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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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of A & S Group (Holdings) Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021, together with the comparative figures for the corresponding period in 2020 as follows:

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2021*

|  | <i>Note</i> | (Unaudited)<br>Six months ended<br>30 September<br>2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i>    |
|--|-------------|--|----------------------------|
| Revenue  | 3           | 249,748  | 188,828                    |
| Direct costs   |             | <u>(206,391)</u>   | <u>(164,085)</u>           |
| Gross profit   |             | 43,357   | 24,743                     |
| Other income and gains   | 3           | 5,965  | 16,988                     |
| Administrative and other operating expenses  |             | <u>(23,794)</u>  | <u>(25,489)</u>            |
| Operating profit   |             | 25,528   | 16,242                     |
| Finance costs  | 5           | <u>(1,686)</u>   | <u>(3,050)</u>             |
| Profit before tax  | 4           | 23,842   | 13,192                     |
| Income tax expense   | 6           | <u>(3,769)</u>   | <u>(107)</u>               |
| Profit and total comprehensive income for the period attributable to owners of the Company |             | <u><u>20,073</u></u>   | <u><u>13,085</u></u>       |
| Basic and diluted earnings per share   | 7           | <u><u>HK2.01 cents</u></u>   | <u><u>HK1.31 cents</u></u> |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 30 September 2021*

|   |             | (Unaudited)<br>As at<br>30 September<br>2021<br><i>HK\$'000</i> | (Audited)<br>As at<br>31 March<br>2021<br><i>HK\$'000</i> |
|---|-------------|---|---|
|   | <i>Note</i> |   |   |
| <b>ASSETS</b>                               |             |   |   |
| <b>Non-current assets</b>                   |             |   |   |
| Property, plant and equipment               | <i>9</i>    | 15,132  | 14,089  |
| Right-of-use assets                         | <i>10</i>   | 29,487  | 48,666  |
| Club membership                             | <i>11</i>   | 869   | 869   |
|   |             | <u>45,488</u>   | <u>63,624</u>   |
| <b>Current assets</b>                       |             |   |   |
| Trade receivables                           | <i>12</i>   | 147,398   | 122,938   |
| Other receivables, deposits and prepayments | <i>13</i>   | 14,097  | 18,654  |
| Amount due from a related company           |             | 35  | 35  |
| Pledged deposit                             | <i>14</i>   | 3,012   | 3,012   |
| Cash and bank balances                      | <i>14</i>   | 105,454   | 101,860   |
|   |             | <u>269,996</u>  | <u>246,499</u>  |
| <b>Total assets</b>                         |             | <u><b>315,484</b></u>   | <u><b>310,123</b></u>                                     |
| <b>EQUITY</b>                               |             |   |   |
| <b>Capital and reserves</b>                 |             |   |   |
| Share capital                               | <i>15</i>   | 10,000  | 10,000  |
| Reserves                                    |             | <u>200,463</u>  | <u>210,390</u>  |
| <b>Total equity</b>                         |             | <u><b>210,463</b></u>   | <u><b>220,390</b></u>                                     |
| <b>LIABILITIES</b>                          |             |   |   |
| <b>Non-current liabilities</b>              |             |   |   |
| Lease liabilities                           | <i>10</i>   | –   | 11,888  |
| Deferred tax liabilities                    |             | <u>763</u>  | <u>763</u>  |
|   |             | <u><b>763</b></u>   | <u><b>12,651</b></u>                                      |

|  |             | (Unaudited)<br>As at<br>30 September<br>2021<br><i>HK\$'000</i> | (Audited)<br>As at<br>31 March<br>2021<br><i>HK\$'000</i> |
|--|-------------|---|---|
|  | <i>Note</i> |   |   |
| <b>Current liabilities</b>                   |             |   |   |
| Trade payables                               | <i>17</i>   | <b>19,318</b>   | 12,520  |
| Accruals and other payables                  |             | <b>47,053</b>   | 21,340  |
| Bank borrowings                              | <i>16</i>   | <b>806</b>  | 2,399   |
| Lease liabilities                            | <i>10</i>   | <b>31,878</b>   | 39,756  |
| Tax payable                                  |             | <b>5,203</b>  | 1,067   |
|  |             | <u><b>104,258</b></u>   | <u>77,082</u>   |
| <b>Total liabilities</b>                     |             | <u><b>105,021</b></u>   | <u>89,733</u>   |
| <b>Total equity and liabilities</b>          |             | <u><b>315,484</b></u>   | <u>310,123</u>  |
| <b>Net current assets</b>                    |             | <u><b>165,738</b></u>   | <u>169,417</u>  |
| <b>Total assets less current liabilities</b> |             | <u><b>211,226</b></u>   | <u>233,041</u>  |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

|  | Attributable to owners of the Company |                           |                                      |                               | Total equity<br>HK\$'000 |
|--|---------------------------------------|---------------------------|--------------------------------------|-------------------------------|--------------------------|
|  | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Merger reserve<br>HK\$'000<br>(Note) | Retained earnings<br>HK\$'000 |                          |
| Balance at 1 April 2020 (audited)                    | 10,000                                | 98,122                    | (1)                                  | 71,747                        | 179,868                  |
| Profit and total comprehensive income for the period | —                                     | —                         | —                                    | 13,085                        | 13,085                   |
| Balance at 30 September 2020 (unaudited)             | <u>10,000</u>                         | <u>98,122</u>             | <u>(1)</u>                           | <u>84,832</u>                 | <u>192,953</u>           |
| Balance at 1 April 2021 (audited)                    | <b>10,000</b>                         | <b>98,122</b>             | <b>(1)</b>                           | <b>112,269</b>                | <b>220,390</b>           |
| Profit and total comprehensive income for the period | —                                     | —                         | —                                    | <b>20,073</b>                 | <b>20,073</b>            |
| Dividends paid                                       | —                                     | —                         | —                                    | <b>(30,000)</b>               | <b>(30,000)</b>          |
| Balance at 30 September 2021 (unaudited)             | <u><b>10,000</b></u>                  | <u><b>98,122</b></u>      | <u><b>(1)</b></u>                    | <u><b>102,342</b></u>         | <u><b>210,463</b></u>    |

*Note:* The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the reorganisation of the Company.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

|   |      | (Unaudited)      |                 |
|---|------|------------------|-----------------|
|   |      | Six months ended |                 |
|   |      | 30 September     |                 |
|   |      | 2021             | 2020            |
|   | Note | HK\$'000         | HK\$'000        |
| <b>Cash flows from operating activities</b>                 |      |                  |                 |
| Net cash generated from operations                          | 18   | 61,088           | 50,917          |
| Tax refund  |      | 367              | –               |
|   |      | <u>61,455</u>    | <u>50,917</u>   |
| <b>Net cash generated from operating activities</b>         |      |                  |                 |
| <b>Cash flows from investing activities</b>                 |      |                  |                 |
| Proceeds from disposal of property, plant and equipment     |      | –                | 445             |
| Purchases of property, plant and equipment                  |      | (4,818)          | (3,943)         |
| Interest income received                                    |      | 2                | 151             |
|   |      | <u>(4,816)</u>   | <u>(3,347)</u>  |
| <b>Net cash used in investing activities</b>                |      |                  |                 |
| <b>Cash flows from financing activities</b>                 |      |                  |                 |
| Dividends paid  |      | (30,000)         | –               |
| Drawdown of bank borrowings                                 |      | –                | 20,000          |
| Repayment of bank borrowings                                |      | (1,593)          | (31,545)        |
| Repayment of lease liabilities                              |      | (21,423)         | (20,437)        |
| Interest paid on bank borrowings                            |      | (29)             | (82)            |
|   |      | <u>(53,045)</u>  | <u>(32,064)</u> |
| <b>Net cash used in financing activities</b>                |      |                  |                 |
| <b>Net increase in cash and cash equivalents</b>            |      | <b>3,594</b>     | <b>15,506</b>   |
| <b>Cash and cash equivalents at the beginning of period</b> |      | <b>101,860</b>   | <b>90,286</b>   |
|   |      | <u>105,454</u>   | <u>105,792</u>  |
| <b>Cash and cash equivalents at the end of period</b>       |      | <b>105,454</b>   | <b>105,792</b>  |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 1 GENERAL INFORMATION AND BASIS OF PRESENTATION

A & S Group (Holdings) Limited was incorporated in the Cayman Islands on 7 July 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 14 March 2018 (the “**Listing**”).

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 the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

The interim condensed 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 the nearest thousand (**HK\$’000**) except when otherwise indicated.

## 2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim condensed 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 interim condensed 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. In addition, the interim condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance. The interim condensed consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of interim condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements.

(a) *The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 April 2021*

|  |   |
|--|---|
| Amendment to HKFRS 16  | COVID-19 – Related Rent Concessions beyond 30 June 2021 |
| Amendments to HKFRS 9, Hong Kong Accounting Standard (“ <b>HKAS</b> ”) 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform (Phase 2)                |

The adoption of the above amendments to standards did not have any significant financial impact on the interim condensed consolidated financial statements.

(b) The following new standards and revisions to standards have been issued, but are not effective for the financial year beginning on or after 1 April 2021 and have not been early adopted by the Group

|   |  |
|---|--|
| HKFRS 17  | Insurance Contracts and the related Amendments <sup>1</sup>  |
| Amendments to HKAS 1                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup> |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies <sup>1</sup>   |
| Amendments to HKAS 8                                | Definition of Accounting Estimates <sup>1</sup>  |
| Amendments to HKAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>                                    |
| Amendments to HKAS 16                               | Property, Plant and Equipment- Proceeds before Intended Use <sup>2</sup>   |
| Amendments to HKAS 37                               | Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>   |
| Amendments to HKFRS 3                               | Reference to the Conceptual Framework <sup>2</sup>   |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>                               |
| Amendments to HKFRSs                                | Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The Group will apply the above new standards, amendments to standards and interpretations when they become effective. The Group is in the process of assessing the impact of these new standards, amendments to standards and interpretations.

### 3 REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION

Revenue and other income and gains recognised during the period are as follows:

|  | (Unaudited)           |                       |
|--|-----------------------|-----------------------|
|  | Six months ended      |                       |
|  | 30 September          |                       |
|  | 2021                  | 2020                  |
|  | <i>HK\$'000</i>       | <i>HK\$'000</i>       |
| <b>Revenue from contracts with customers and recognised over time:</b> |                       |                       |
| Air freight forwarding ground handling services                        | 189,613               | 132,989               |
| Air cargo terminal operating services                                  | <u>60,135</u>         | <u>55,839</u>         |
|  | <u><b>249,748</b></u> | <u><b>188,828</b></u> |

|   | (Unaudited)      |                 |
|---|------------------|-----------------|
|   | Six months ended |                 |
|   | 30 September     |                 |
|   | 2021             | 2020            |
|   | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| <b>Other income and gains</b>                     |                  |                 |
| Bank interest income                              | 2                | 151             |
| Gain on disposal of property, plant and equipment | –                | 171             |
| Income from sales of scrap materials              | –                | 27              |
| Management fee income                             | 583              | 567             |
| Government grants ( <i>Note</i> )                 | 500              | 12,064          |
| Others  | 4,880            | 4,008           |
|   | <u>4,880</u>     | <u>4,008</u>    |
|   | <u>5,965</u>     | <u>16,988</u>   |

*Note:* During the six months ended 30 September 2021, the Group recognised government grants in respect the new policy of the International Civil Aviation Organisation (“**ICAO**”) related subsidy provided by the Hong Kong government, of which approximately HK\$500,000 related to the Pilot Subsidy Scheme for Third-Party Logistics Service Providers. During the six months ended 30 September 2020, the Group recognised government grants in respect of COVID-19 related subsidies provided by the Hong Kong government, of which approximately HK\$11,564,000 related to Employment Support Scheme and approximately 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.

#### *Transaction price allocated to remaining performance obligations*

The Group’s contracts include promises to perform an undefined quantity of tasks at fixed contractual rates per unit, with no contractual minimums that would make some or all of the consideration fixed. As a result, the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of this, the analysis of the transaction price that is allocated to remaining performance obligations is not disclosed.

#### **Segment information**

The chief operating decision-maker has been identified as the executive Directors. The executive Directors regard the Group’s business as a single operating segment and review interim condensed consolidated financial statements accordingly. Also, all of the Group’s revenue during the six months ended 30 September 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:

|                         | (Unaudited)      |                 |
|-------------------------|------------------|-----------------|
|                         | Six months ended |                 |
|                         | 30 September     |                 |
|                         | 2021             | 2020            |
|                         | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| Customer A              | 60,135           | 55,839          |
| Customer B <sup>1</sup> | 102,515          | 84,852          |
| Customer C              | 41,447           | 20,545          |
|                         | <u>60,135</u>    | <u>20,545</u>   |

<sup>1</sup> The above customer represents a collective of companies within a group.

## 4 PROFIT BEFORE TAX

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

|  | (Unaudited)      |                 |
|--|------------------|-----------------|
|  | Six months ended |                 |
|  | 30 September     |                 |
|  | 2021             | 2020            |
|  | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| Included in direct costs:  |                  |                 |
| Direct labour costs  | 67,066           | 62,361          |
| Dispatched labour costs  | 78,623           | 52,131          |
| Costs of packaging materials   | 5,528            | 4,439           |
| Depreciation on property, plant and equipment  | 1,991            | 2,008           |
| Depreciation on right-of-use assets  | 19,179           | 18,282          |
| Gain on disposal of property, plant and equipment  | –                | (171)           |
| Expense relating to short-term leases not included in the measurement of lease liabilities |                  |                 |
| – Car parking spaces   | 820              | 687             |
| – Forklifts  | 2,322            | 1,650           |
|  | <u>2,322</u>     | <u>1,650</u>    |
| Included in administrative and other operating expenses:                                   |                  |                 |
| Auditors' remuneration   | 525              | 525             |
| Depreciation on property, plant and equipment  | 1,784            | 2,031           |
| Expense relating to short-term leases not included in the measurement of lease liabilities |                  |                 |
| – Office premises  | 180              | 180             |
| Staff costs, including directors' emoluments   | 8,915            | 7,204           |
|  | <u>8,915</u>     | <u>7,204</u>    |

## 5 FINANCE COSTS

|                               | <b>(Unaudited)</b>      |                 |
|-------------------------------|-------------------------|-----------------|
|                               | <b>Six months ended</b> |                 |
|                               | <b>30 September</b>     |                 |
|                               | <b>2021</b>             | <b>2020</b>     |
|                               | <b>HK\$'000</b>         | <b>HK\$'000</b> |
| Interest on bank borrowings   | <b>29</b>               | 82              |
| Interest on lease liabilities | <b>1,657</b>            | 2,968           |
|                               | <b>1,686</b>            | 3,050           |

## 6 INCOME TAX EXPENSE

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 six months ended 30 September 2021 and 2020.

The amount of income tax expense charged to the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

|                        | <b>(Unaudited)</b>      |                 |
|------------------------|-------------------------|-----------------|
|                        | <b>Six months ended</b> |                 |
|                        | <b>30 September</b>     |                 |
|                        | <b>2021</b>             | <b>2020</b>     |
|                        | <b>HK\$'000</b>         | <b>HK\$'000</b> |
| Hong Kong profits tax: |                         |                 |
| – Current income tax   | <b>3,769</b>            | 107             |

## 7 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

|  | <b>(Unaudited)</b>      |                         |
|--|-------------------------|-------------------------|
|  | <b>Six months ended</b> |                         |
|  | <b>30 September</b>     |                         |
|  | <b>2021</b>             | <b>2020</b>             |
| Profit attributable to owners of the Company (HK\$'000)  | <u><u>20,073</u></u>    | <u><u>13,085</u></u>    |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand) | <u><u>1,000,000</u></u> | <u><u>1,000,000</u></u> |
| Basic earnings per share (HK cents)  | <u><u>2.01</u></u>      | <u><u>1.31</u></u>      |

Diluted earnings per share for the six months ended 30 September 2021 and 2020 are the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

## 8 DIVIDENDS

During the six months ended 30 September 2021, a final dividend of HK\$0.03 per ordinary share in respect of the year ended 31 March 2021, amounting to approximately HK\$30.0 million (31 March 2020: Nil) was declared and approved by the shareholders of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## 9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property, plant and equipment with a cost of approximately HK\$4,818,000 (six months ended 30 September 2020: approximately HK\$3,943,000).

The Group also disposed of certain items of property, plant and equipment at the aggregate carrying amount of approximately HK\$274,000 during the six months ended 30 September 2020.

## 10 LEASES

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

### Amounts recognised in the interim condensed consolidated statement of financial position

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

|                            | (Unaudited)<br>As at<br>30 September<br>2021<br>HK\$'000 | (Audited)<br>As at<br>31 March<br>2021<br>HK\$'000 |
|----------------------------|--|--|
| <b>Right-of-use assets</b> |  |  |
| Warehouses and loading bay | 22,943   | 38,850   |
| Equipment                  | 6,544  | 9,816  |
|                            | <u>29,487</u>  | <u>48,666</u>                                      |
| <b>Lease liabilities</b>   |  |  |
| Current                    | 31,878   | 39,756   |
| Non-current                | –  | 11,888   |
|                            | <u>31,878</u>  | <u>51,644</u>                                      |

During the six months ended 30 September 2020, the Group entered into two new lease agreements for the use of warehouses for two years. On leases commencement, the Group recognised approximately HK\$6,272,000 of right-of-use assets and lease liabilities.

As at 30 September 2021, the Group entered into new leases for forklifts and office premises, with non-cancellable period of one year, the total future undiscounted cash flows over the non-cancellable period amounted to approximately HK\$3,118,000 (31 March 2021: approximately HK\$967,000).

## 11 CLUB MEMBERSHIP

|                 | (Unaudited)<br>As at<br>30 September<br>2021<br>HK\$'000 | (Audited)<br>As at<br>31 March<br>2021<br>HK\$'000 |
|-----------------|--|--|
| Club membership | <u>869</u>   | <u>869</u>   |

The club membership with indefinite useful lives is stated at cost less impairment loss and is tested for impairment annually whenever there is an indication of impairment. The Directors are of the opinion that no indication of impairment loss was identified with reference to market value.

## 12 TRADE RECEIVABLES

|                      | (Unaudited)<br>As at<br>30 September<br>2021<br><i>HK\$'000</i> | (Audited)<br>As at<br>31 March<br>2021<br><i>HK\$'000</i> |
|----------------------|---|---|
| Trade receivables    | 148,252   | 123,792   |
| Less: Loss allowance | <u>(854)</u>  | <u>(854)</u>  |
|                      | <b><u>147,398</u></b>   | <b><u>122,938</u></b>                                     |

### Notes:

- (a) The credit period granted to customers is 30 to 90 days from invoice date generally. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables, net of loss allowance, based on invoice date is as follows:

|                      | (Unaudited)<br>As at<br>30 September<br>2021<br><i>HK\$'000</i> | (Audited)<br>As at<br>31 March<br>2021<br><i>HK\$'000</i> |
|----------------------|---|---|
| 0-30 days            | 86,095  | 38,948  |
| 31-60 days           | 10,131  | 58,788  |
| 61-90 days           | 35,695  | 11,992  |
| Over 90 days         | <u>16,331</u>   | <u>14,064</u>   |
|                      | 148,252   | 123,792   |
| Less: Loss allowance | <u>(854)</u>  | <u>(854)</u>  |
|                      | <b><u>147,398</u></b>   | <b><u>122,938</u></b>                                     |

### 13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                   | (Unaudited)<br>As at<br>30 September<br>2021<br><i>HK\$'000</i> | (Audited)<br>As at<br>31 March<br>2021<br><i>HK\$'000</i> |
|-------------------|---|---|
| Deposits          | 5,696   | 6,648   |
| Prepayments       | 8,302   | 11,707  |
| Other receivables | 99  | 299   |
|                   | <u>14,097</u>   | <u>18,654</u>   |

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

### 14 CASH AND BANK BALANCES AND PLEDGED DEPOSIT

|   | (Unaudited)<br>As at<br>30 September<br>2021<br><i>HK\$'000</i> | (Audited)<br>As at<br>31 March<br>2021<br><i>HK\$'000</i> |
|---|---|---|
| Cash at banks ( <i>Note a</i> )         | 104,557   | 101,073   |
| Cash on hand                            | 897   | 787   |
| Time deposits                           | 3,012   | 3,012   |
|   | <u>108,466</u>  | <u>104,872</u>  |
| Less: Pledged deposit ( <i>Note b</i> ) | <u>(3,012)</u>  | <u>(3,012)</u>  |
| Cash and bank balances                  | <u>105,454</u>  | <u>101,860</u>  |

*Notes:*

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) As at 31 March 2021 and 30 September 2021, the pledged deposit was placed to secure the Group's outstanding bank borrowings.

### 15 SHARE CAPITAL

|   | Number of<br>shares  | Share capital<br><i>HK\$'000</i> |
|---|----------------------|----------------------------------|
| Ordinary shares of HK\$0.01 each                                    |                      |                                  |
| <b>Authorised:</b>  |                      |                                  |
| At 1 April 2020, 31 March 2021, 1 April 2021, and 30 September 2021 | <u>2,000,000,000</u> | <u>20,000</u>                    |
| <b>Issued and fully paid:</b>                                       |                      |                                  |
| At 1 April 2020, 31 March 2021, 1 April 2021, and 30 September 2021 | <u>1,000,000,000</u> | <u>10,000</u>                    |

## 16 BANK BORROWINGS

|                 | (Unaudited)<br>As at<br>30 September<br>2021<br>HK\$'000 | (Audited)<br>As at<br>31 March<br>2021<br>HK\$'000 |
|-----------------|--|--|
| <b>Current</b>  |  |  |
| Bank borrowings | <u>806</u>   | <u>2,399</u>                                       |

### Notes:

These banking facilities are secured/guaranteed by:

- (i) Certain properties held by Mr. Law Kwok Leung Alex (“**Mr. Alex Law**”) and Mr. Law Kwok Ho Simon (“**Mr. Simon Law**”) as at 31 March 2021 and 30 September 2021; and
- (ii) Certain cash deposits of the Group of approximately HK\$3,012,000 as at 30 September 2021 (31 March 2021: approximately HK\$3,012,000).

The interest rates per annum of borrowings are as follows:

|                 | (Unaudited)<br>As at<br>30 September<br>2021 | (Audited)<br>As at<br>31 March<br>2021 |
|-----------------|--|--|
| Bank borrowings | <u>2.10% to 3.75%</u>                        | <u>2.10% to 3.75%</u>                  |

## 17 TRADE PAYABLES

Payment terms granted by suppliers are generally 7 to 60 days from the invoice date of the relevant purchase. The ageing analysis of trade payables based on the invoice date is as follows:

|            | (Unaudited)<br>As at<br>30 September<br>2021<br>HK\$'000 | (Audited)<br>As at<br>31 March<br>2021<br>HK\$'000 |
|------------|--|--|
| 0-30 days  | 17,458   | 10,456   |
| 31-60 days | 1,179  | 2,064  |
| 61-90 days | 681  | –  |
|            | <u>19,318</u>  | <u>12,520</u>                                      |

## 18 NOTES TO INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

### Reconciliation of profit before tax to net cash generated from operations

|   | (Unaudited)      |                 |
|---|------------------|-----------------|
|   | Six months ended |                 |
|   | 30 September     |                 |
|   | 2021             | 2020            |
|   | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| Profit before tax                                       | 23,842           | 13,192          |
| Adjustments for:  |                  |                 |
| Depreciation on property, plant and equipment           | 3,775            | 4,039           |
| Depreciation on right-of-use assets                     | 19,179           | 18,282          |
| Gain on disposal of property, plant and equipment       | –                | (171)           |
| Interest income   | (2)              | (151)           |
| Interest expense on bank borrowings                     | 29               | 82              |
| Interest expense on lease liabilities                   | 1,657            | 2,968           |
|   | <hr/>            | <hr/>           |
| Operating profit before working capital changes         | 48,480           | 38,241          |
| Increase in trade receivables                           | (24,460)         | (2,925)         |
| Decrease in other receivables, deposits and prepayments | 4,557            | 2,065           |
| Increase in trade payables                              | 6,798            | 6,499           |
| Increase in accruals and other payables                 | 25,713           | 7,037           |
|   | <hr/>            | <hr/>           |
| Net cash generated from operations                      | <u>61,088</u>    | <u>50,917</u>   |

## 19 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

During the six months ended 30 September 2021, the Group entered into the following transactions with related parties:

| Name of related party   | Relationship                                      |
|---|---|
| Mr. Alex Law and Mr. Simon Law  | Directors of the Company                          |
| Gobo Trade Limited  | Mr. Alex Law and Mr. Simon Law have joint control |
| Hung Kee Vehicle Engineering Limited (formely known as “Hung Kee Body Building Factory Limited”) (“Hung Kee”) | Mr. Alex Law and Mr. Simon Law have joint control |



| Name of related party          | Nature of transactions                     | (Unaudited)      |          |
|--------------------------------|--|------------------|----------|
|                                |  | Six months ended |          |
|                                |  | 30 September     | 2020     |
|                                |  | 2021             | 2020     |
|                                |  | HK\$'000         | HK\$'000 |
| Mr. Alex Law and Mr. Simon Law | Office premises rental                     | 180              | 180      |
| Gobo Trade Limited             | Revenue from logistics services            | 512              | 922      |
|                                | Purchases of office supplies               | 707              | 895      |
|                                | Purchases of packaging materials           | 5,347            | 4,020    |
| Hung Kee                       | Vehicle repair and maintenance expenses    | 806              | 826      |
|                                | Purchases of property, plant and equipment | 439              | 141      |

## 20 COMMITMENTS

### Capital commitment

The Group did not have any capital expenditure commitments contracted but not provided for property, plant and equipment as at 30 September 2021 (31 March 2021: Nil).

## 21 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

## 22 EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this announcement, there is no other important event affecting the Group since 30 September 2021 and up to date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

During the six months ended 30 September 2021 (the “**Review Period**”), the global economy continued to face several challenges due to the outbreak of COVID-19 and the uncertainties caused by the escalation of Sino-US tensions. In light of the emergency of the Delta variant of COVID-19, the pandemic has entered a new phase with a never-ending series of stop-and-go lockdowns. As an established air freight forwarding ground handling services provider and air cargo terminal operating services provider in Hong Kong, the Group continued to provide services to customers including global logistics companies and major freight forwarding agents in the Review Period.

Aided from the increase in orders from a new sizeable customer since June 2020, the Group recorded approximately 32.3% increase in revenue during the Review Period despite the challenging macro environment. Besides, according 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, all cargoes are subject to 100% security screening prior to being loaded on to a commercial aircraft. As a result, the demand for the Group’s services from its existing customers increased during the Review Period.

Although the global market will continue to face various challenges in the coming months, the Directors remain positive towards the industry. Benefiting from the acceleration of vaccination, continued policy support, and the economic growth becoming more adaptable to the pandemic and other factors, the economy shows sign of recovery, presenting imbalance and stark differences. In order to minimise the possible negative impact of COVID-19, the Group will continue to adopt a flexible and prudent approach in handling the current situation, evaluate the risk cautiously, and try to mitigate the impact resulting from the complex market environment. Meanwhile, the Group will actively expand its customer base to increase the Group’s revenue sources and be committed to strengthening its competitiveness in the logistics service industry to facilitate the sustainable development of the Group.

### FINANCIAL REVIEW

#### Revenue

Revenue of the Group increased by approximately 32.3% from approximately HK\$188.8 million for the six months ended 30 September 2020 to approximately HK\$249.7 million for the six months ended 30 September 2021. Such increase was mainly attributable to (i) the introduction of 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, where all cargoes are subject to 100% security screening prior to being loaded on to a commercial aircraft; (ii) increase in orders from a new sizeable customer since June 2020; and (iii) an increasing demand for the Group’s services from its existing customers.

## **Gross profit and gross profit margin**

Gross profit increased by approximately 75.7% from approximately HK\$24.7 million for the six months ended 30 September 2020 to approximately HK\$43.4 million for the six months ended 30 September 2021. Such increase was primarily resulted from the Group being able to adopt effective cost control to lower the overall costs. The Group's gross profit margin for the six months ended 30 September 2021 was approximately 17.4%, representing an increase of approximately 4.3 percentage points as compared to approximately 13.1% for the six months ended 30 September 2020.

## **Other income and gains**

Other income and gains mainly comprised of bank interest income, gain on disposal of property, plant and equipment, income from sales of scrap materials, management fee income, government grants received and other miscellaneous income. Other income and gains decreased from approximately HK\$17.0 million for the six months ended 30 September 2020 to approximately HK\$6.0 million for the six months ended 30 September 2021. Such decrease was mainly due to no government grants was received by the Group during the Review Period.

## **Administrative and other operating expenses**

Administrative and other operating expenses decreased by approximately 6.7% from approximately HK\$25.5 million for the six months ended 30 September 2020 to approximately HK\$23.8 million for the six months ended 30 September 2021. Such decrease was mainly attributable to the relocation of security personnel for X-ray cargo inspection equipment expense to direct cost which directly attributable to the revenue.

## **Finance costs**

Finance costs decreased from approximately HK\$3.1 million for the six months ended 30 September 2020 to approximately HK\$1.7 million for the six months ended 30 September 2021, which was mainly due to the decrease in interest on lease liabilities.

## **Income tax expense**

The Group recognised an income tax expense of approximately HK\$3.8 million for the six months ended 30 September 2021 (six months ended 30 September 2020: approximately HK\$0.1 million).

## **Profit and total comprehensive income for the period**

As a result of the foregoing, the Group recorded a profit and total comprehensive income attributable to owners of the Company of approximately HK\$20.1 million for the six months ended 30 September 2021 as compared to a profit and total comprehensive income attributable to owners of the Company of approximately HK\$13.1 million for the six months ended 30 September 2020.

## **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 its shareholders. As at 30 September 2021, the Group had net current assets of approximately HK\$165.7 million (31 March 2021: approximately HK\$169.4 million), cash and bank balances of approximately HK\$105.5 million (31 March 2021: HK\$101.9 million) and pledged bank deposit with original maturity over three months of approximately HK\$3.0 million (31 March 2021: approximately HK\$3.0 million).

As at 30 September 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$210.5 million (31 March 2021: approximately HK\$220.4 million), and the Group's total debt comprising bank borrowings and lease liabilities amounted to approximately HK\$32.7 million (31 March 2021: approximately HK\$54.0 million). The Directors 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 Stock Exchange on 14 March 2018 (the "**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 30 September 2021, the gearing ratio (calculated on the basis of total bank borrowings and lease liabilities divided by the total equity of the Group) was approximately 15.5% (31 March 2021: approximately 24.5%).

## **COMMITMENTS**

As at 30 September 2021, the Group did not have any material capital commitments (31 March 2021: Nil).

As at 30 September 2021, the Group's operating lease commitments were approximately HK\$3.1 million (31 March 2021: approximately HK\$1.0 million).

## **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group did not have any material contingent liability (31 March 2021: Nil).

## **INFORMATION ON EMPLOYEES**

As at 30 September 2021, the Group employed 432 employees (31 March 2021: 438 employees). Remuneration packages are generally structured to market terms, individual qualifications and experience. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the six months ended 30 September 2021 amounted to approximately HK\$76.0 million (six months ended 30 September 2020: approximately HK\$69.6 million).

## **CHARGE ON GROUP ASSETS**

As at 30 September 2021 and 31 March 2021, the Group pledged bank deposits of approximately HK\$3.0 million are charged to the bank to secure the Group's 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 the interim condensed consolidated financial statements.

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

Save as disclosed in this announcement, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries and associated companies during the Review Period. There was no other plan for material investments or capital assets as at 30 September 2021.

## **INTERIM DIVIDENDS**

During the Review Period, a final dividend of HK\$0.03 per ordinary share in respect of the year ended 31 March 2021, amounting to approximately HK\$30.0 million (31 March 2020: Nil) was declared and approved by the shareholders of the Company.

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

## **EVENT AFTER REPORTING PERIOD**

Saved as disclosed in this announcement, there is no other important event affecting the Group since 30 September 2021 and up to the date of this announcement.

## 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 30 September 2021 is set out below:

| <b>Business strategies as stated in the Prospectus</b> | <b>Business objectives up to 30 September 2021 as stated in the Prospectus</b>   | <b>Actual business progress up to 30 September 2021</b>   |
|--|--|---|
| Setting up of new warehouse premises                   | <ul style="list-style-type: none"><li>– Rental deposit of new warehouse premises in Tuen Mun of around 130,000 sq. ft.</li><li>– Fitting out and renovation of new warehouse premises</li><li>– Installation of CCTV system, access control system and burglar alarm system</li><li>– Installation of cargo storage and forklift operation systems in the new warehouse premises</li><li>– Installation of RFID applications in the various storage locations in the new warehouses premises for cargo in and out segregation</li><li>– Installation of measurement and control systems such as automatic measurement and weight check systems for pallet</li><li>– Acquire mobile devices for scanning applications</li><li>– Commence operations of the new warehouse premises</li><li>– Working capital for the initial operation of new warehouse premises</li></ul> | The Group is in the course of identifying suitable warehouse premises. Due to (i) the Group’s specific requirements on the warehouse premises and the property market condition of Hong Kong; and (ii) the prolonged unstable economic environment under the outbreak of the COVID-19 and the trade tensions between the United States and China, the Group has taken more time to evaluate the needs of the business operation of the Group and identify suitable premises for rental on terms acceptable to the Group |

| <b>Business strategies as stated in the Prospectus</b>                      | <b>Business objectives up to 30 September 2021 as stated in the Prospectus</b>   | <b>Actual business progress up to 30 September 2021</b>   |
|---|--|---|
| Upgrading existing facilities and acquiring additional trucks and equipment | <ul style="list-style-type: none"> <li data-bbox="411 257 1043 378">– Acquire two additional 5.5 ton trucks, three additional 9 ton trucks and ten additional 16 ton trucks</li> <li data-bbox="411 427 1043 591">– 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> <li data-bbox="411 640 1043 804">– Install two automatic measurement and weight check systems for cargo pallets in cargo receiving areas in the existing warehouses</li> <li data-bbox="411 853 1043 1102">– 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 the existing warehouses</li> <li data-bbox="411 1151 1043 1236">– Maintenance for the upgraded and new facilities or other existing facilities</li> </ul> | <p data-bbox="1066 257 1525 336">The Group has acquired ten additional 16 ton trucks</p> <p data-bbox="1066 427 1525 591">The Group has upgraded the CCTV surveillance equipment and security system of the warehouses</p> <p data-bbox="1066 640 1525 761">The Group has installed one unit of automatic measurement and weight check system</p> <p data-bbox="1066 853 1525 1102">The Group has installed five units of X-ray machines and two units of explosive trace detection equipment to upgrade the air cargo security screening facilities</p> <p data-bbox="1066 1151 1525 1404">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> |

| <b>Business strategies as stated in the Prospectus</b> | <b>Business objectives up to 30 September 2021 as stated in the Prospectus</b>  | <b>Actual business progress up to 30 September 2021</b>   |
|--|---|---|
| Implementing new information technology system         | <ul style="list-style-type: none"> <li>– Plan for upgrading the existing warehouse management system and accounting system</li> <li>– Implement and evaluate the performance of the upgraded warehouse management system and accounting system</li> </ul> | 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 management system. The electronic data interchange of traffic management system was launched in April 2021 and extended the coverage to receipt image return to customer in September 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 |
|  | <ul style="list-style-type: none"> <li>– 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> </ul>      | The Group has recruited one experienced personnel responsible for the information system upgrade  |
|  | <ul style="list-style-type: none"> <li>– Upgrade the existing hardwares, acquiring new computer facilities, implementing and engage specialised service providers to develop the new human resources management system</li> </ul>                         | The Group is working with its information technology consultant to study the hardwares and computer facilities upgrade. The new human resources management system has moved to the production server, parallel run of attendance and leave module is on-going; scheduled to do the payroll trial before second quarter of year 2022   |
|  | <ul style="list-style-type: none"> <li>– Implement and evaluate the performance of the new human resources management system</li> </ul>   |   |



## USE OF PROCEEDS FROM 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, 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 up to 30 September 2021 is set out below:

|  | <b>Planned use of net<br/>proceeds up to<br/>30 September 2021<br/><i>HK\$ million</i></b> | <b>Actual use of net<br/>proceeds up to<br/>30 September 2021<br/><i>HK\$ million</i></b> | <b>Unutilised use of net<br/>proceeds up to<br/>30 September 2021<br/><i>HK\$ million</i></b> |
|--|--|---|---|
| Setting up of new warehouse premises   | 36.4   | –   | 36.4  |
| Upgrading on existing facilities and acquisition<br>of additional trucks and equipment | 36.4   | 25.1  | 11.3  |
| New information technology system  | 14.5   | 4.0   | 10.5  |
| General working capital  | 5.5  | 5.5   | –   |
|  | <u>92.8</u>  | <u>34.6</u>   | <u>58.2</u>   |

For the setting up of new warehouse premises, the Group is in the course of identifying suitable warehouse premises. Due to (i) the Group's specific requirements on the warehouse premises and the property market condition of Hong Kong; and (ii) the prolonged unstable economic environment under the outbreak of COVID-19 and the trade tensions between the United States and China, the Group has taken more time to evaluate the recovery and needs of the business operation of the Group and 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. Under the current government regulations and recovery of global logistics demand, the overall cargo volume processed has been gradually recovering. The Group considers to utilise the unused proceeds according to the needs of the current business operation of the Group.

The remaining unutilised net proceeds as at 30 September 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 in the use of net proceeds as and when appropriate. Such amounts are expected to be fully utilised within two 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.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2021, the interests and short positions of each of the Directors and chief executives of the Company (“**Chief Executives**”) in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the “**SFO**”)) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”), to be notified to the Company and the Stock Exchange, are as follows:

#### Long positions in ordinary share and underlying shares of the Company

| Name                            | Capacity/Nature of interest          | Number of shares of the Company held/interested | Percentage of shareholding |
|---------------------------------|--------------------------------------|---|----------------------------|
| Mr. Alex Law <sup>Note 1</sup>  | Interest of a controlled corporation | 750,000,000                                     | 75.0%                      |
| Mr. Simon Law <sup>Note 2</sup> | Interest of a controlled corporation | 262,500,000                                     | 26.25%                     |

#### Notes:

1. Mr. Alex Law beneficially owns 65% of the issued share capital 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.
2. Mr. Simon Law beneficially owns 35% of the issued share capital of Dynamic Victor. Therefore, Mr. Simon Law is deemed, or taken to be, interested in 262,500,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.

Save as disclosed above, as at 30 September 2021, none of the Directors and Chief Executives had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as known to the Directors or Chief Executives, as at 30 September 2021, the following person/entities (other than the Directors and Chief Executives) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the 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:

### **Long positions in ordinary share and underlying shares of the Company**

| <b>Name</b>                               | <b>Capacity/Nature of interest</b> | <b>Number of shares of the Company held/interested</b> | <b>Percentage of shareholding</b> |
|---|------------------------------------|--|-----------------------------------|
| Dynamic Victor                            | Beneficial owner                   | 750,000,000  | 75.0%                             |
| Ms. Lau Lai Ha Sunshine <sup>Note 1</sup> | Interest of spouse                 | 750,000,000  | 75.0%                             |

*Note:*

1. 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.

Save as disclosed above, as at 30 September 2021, there was no person or corporation, other than the Directors and Chief Executives whose interests are set out in the section "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the 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 members of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities the Review Period.

## **COMPETING BUSINESS**

During the Review Period, none of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company (the "**Controlling Shareholders**") 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.

### **Non-Competition Undertaking**

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Alex Law, Mr. Simon Law, Mr. Chiu Tat Ting Albert ("**Mr. Albert Chiu**") and Dynamic Victor (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition (the "**Deed of Non-competition**") with the Company (for itself and as trustee of its subsidiaries) on 21 February 2018. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee of its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its close associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

According to the Company's announcement dated 18 March 2021, Mr. Alex Law, Mr. Simon Law and Mr. Albert Chiu has entered into the sale and purchase agreement, pursuant to which Mr. Albert Chiu agreed to sell all his shares in Dynamic Victor (the "**Sale Shares**"), representing 10% of the issued share capital of Dynamic Victor, and each of Mr. Alex Law and Mr. Simon Law agreed to purchase half of the Sale Shares on 18 March 2021. Upon the completion of such share transfer, Dynamic Victor is beneficially owned as to 65% by Mr. Alex Law and 35% by Mr. Simon Law. The undertakings given by Mr. Albert Chiu pursuant to the Deed of Non-competition have lapsed upon completion of the transfer of the Sale Shares.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

Each of the covenantors also gave certain non-competition undertakings under the Deed of Non-competition as set out in the section headed “Relationship with our Controlling Shareholders – Non-competition undertakings” in the Prospectus.

During the Review Period, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group).

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 of 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 Review Period.

## **SHARE OPTION SCHEME**

The share option scheme of the Company (the “**Share Option Scheme**”) was conditionally adopted pursuant to the written resolution of the sole shareholder of the Company passed on 21 February 2018.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of the Group.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date (excluding, for this purpose, the shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the shares in issue as at the Listing Date. Therefore, it is expected that the Company may grant options in respect of up to 100,000,000 shares (or such numbers of shares as shall result from a sub-division or a consolidation of such 100,000,000 shares from time to time) to the participants under the Share Option Scheme.

The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the shareholders in general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the shareholders containing the information as required under the Listing Rules in this regard.

The Company may seek separate approval of the shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.

The aggregate number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option scheme of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting with such grantee and his associates abstaining from voting. In such event, the Company must send a circular to the shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The Share Option Scheme is valid and effective for a period of ten years from 21 February 2018, after which no further options will be granted or offered.

For the six months ended 30 September 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

## **CORPORATE GOVERNANCE PRACTICE**

The Company and the Board are committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules.

To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code during the six months ended 30 September 2021 and up to the date of this announcement.

## **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 include 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 Stock Exchange’s website and on the Company’s website.

The primary duties of the Audit Committee are mainly 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.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's interim condensed consolidated financial statements for the six months ended 30 September 2021 are unaudited, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the interim condensed consolidated financial statements of the Group for the six months ended 30 September 2021 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement and the interim report are/will be published on the website of the Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website at ([www.asl.hk](http://www.asl.hk)). The interim report of the Company for the six months ended 30 September 2021 will be dispatched to the shareholders of the Company. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, free of charge, at any time by writing to the Company or the Company's registrar, Tricor Investor Services Limited.

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

Hong Kong, 19 November 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. Ho Chun Chung Patrick, Mr. Iu Tak Meng Teddy and Mr. Kwan Ngai Kit as independent non-executive Directors.*