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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 2023

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$508.5 million for the year ended 31 March 2023, representing a decrease of approximately 2.3% as compared with approximately HK\$520.2 million for the year ended 31 March 2022.
- Gross profit decreased from approximately HK\$79.4 million for the year ended 31 March 2022 to approximately HK\$45.9 million for the year ended 31 March 2023.
- Gross profit margin decreased from approximately 15.3% for the year ended 31 March 2022 to approximately 9.0% for the year ended 31 March 2023.
- Profit attributable to the owners of the Company was approximately HK\$8.6 million for the year ended 31 March 2023 as compared to a profit of approximately HK\$32.5 million for the year ended 31 March 2022.
- Earnings per share was approximately HK0.86 cents for the year ended 31 March 2023 as compared to earnings per share of approximately HK3.25 cents for the year ended 31 March 2022.
- The Board does not recommend the payment of any dividend for the year ended 31 March 2023.

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 2023 (the “**FY2023**”), together with the comparative figures for the year ended 31 March 2022 (the “**FY2022**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	508,456	520,198
Direct costs		(462,604)	(440,773)
Gross profit		45,852	79,425
Other income and other gains and losses	4	16,820	12,128
Administrative and other operating expenses		(52,297)	(49,923)
Operating profit		10,375	41,630
Finance costs	6	(1,818)	(2,613)
Profit before tax	5	8,557	39,017
Income tax credit/(expense)	7	29	(6,499)
Profit and total comprehensive income for the year attributable to owners of the Company		8,586	32,518
Basic and diluted earnings per share	8	HK0.86 cents	HK3.25 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		14,617	13,719
Right-of-use assets	10	61,032	16,866
Club membership		869	869
		<hr/> 76,518	<hr/> 31,454
Current assets			
Trade receivables	11	143,620	134,802
Other receivables, deposits and prepayments		17,317	18,195
Amount due from a related company		35	35
Tax recoverable		6,000	–
Pledged deposit		3,016	3,012
Cash and bank balances		82,694	128,732
		<hr/> 252,682	<hr/> 284,776
Total assets		<hr/> 329,200	<hr/> 316,230
EQUITY			
Capital and reserves			
Share capital		10,000	10,000
Reserves		196,494	212,908
		<hr/> 206,494	<hr/> 222,908
Total equity		<hr/> 206,494	<hr/> 222,908

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities	<i>10</i>	11,021	3,389
Deferred tax liabilities		589	796
		<u>11,610</u>	<u>4,185</u>
Current liabilities			
Trade payables	<i>12</i>	20,866	16,113
Accruals and other payables	<i>12</i>	41,108	35,135
Bank borrowings		–	19,000
Lease liabilities	<i>10</i>	49,122	14,546
Tax payable		–	4,343
		<u>111,096</u>	<u>89,137</u>
Total liabilities		<u>122,706</u>	<u>93,322</u>
Total equity and liabilities		<u>329,200</u>	<u>316,230</u>
Net current assets		<u>141,586</u>	<u>195,639</u>
Total assets less current liabilities		<u>218,104</u>	<u>227,093</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 the 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 preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with 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 (the “**Listing Rules**”) on the Stock Exchange (the “**Stock Exchange**”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost basis at the end of each reporting period, except as explained.

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 its annual reporting period commencing 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5	Merger Accounting for Common Control Combinations

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 the FY2023 reporting period 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
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 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and leaseback	1 January 2024
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers and recognised over time:		
Air freight forwarding ground handling services	370,560	393,849
Air cargo terminal operating and related services	137,896	126,349
	<u>508,456</u>	<u>520,198</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 FY2023 and FY2022 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A ¹	132,994	126,349
Customer B ¹	165,722	193,841
Customer C	78,531	86,094

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

4 OTHER INCOME AND OTHER GAINS AND LOSSES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	379	4
Gain on disposal of property, plant and equipment	110	—
Management fee income	1,282	1,167
Government grants (<i>Note</i>)	11,487	1,322
(Provision for)/reversal of loss allowance on trade receivables, net	(1,123)	425
Others	4,685	9,210
	<u>16,820</u>	<u>12,128</u>

Note: During FY2023, the Group recognised government grants in respect of COVID-19 related subsidies, of which approximately HK\$9,774,000 related to Employment Support Scheme from the Hong Kong Government, approximately HK\$1,256,000 related to one-off subsidy from the Hong Kong Airport Authority for subsidising the aviation support service operation and approximately HK\$457,000 related to one-off subsidy from the Transport Department of the Hong Kong Government for subsidising goods vehicles. There are no unfilled conditions or other contingencies attaching to these grants.

During FY2022, the Group recognised government grants of which approximately HK\$1,000,000 related to Pilot Subsidy Scheme for Third-party Logistics Service Providers from Hong Kong government for subsidising screening equipment and approximately HK\$322,000 related to one-off subsidy from the Hong Kong Airport Authority for subsidising the aviation support service operators. There are no unfilled conditions or other contingencies attaching to these grants.

5 PROFIT BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Included in direct costs:		
Direct labour costs	116,465	120,130
Dispatched labour costs	191,954	188,175
Costs of packaging materials	10,197	10,772
Depreciation of property, plant and equipment	3,982	4,064
Depreciation of right-of-use assets	51,156	38,507
Expense relating to short-term leases not included in the measurement of lease liabilities		
– Car parking spaces	2,166	1,778
– Warehouses and loading bay	–	892
– Forklifts	6,892	5,539
	<u>116,465</u>	<u>120,130</u>
Included in administrative and other operating expenses:		
Auditors' remuneration		
– Audit services	850	900
Depreciation of property, plant and equipment	2,585	3,526
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	17,600	17,147
	<u>17,600</u>	<u>17,147</u>

6 FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	1,805	2,575
Interest on bank borrowings	13	38
	<u>1,818</u>	<u>2,613</u>

7 INCOME TAX (CREDIT)/EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong profits tax:		
– Current income tax	200	6,389
– (Over)/under-provision in respect of prior years	(22)	77
Deferred income tax	(207)	33
Income tax (credit)/expense	<u>(29)</u>	<u>6,499</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 FY2023 and FY2022.

8 BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
Profit attributable to owners of the Company (HK\$'000)	<u>8,586</u>	<u>32,518</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>0.86</u>	<u>3.25</u>

The diluted earnings per share were the same as the basic earnings per share as there were no dilutive potential ordinary share in issue during FY2023 and FY2022.

9 DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during FY2023 (2022: HK2.5 cents per ordinary share), nor has any dividend been proposed since the end of the reporting period.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Right-of-use assets		
Warehouses and loading bay	61,032	13,594
Equipment	–	3,272
	<u>61,032</u>	<u>16,866</u>
Lease liabilities		
Current	49,122	14,546
Non-current	11,021	3,389
	<u>60,143</u>	<u>17,935</u>

11 TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	145,172	135,231
Less: Loss allowance	(1,552)	(429)
	<u>143,620</u>	<u>134,802</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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	49,580	39,472
31-60 days	63,968	63,034
61-90 days	13,633	20,220
Over 90 days	17,991	12,505
	145,172	135,231
Less: Loss allowance	(1,552)	(429)
	143,620	134,802

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 March 2023, a provision of approximately HK\$1,552,000 (2022: HK\$429,000) was made against the gross amount of trade receivables.

Movements on loss allowance of trade receivables are as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	429	854
Loss allowance recognised	1,551	91
Unused amount reversed	(428)	(516)
At the end of the year	1,552	429

12 TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>20,866</u>	<u>16,113</u>
Other payables		
Accruals	30,015	29,894
Provision for reinstatement cost	6,543	1,291
Deposits received	<u>4,550</u>	<u>3,950</u>
	<u>41,108</u>	<u>35,135</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	14,694	12,632
31–60 days	3,316	2,688
61–90 days	<u>2,856</u>	<u>793</u>
	<u>20,866</u>	<u>16,113</u>

As at 31 March 2023, included in trade payables was approximately HK\$3,855,000 and HK\$655,000 (2022: HK\$1,660,000 and Nil) payable to related companies, Gobo Trade Limited and Parkston Limited, respectively.

All trade and other payables are denominated in HK\$.

13 COMPARATIVES

Certain comparative figures have been reclassified to be consistent with the current year's presentation.

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 its customers including global logistics companies and major freight forwarding agents in the FY2023.

Along with the relaxation of COVID-19 measures and recovery of economic activities, the demand for air cargo terminal operating services is picking up gradually with the recovery of cargo volume processed. The Group secured a new customer in air freight forwarding ground handling services in the FY2023. In the FY2023, the Group had a moderate operation and financial performance due to the recovery in cargo volume processed from air cargo terminal operating services.

Although the global market showed signs of recovery, the demand for freight forwarding service did not grow significantly as expected. Amid the unstable economic environment, the Group will continue to adopt flexible approaches in its business operation and take effective cost control measures. Despite the volatile situation, the management believes that the demand for transport, including air cargo, ground transportation and warehousing services will recover progressively in the second half of 2023. To this end, the Group will strive to maintain good relationship with its existing clients and pro-actively acquire new customers by upgrading its existing facilities and enhance its competitive strengths, so as to mitigate the impact of COVID-19 and other social uncertainties.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 2.3% from approximately HK\$520.2 million for the FY2022 to approximately HK\$508.5 million for the FY2023.

Gross profit and gross profit margin

Gross profit decreased by approximately 42.2% from approximately HK\$79.4 million for the FY2022 to approximately HK\$45.9 million for the FY2023. The Group's gross profit margin for the FY2023 was approximately 9.0%, as compared to approximately 15.3% for the FY2022.

The decrease primarily resulted from (i) the increase in direct costs, including the cost of labour, transportation, subcontractors and depreciation of right-of-use assets as a result of the leasing of new warehouses and the renewal of existing warehouses tenancy agreements; and (ii) the slight decrease in overall revenue for the Group's services for the FY2023.

Other income and other gains and losses

Other income and other gains and losses mainly comprised of bank interest income, gain on disposal of property, plant and equipment, management fee income, government grants, provision for/reversal of loss allowance on trade receivables, net and other miscellaneous income. The Group had received approximately HK\$11.5 million in FY2023 from government grants. As a result, other income and other gains and losses increased from approximately HK\$12.1 million for the FY2022 to approximately HK\$16.8 million for the FY2023.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 4.8% from approximately HK\$49.9 million for the FY2022 to approximately HK\$52.3 million for the FY2023, which was mainly attributable to repair and maintenance expenses incurred for the FY2023.

Finance costs

Finance costs decreased from approximately HK\$2.6 million for the FY2022 to approximately HK\$1.8 million for the FY2023, mainly due to lower interest rate 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\$8.6 million for the FY2023 as compared to a profit of approximately HK\$32.5 million for the FY2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations. As at 31 March 2023, the Group had net current assets of approximately HK\$141.6 million (31 March 2022: HK\$195.6 million), cash and bank balances of approximately HK\$82.7 million (31 March 2022: HK\$128.7 million) and pledged bank deposit of approximately HK\$3.0 million (31 March 2022: HK\$3.0 million). As at 31 March 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$206.5 million (31 March 2022: HK\$222.9 million), and the Group's total debt comprising lease liabilities amounted to approximately HK\$60.1 million (31 March 2022: HK\$36.9 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL STRUCTURE

The Group's shares were successfully listed on the Main Board of the Stock Exchange on 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 2023, the gearing ratio (calculated on the basis of total lease liabilities and bank borrowings divided by total equity of the Group) was approximately 29.1% (31 March 2022: 16.6%). The increase in gearing ratio was mainly due to the increase in lease liabilities for the right-of-use assets recognised under HKFRS 16 in the current period.

COMMITMENTS

As at 31 March 2023, the Group did not have any material capital commitments (31 March 2022: Nil).

As at 31 March 2023, the Group's operating lease commitments were approximately HK\$4.0 million (31 March 2022: HK\$1.8 million).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liability (31 March 2022: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2023, the Group employed 386 employees (31 March 2022: 424 employees). Remuneration packages are generally structured based on market terms, individual qualifications and experience. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Various types of trainings were provided to the employees. The total staff cost (including remuneration of Directors and Mandatory Provident Fund contributions) for the FY2023 amounted to approximately HK\$134.1 million (31 March 2022: HK\$137.3 million).

CHARGE ON GROUP ASSETS

Certain cash deposits of the Group of approximately HK\$3.0 million as at 31 March 2023 and 31 March 2022 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 the consolidated financial statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS 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 acquisitions or disposals of subsidiaries and affiliated companies for the FY2023. There is no other plan for material investments or capital assets as at 31 March 2023.

FINAL DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company (the “Shareholders”) during FY2023 (2022: HK2.5 cents per ordinary share), nor has any dividend been proposed since the end of the reporting period.

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 2023 is set out below:

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2023 as stated in the Prospectus	Actual business progress up to 31 March 2023
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 intended to set up a new warehouse in the Chek Lap Kok area near the Hong Kong International Airport. For details, please refer to the announcement of the Company dated 9 May 2023

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2023 as stated in the Prospectus	Actual business progress up to 31 March 2023
Upgrading existing facilities and acquiring additional trucks and equipment	<ul style="list-style-type: none"> <li data-bbox="464 321 975 491">– Acquire two additional 5.5 ton trucks, three additional 9 ton trucks and ten additional 16 ton trucks <li data-bbox="464 534 975 789">– 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="464 832 975 1044">– Install two automatic measurement and weight check systems for cargo pallets in cargo receiving areas in the existing warehouses <li data-bbox="464 1087 975 1385">– 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="464 1427 975 1555">– Maintenance for the upgraded and new facilities or other existing facilities 	<p data-bbox="997 321 1511 406">The Group has acquired ten additional 16 ton trucks</p> <p data-bbox="997 534 1511 661">The Group has upgraded the CCTV surveillance equipment and security system of the warehouses</p> <p data-bbox="997 832 1511 959">The Group has installed one unit of automatic measurement and weight check system</p> <p data-bbox="997 1087 1511 1300">The Group has installed six 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="997 1427 1511 1642">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 2023 as stated in the Prospectus	Actual business progress up to 31 March 2023
Implementing new information technology system	<ul style="list-style-type: none"> <li data-bbox="464 321 975 442">– Plan for upgrading the existing warehouse management system and accounting system <li data-bbox="464 491 975 655">– Implement and evaluate the performance of the upgraded warehouse management system and accounting system <li data-bbox="464 746 975 1038">– Recruit two experienced personnel responsible for the planning and implementation of the information system upgrade and maintain the cost of additional personnel for information system upgrade <li data-bbox="464 1087 975 1336">– Upgrade the existing hardwares, acquiring new computer facilities, implementing and engage specialised service providers to develop the new human resources management system <li data-bbox="464 1385 975 1517">– Implement and evaluate the performance of the new human resources management system 	<p data-bbox="999 321 1511 697">Warehouse management system has been upgraded in extension to scanning package IDs across HAWB to get more information. The warehouse management system data became available to traffic management system in the third quarter of year 2022. This makes the shipment data more accurate and transparent</p> <p data-bbox="999 746 1511 868">The Group has recruited one experienced personnel responsible for the information system upgrade</p> <p data-bbox="999 1087 1511 1251">The Group is working with its information technology consultant to study the hardwares and computer facilities upgrade.</p> <p data-bbox="999 1385 1511 1517">The new human resources management system has been launched in the fourth quarter of year 2022</p>

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 (the “**Net Proceeds**”). 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.

On 9 May 2023, the Board resolved to change the use of the unutilised Net Proceeds. An analysis of the utilisation of the net proceeds from the Listing as at 31 March 2023 is set out below:

Business objective and strategy	Planned	Actual	Amount utilised during the year 31 March 2023	Actual use of Net Proceeds up to 31 March 2023	Unutilised use of Net Proceeds up to 31 March 2023	Revised application of the unutilised Net Proceeds	Expected timeline for utilising the unutilised Net Proceeds
	use of Net Proceeds up to 31 March 2023	use of Net Proceeds up to 31 March 2022					
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Setting up of new warehouse premises in Tuen Mun	36.4	—	—	—	36.4	—	—
Setting up of new warehouse premises in Chek Lap Kok	—	—	—	—	—	36.4	31 December 2024
Upgrading existing facilities and acquiring additional trucks and equipment	36.4	30.6	2.2	32.8	3.6	3.6	31 December 2024
Implementing new information technology system	14.5	5.1	1.4	6.5	8.0	8.0	31 December 2024
General working capital	5.5	5.5	—	5.5	—	—	—
Total	92.8	41.2	3.6	44.8	48.0	48.0	

The Group intends to finance the capital expenditure for setting up new warehouse premises in Chek Lap Kok using the Net Proceeds. Based on the current market conditions, the Directors estimate that the set up cost of the warehouse premises includes the capital expenditure for warehouse facilities, such as installation of cargo storage and forklift operating systems, measurement and control systems, and RFID and scanning applications in the warehouse premises, of approximately HK\$19.6 million, rental payment of the warehouse premises for the first year of approximately HK\$11.8 million and working capital for the warehouse premises of approximately HK\$5 million.

For the upgrading of existing facilities and the acquisition of additional trucks and equipment, the Group has acquired one unit of electric truck and one unit of X-ray machine during FY2023. For the implementation of new information technology system, the Group has launched the new human resources management system and upgraded the warehouse management system for scanning packages during FY2023.

The unutilised Net Proceeds are expected to be fully utilised within 19 months from the date of this announcement. Such expected timeline is based on the estimation made by the Group which might be subject to changes in accordance with the change in market conditions from time to time.

For further details of the change in use of Net Proceeds, please refer to the announcement of the Company dated 9 May 2023.

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 has adopted the Model Code for Securities Transactions by the Directors of Listed Companies (the “**Model Code**”) set out in Appendix 10 to 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 FY2023.

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 adopted the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. During the FY2023, 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 listed securities during the FY2023.

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 mainly to review the financial information and oversee financial reporting system, risk management and internal control systems and the relationship with external auditors, and review arrangements such that employees of the Company can raise concerns in confidence 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 profit or loss and other comprehensive income, and the related notes thereto for the FY2023 as set out in the preliminary announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's draft consolidated financial statements for the FY2023. The work performed by HLB 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 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 FY2023 and the final results announcement of the Group for the FY2023.

EVENTS AFTER THE REPORTING PERIOD

On 9 May 2023, A & S (HK) Logistics Limited (an indirect wholly-owned subsidiary of the Company) as tenant entered into a pre-lease offer letter with Hong Kong Cingleot Investment Management Limited, an independent third party as landlord in relation to the lease of the warehouse located at Portion of L2 of the Logistics Centre Development L933 Kwo Lo Wan in Chek Lap Kok, Lot No. 1 RP & Extension, Hong Kong International Airport for a term of three (3) years and three (3) months commencing on 1 April 2024 and expiring on 30 June 2027 (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 9 May 2023.

Saved as disclosed in this announcement, there is no other important event affecting the Group since 31 March 2023 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, 23 June 2023

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.