 to Monday, 30 August 2021, both days inclusive, during which period no transfer of shares in the Company will be registered. All transfer of shares, accompanied by the relevant share certificates, must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 August 2021. If the resolution of the proposed final dividend is passed at the 2021 AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Monday, 30 August 2021. The proposed final dividend is expected to be paid on or before Monday, 20 September 2021.

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 FY2021 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 FY2021. 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 HKICPA 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 FY2021 and the final results announcement of the Group for the FY2021.

EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2021 and up to the 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, 18 June 2021

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.