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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 2022**

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$520.2 million for the year ended 31 March 2022, representing an increase of approximately 27.3% as compared with approximately HK\$408.5 million for the year ended 31 March 2021.
- Gross profit increased from approximately HK\$59.3 million for the year ended 31 March 2021 to approximately HK\$79.4 million for the year ended 31 March 2022.
- Gross profit margin increased from approximately 14.5% for the year ended 31 March 2021 to approximately 15.3% for the year ended 31 March 2022.
- Profit attributable to the owners of the Company was approximately HK\$32.5 million for the year ended 31 March 2022 as compared to a profit of approximately HK\$40.5 million for the year ended 31 March 2021.
- Earnings per share was approximately HK3.25 cents for the year ended 31 March 2022 as compared to earnings per share of approximately HK4.05 cents for the year ended 31 March 2021.
- The Board proposed to recommend, at the forthcoming annual general meeting of the Company, the payment of a final dividend of HK2.5 cents per ordinary share, amounting to approximately HK\$25.0 million for the year ended 31 March 2022.

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 2022 (the “**FY2022**”), together with the comparative figures for the year ended 31 March 2021 (the “**FY2021**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

| | | 2022 | 2021 |
|--|--------------|----------------------------|---------------------|
| | <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 3 | 520,198 | 408,500 |
| Direct costs | | (440,773) | (349,190) |
| Gross profit | | 79,425 | 59,310 |
| Other income and gains | 4 | 11,703 | 34,161 |
| Administrative and other operating expenses | | (49,923) | (47,426) |
| Reversal of loss allowance on trade receivables, net | | 425 | 1,613 |
| Operating profit | | 41,630 | 47,658 |
| Finance costs | 6 | (2,613) | (5,499) |
| Profit before tax | 5 | 39,017 | 42,159 |
| Income tax expense | 7 | (6,499) | (1,637) |
| Profit and total comprehensive income for the year attributable to owners of the Company | | <u>32,518</u> | <u>40,522</u> |
| Basic and diluted earnings per share | 8 | <u>HK3.25 cents</u> | <u>HK4.05 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | <i>Notes</i> | 2022 HK\$'000 | 2021 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 13,719 | 14,089 |
| Right-of-use assets | <i>10</i> | 16,866 | 48,666 |
| Club membership | | 869 | 869 |
| | | 31,454 | 63,624 |
| Current assets | | | |
| Trade receivables | <i>11</i> | 134,802 | 122,938 |
| Other receivables, deposits and prepayments | | 18,195 | 18,654 |
| Amount due from a related company | | 35 | 35 |
| Pledged deposit | | 3,012 | 3,012 |
| Cash and bank balances | | 128,732 | 101,860 |
| | | 284,776 | 246,499 |
| Total assets | | 316,230 | 310,123 |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | | 10,000 | 10,000 |
| Reserves | | 212,908 | 210,390 |
| Total equity | | 222,908 | 220,390 |

| | <i>Notes</i> | 2022 HK\$'000 | 2021 HK\$'000 |
|--|--------------|--------------------------------|------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | <i>10</i> | 3,389 | 11,888 |
| Deferred tax liabilities | | 796 | 763 |
| | | <u>4,185</u> | <u>12,651</u> |
| Current liabilities | | | |
| Trade payables | <i>12</i> | 16,113 | 12,520 |
| Accruals and other payables | <i>12</i> | 35,135 | 21,340 |
| Bank borrowings | | 19,000 | 2,399 |
| Lease liabilities | <i>10</i> | 14,546 | 39,756 |
| Tax payable | | 4,343 | 1,067 |
| | | <u>89,137</u> | <u>77,082</u> |
| Total liabilities | | <u>93,322</u> | <u>89,733</u> |
| Total equity and liabilities | | <u>316,230</u> | <u>310,123</u> |
| Net current assets | | <u>195,639</u> | <u>169,417</u> |
| Total assets less current liabilities | | <u>227,093</u> | <u>233,041</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 standards and amendments for the first time for their annual reporting period commencing 1 April 2021:

| | |
|---|---|
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The 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, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations 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 |
|---|--|---|
| Accounting Guideline 5 (Revised) | Merger Accounting for Common Control Combinations | 1 January 2022 |
| Annual Improvements to HKFRSs 2018-2020 Cycle | Annual Improvements to HKFRSs 2018-2020 Cycle | 1 January 2022 |
| 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 |
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| HKAS 1 (Amendments) and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies | 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 | 1 January 2023 |
| Hong Kong Interpretation 5 (2020) | Presentation of Financial Statements – 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 above new and amended standards, interpretation and annual improvements are not expected to have a material impact on the consolidated financial statements of the Group.

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Revenue from contracts with customers and recognised over time: | | |
| Air freight forwarding ground handling services | 393,849 | 293,855 |
| Air cargo terminal operating services | <u>126,349</u> | <u>114,645</u> |
| | <u>520,198</u> | <u>408,500</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 2022 and 2021 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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|-------------------------|-------------------------|-------------------------|
| Customer A | 126,349 | 114,645 |
| Customer B ¹ | 193,841 | 177,782 |
| Customer C | <u>86,094</u> | <u>56,902</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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Bank interest income | 4 | 233 |
| Gain on disposal of property, plant and equipment | – | 593 |
| Income from sale of scrap materials | – | 27 |
| Management fee income | 1,167 | 1,151 |
| Government grants | 1,322 | 23,658 |
| Others | <u>9,210</u> | <u>8,499</u> |
| | <u>11,703</u> | <u>34,161</u> |

5 PROFIT BEFORE TAX

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |

Profit before tax has been arrived at after charging:

Included in direct costs:

| | | |
|--|--------------|--------------|
| Direct labour costs | 120,130 | 120,790 |
| Dispatched labour costs | 188,175 | 120,737 |
| Costs of packaging materials | 10,772 | 9,920 |
| Depreciation of property, plant and equipment | 4,064 | 3,834 |
| Depreciation of right-of-use assets | 38,507 | 37,390 |
| Expense relating to short-term leases not included in the measurement of lease liabilities | | |
| – Car parking spaces | 1,778 | 1,395 |
| – Warehouses and loading bay | 892 | – |
| – Forklifts | 5,539 | 3,718 |
| | <u>5,539</u> | <u>3,718</u> |

Included in administrative and other operating expenses:

| | | |
|--|---------------|---------------|
| Auditors' remuneration | | |
| – Audit services | 900 | 880 |
| Depreciation of property, plant and equipment | 3,526 | 4,264 |
| 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 | 17,147 | 14,899 |
| | <u>17,147</u> | <u>14,899</u> |

6 FINANCE COSTS

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |

| | | |
|-------------------------------|--------------|--------------|
| Interest on lease liabilities | 2,575 | 5,368 |
| Interest on bank borrowings | 38 | 131 |
| | <u>2,613</u> | <u>5,499</u> |

7 INCOME TAX EXPENSE

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Hong Kong profits tax: | | |
| – Current income tax | 6,389 | 1,434 |
| – Underprovision in respect of prior years | 77 | – |
| Deferred income tax | 33 | 203 |
| | <u>6,499</u> | <u>1,637</u> |
| Income tax expense | <u>6,499</u> | <u>1,637</u> |

Under the two-tiered profits tax rates regime of Hong Kong profits tax, 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 2022 and 2021.

8 BASIC AND DILUTED EARNINGS PER SHARE

| | 2022 | 2021 |
|--|------------------|------------------|
| Profit attributable to owners of the Company (HK\$'000) | <u>32,518</u> | <u>40,522</u> |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand) | <u>1,000,000</u> | <u>1,000,000</u> |
| Basic earnings per share (HK cents) | <u>3.25</u> | <u>4.05</u> |

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2022 and 2021.

9 DIVIDENDS

On 24 June 2022, a final dividend of HK2.5 cents per ordinary share in respect of the year ended 31 March 2022, amounting to approximately HK\$25.0 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 (2021: HK3.0 cents per ordinary share).

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:

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------------|-------------------------|-------------------------|
| Right-of-use assets | | |
| Warehouses and loading bay | 13,594 | 38,850 |
| Equipment | <u>3,272</u> | <u>9,816</u> |
| | <u>16,866</u> | <u>48,666</u> |
| Lease liabilities | | |
| Current | 14,546 | 39,756 |
| Non-current | <u>3,389</u> | <u>11,888</u> |
| | <u>17,935</u> | <u>51,644</u> |

11 TRADE RECEIVABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------|-------------------------|-------------------------|
| Trade receivables | 135,231 | 123,792 |
| Less: Loss allowance | <u>(429)</u> | <u>(854)</u> |
| | <u>134,802</u> | <u>122,938</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:

| | 2022 | 2021 |
|----------------------|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| 0-30 days | 39,472 | 38,948 |
| 31-60 days | 63,034 | 58,788 |
| 61-90 days | 20,220 | 11,992 |
| Over 90 days | 12,505 | 14,064 |
| | 135,231 | 123,792 |
| Less: Loss allowance | (429) | (854) |
| | 134,802 | 122,938 |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 March 2022, a provision of approximately HK\$429,000 (2021: HK\$854,000) was made against the gross amount of trade receivables.

Movements on loss allowance of trade receivables are as follows:

| | 2022 | 2021 |
|------------------------------|-----------------|----------|
| | HK\$'000 | HK\$'000 |
| At the beginning of the year | 854 | 2,467 |
| Loss allowance recognised | 91 | 852 |
| Unused amount reversed | (516) | (2,465) |
| | 429 | 854 |

12 TRADE AND OTHER PAYABLES

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| Trade payables | 16,113 | 12,520 |
| Accruals and other payables | 29,894 | 16,849 |
| Provision for reinstatement cost | 1,291 | 1,141 |
| Deposits received | 3,950 | 3,350 |
| | <u>51,248</u> | <u>33,860</u> |

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

| | 2022 <i>HK\$'000</i> | 2021 <i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| 0–30 days | 12,632 | 10,456 |
| 31–60 days | 2,688 | 2,064 |
| 61–90 days | 793 | – |
| | <u>16,113</u> | <u>12,520</u> |

As at 31 March 2022, included in trade payables was approximately HK\$1,660,000 and Nil (2021: HK\$1,535,000 and HK\$144,000) payable to related companies, Gobo Trade Limited and Hung Kee Vehicle Engineering 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 FY2022.

Although the widespread COVID-19 is still affecting the logistics industry, the demand of air cargo terminal operating services is picking up gradually with the recovery of cargo volume processed. Besides, with its professional and efficient services, the Group secured a new client in the air freight forwarding ground handling services at in September 2021, which has further enriched the client base of the Group. Thus in the FY2022, the Group had a moderate operation and financial performance.

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 vaccine promotion and gradual relaxation of pandemic control policies among the countries, the global market has significant sign of recovery. Hence, the management believes that the demand for transport, including air cargo, ground transportation and warehousing services will recover progressively. To this end, 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 increased by approximately 27.3% from approximately HK\$408.5 million for the FY2021 to approximately HK\$520.2 million for the FY2022.

The increase was mainly driven by (i) the increase in growth in air freight forwarding ground handling services by a new customer; (ii) an increasing demand for the Group's services from its existing customers; and (iii) slight increase in cargo volume processed from air cargo terminal operating services from market gradually recovery in the FY2022.

Gross profit and gross profit margin

Gross profit increased by approximately 33.9% from approximately HK\$59.3 million for the FY2021 to approximately HK\$79.4 million for the FY2022. Such increase was primarily resulted from the Group being able to adopt effective cost control measures to lower the overall costs. The Group's gross profit margin for the FY2022 was approximately 15.3%, representing an increase of approximately 0.8% as compared to approximately 14.5% for the FY2021.

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. The Group had received the government grants of approximately HK\$1.3 million in FY2022 and the government grants of approximately HK\$23.7 million in FY2021. As a result, other income and gains decreased from approximately HK\$34.2 million for the FY2021 to approximately HK\$11.7 million for the FY2022.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 5.3% from approximately HK\$47.4 million for the FY2021 to approximately HK\$49.9 million for the FY2022.

Finance costs

Finance costs decreased from approximately HK\$5.5 million for the FY2021 to approximately HK\$2.6 million for the FY2022, mainly due to lower interest on lease liabilities.

Profit and total comprehensive income for the year

As a result of the foregoing, the Group recorded a profit and total comprehensive income attributable to owners of the Company of approximately HK\$32.5 million for the FY2022 as compared to a profit of approximately HK\$40.5 million for the FY2021.

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 of the Company (the "**Shareholders**"). As at 31 March 2022, the Group had net current assets of approximately HK\$195.6 million (31 March 2021: HK\$169.4 million), cash and bank balances of approximately HK\$128.7 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: HK\$3.0 million). As at 31 March 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$222.9 million (31 March 2021: HK\$220.4 million), and the Group's total debt comprising bank borrowings and lease liabilities amounted to approximately HK\$36.9 million (31 March 2021: HK\$54.0 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL STRUCTURE

The Group's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (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 31 March 2022, the gearing ratio (calculated on the basis of total bank borrowings and lease liabilities divided by total equity of the Group) was approximately 16.6% (31 March 2021: 24.5%). 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 2022, the Group did not have any material capital commitments (31 March 2021: Nil).

As at 31 March 2022, the Group's operating lease commitments were approximately HK\$1.8 million (31 March 2021: HK\$1.0 million).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any material contingent liability (31 March 2021: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2022, the Group employed 424 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 Group's employees. The total staff cost (including remuneration of Directors and Mandatory Provident Fund contributions) for the year ended 31 March 2022 amounted to approximately HK\$137.3 million (31 March 2021: HK\$135.7 million).

CHARGE ON GROUP ASSETS

Certain cash deposits of the Group of approximately HK\$3.0 million as at 31 March 2022 and 31 March 2021 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 FY2022. There is no other plan for material investments or capital assets as at 31 March 2022.

FINAL DIVIDENDS

The Board has proposed final dividend of HK2.5 cents per ordinary share of the Company for the FY2022, amounting to approximately HK\$25.0 million. (31 March 2021: HK3.0 cents per ordinary share). The final dividend is subject to approval by the Shareholders in the forthcoming annual general meeting.

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 2022 is set out below:

| Business strategies as stated in the Prospectus | Business objectives up to 31 March 2022 as stated in the Prospectus | Actual business progress up to 31 March 2022 |
|--|--|---|
| 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 2022 as stated in the Prospectus | Actual business progress up to 31 March 2022 |
|---|---|---|
| Upgrading existing facilities and acquiring additional trucks and equipment | <ul style="list-style-type: none"> <li data-bbox="399 255 925 414">– Acquire two additional 5.5 ton trucks, three additional 9 ton trucks and ten additional 16 ton trucks <li data-bbox="399 510 925 766">– 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="399 808 925 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 925 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 925 1659">– Maintenance for the upgraded and new facilities or other existing facilities | <p data-bbox="957 255 1527 329">The Group has acquired ten 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 two units of explosive trace detection equipment to upgrade the air cargo security screening facilities. Subsequent to 31 March 2022, the Group made deposit payment for purchase of one additional unit of X-ray machine which is expected to be delivered to the Group in the fourth quarter of year 2022</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 2022 as stated in the Prospectus | Actual business progress up to 31 March 2022 |
|--|---|--|
| 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 | <p data-bbox="957 255 1525 889">Traffic management system has been upgraded in extension of expenditure recording, that stimulate record of additional charges in April 2022. The integration of warehouse management system and traffic management system is taking its first step for database sharing and data input accuracy. The process is expected to complete in the third quarter of year 2022. 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> |
| | <ul style="list-style-type: none"> <li data-bbox="399 936 925 1191">– 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 | <p data-bbox="957 936 1525 1064">The Group has recruited one experienced personnel responsible for the information system upgrade</p> |
| | <ul style="list-style-type: none"> <li data-bbox="399 1234 925 1447">– Upgrade the existing hardwares, acquiring new computer facilities, implementing and engage specialised service providers to develop the new human resources management system | <p data-bbox="957 1234 1525 1661">The Group is working with its information technology consultant to study the hardwares and computer facilities upgrade. The attendance and leave modules of new human resources management system have launched in the first quarter of year 2022. And the payroll module is undergoing the testing process and is expected to go live in the fourth quarter of year 2022</p> |
| | <ul style="list-style-type: none"> <li data-bbox="399 1489 925 1617">– Implement and evaluate the performance of the new human resources management system | |

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the listing of the shares of the Company on the Stock Exchange on the Listing Date (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 2022 is set out below:

| | Planned use of net proceeds up to 31 March 2022 <i>HK\$ million</i> | Actual use of net proceeds up to 31 March 2022 <i>HK\$ million</i> | Unutilised use of net proceeds up to 31 March 2022 <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 | 30.6 | 5.8 |
| New information technology system | 14.5 | 5.1 | 9.4 |
| General working capital | 5.5 | 5.5 | – |
| | <u>92.8</u> | <u>41.2</u> | <u>51.6</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 the COVID-19, 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 2022 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 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.

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 FY2022.

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 the 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 FY2022, 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 FY2022.

CLOSURE OF REGISTER OF MEMBER

The forthcoming annual general meeting is scheduled to be held on Friday, 9 September 2022 (the “**2022 AGM**”). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022, 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, 5 September 2022.

In order to qualify for the entitlement to the proposed final dividend, the register of members of the Company will also be closed from Friday, 16 September 2022 to Tuesday, 20 September 2022, 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 Thursday, 15 September 2022. If the resolution of the proposed final dividend is passed at the 2022 AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 20 September 2022. The proposed final dividend is expected to be paid on or before Wednesday, 12 October 2022.

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 FY2022 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 FY2022. 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 FY2022 and the final results announcement of the Group for the FY2022.

EVENTS AFTER THE REPORTING PERIOD

On 12 April 2022, A & S (HK) Logistics Limited (an indirect wholly-owned subsidiary of the Company) as tenant entered into a warehouse lease agreement with Omaha Investments Limited, an independent third party as landlord in relation to the lease of the warehouse located at Unit 503 on the 5th Floor, Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, New Territories for a term of two (2) years and twelve (12) days commencing on 19 April 2022 and expiring on 30 April 2024 (both days inclusive).

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction exceeds 5% but all applicable percentage ratios are less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

Details of the discloseable transaction were set out in the announcement of the Company dated 12 April 2022.

Saved as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2022 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 the 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, 24 June 2022

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.