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 REPORT 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Independent non-executive Directors
Mr. Ho Chun Chung Patrick
Mr. Iu Tak Meng Teddy
Mr. Kwan Ngai Kit

BOARD COMMITTEES

Audit Committee
Mr. Kwan Ngai Kit *(Chairman)*
Mr. Ho Chun Chung Patrick
Mr. Iu Tak Meng Teddy

Remuneration Committee
Mr. Ho Chun Chung Patrick *(Chairman)*
Mr. Iu Tak Meng Teddy
Mr. Kwan Ngai Kit
Mr. Law Kwok Leung Alex

Nomination Committee
Mr. Iu Tak Meng Teddy *(Chairman)*
Mr. Ho Chun Chung Patrick
Mr. Kwan Ngai Kit
Mr. Law Kwok Leung Alex

COMPANY SECRETARY

Ms. Tam Kwai Heung *(resigned on 1 March 2019)*
Ms. Ng Hoi Ying *(CPA) (appointed on 1 March 2019)*

AUTHORISED REPRESENTATIVES

Mr. Law Kwok Leung Alex
Ms. Tam Kwai Heung *(resigned on 1 March 2019)*
Ms. Ng Hoi Ying *(CPA) (appointed on 1 March 2019)*

COMPLIANCE OFFICER

Mr. Law Kwok Leung Alex

COMPLIANCE ADVISER

Frontpage Capital Limited
26th Floor, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAWS

CFN Lawyers in association with Broad & Bright
Units 4101-04, 41st Floor
Sun Hung Kai Centre
30 Harbour Road
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

STOCK CODE

1737

COMPANY'S WEBSITE

www.asl.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of A & S Group (Holdings) Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am delighted to present the annual results of the Group for the year ended 31 March 2019 (the "**FY2019**").

OVERVIEW

The Group has witnessed a remarkable year in 2018, with our successful listing (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 14 March 2018 (the "**Listing Date**"). The Listing has marked the beginning of a new chapter for the Group and opened up brand-new opportunities for the Group's future growth. These moves have increased the Group's corporate profile and are perfectly in line with its future growth strategies.

During the year ended 31 March 2019, the Group recorded a 5.7% decrease in revenue to approximately HK$447.6 million from approximately HK$474.7 million for the year ended 31 March 2018 (the "**FY2018**"). The decline was mainly driven by the decrease in revenue from the air freight forwarding ground handling services and air cargo terminal operating services. In line with the decrease in revenue, the Group's gross profit decreased to approximately HK$46.7 million for the FY2019 from approximately HK$72.6 million in the FY2018.

FORWARD PROSPECT

Looking forward, by implementing our core business strategies, we remain positive about the Group's future business performance. The Group provides air freight forwarding ground handling services to our customers, who are generally global logistics companies and major freight forwarding agents, with the Group's facilities at its own rented warehouse premises in the Airport Freight Forwarding Centre ("**AFFC**"). To strengthen the Group's competitiveness and control the cost, the Group targets to reduce rental fee on AFFC warehouse premises in the third quarter of 2019.

Air freight forwarding ground handling services occupy the major part of revenue for the Group; therefore, we are exploring new customers and driving the revenue growth positively. Now, the Group has secured one new customer for air freight forwarding ground handling services, which are expected to increase the Group's cargo volume processed in the coming financial year.

In addition, the Group is devoting resources to upgrade its existing facilities. It has acquired three units of X-ray machines to fulfil the Regulated Air Cargo Screening Facilities ("**RACSF**") Scheme required by the Civil Aviation Department ("**CAD**") for facilitating the establishment and operation of air cargo security screening facilities at off-airport locations.

With the carrying out of implementation plans, we remain optimistic about our future development and look forward to generating further growth and achieving more business breakthroughs. Under the favourable market environment, we will also access new business opportunities prudently, so as to maximise the return to our shareholders.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to our shareholders, customers, suppliers and business partners who trust and maintain faithful to the Group. I would also like to extend our sincere thanks to our management and staff for their diligence, dedication and contribution throughout the years.

Law Kwok Leung Alex
Chairman and executive Director
Hong Kong, 26 June 2019

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 FY2019. Although the trade war between the United States of America (the "**US**") and the People's Republic of China (the "**PRC**") is still under negotiation and inevitably casts uncertainties over the trading environment between the two countries, the Group is adopting a flexible approach in business operation and closely monitoring the market situation for timely action.

In the FY2019, being affected by the decrease in overall cargo volume proceeds and relatively high labour cost, the Group had a moderate operation and financial performance. Looking ahead, to mitigate the possible negative impact of the trade war between the US and the PRC, the Group will execute cost control measures, strategically.

Besides, it will actively seek for new opportunities. Following the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the management believes that there will be full integration of transport networks in the region, including air cargo, ground transportation and warehousing services. To meet the growing demand as expected, the Group will keep improving the quality of its services, acquiring new customers, as well as upgrading its existing facilities and seize the opportunities arising from the rapid development of e-commerce so as to facilitate the long-term growth of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 5.7% from approximately HK$474.7 million for the FY2018 to approximately HK$447.6 million for the FY2019. Such decrease was mainly driven by the decrease in overall cargo volume processed for both air freight forwarding ground handling services and air cargo terminal operating services, both possibly due to the continuance of trade war between the US and the PRC.

Gross profit and gross profit margin

Gross profit decreased by approximately 35.7% from approximately HK$72.6 million for the FY2018 to approximately HK$46.7 million for the FY2019. Such decrease was primarily resulted from the Group not being able to reduce its overall labour cost to the same extent as compared to the decrease in the overall cargo handling volume for its services. The Group's gross profit margin for the FY2019 was approximately 10.4%, representing a decrease of approximately 4.9% as compared to approximately 15.3% for the FY2018.

Other income and gains

Other income and gains mainly comprised of bank interest income, income from sales of scrap materials and other miscellaneous income. Other income and gains increased by approximately 14.3% from approximately HK$3.5 million for the FY2018 to approximately HK$4.0 million for the FY2019.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately 16.1% from approximately HK$57.9 million for the FY2018 to approximately HK$48.6 million for the FY2019, primarily due to the listing expenses of approximately HK$10.7 million incurred for the FY2018.

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$0.5 million for the FY2019 as compared to approximately HK$12.1 million for the FY2018.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its business operations, bank borrowings and equity contribution from shareholders. As at 31 March 2019, the Group had net current assets of approximately HK$176.4 million (31 March 2018: HK$177.5 million), cash and bank balances of approximately HK$89.5 million (31 March 2018: HK$142.2 million) and pledged bank deposit with original maturity over three months of approximately HK$3.0 million (31 March 2018: HK$3.0 million). As at 31 March 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK$188.7 million (31 March 2018: HK$189.6 million), and the Group's total debt comprising bank borrowings amounted to approximately HK$11.3 million (31 March 2018: HK$46.0 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 shares of the Company were successfully listed on the Main Board of the Stock Exchange on 14 March 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2019, the Company's issued share capital was HK$10.0 million and the number of its issued ordinary shares were 1,000,000,000 of HK$0.01 each.

GEARING RATIO

As at 31 March 2019, the gearing ratio (calculated on the basis of total bank borrowings divided by total equity of the Group) was approximately 6.0% (31 March 2018: 24.2%).

COMMITMENTS

As at 31 March 2019, the Group did not have any material capital commitments (31 March 2018: Nil).

As at 31 March 2019, the Group's operating lease commitments were approximately HK$107.0 million (31 March 2018: HK$70.1 million).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liability (31 March 2018: Nil).

INFORMATION ON EMPLOYEES

As at 31 March 2019, the Group employed 465 employees (31 March 2018: 539 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 year ended 31 March 2019 amounted to approximately HK$131.0 million (31 March 2018: HK$142.7 million).

CHARGE ON GROUP ASSETS

Certain cash deposits of the Group of approximately HK$3.0 million as at 31 March 2019 and 31 March 2018 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 for the Group is disclosed in Note 5 to the 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 annual report, the Group did not have any significant investments held, material acquisition or disposal of subsidiaries and associated companies for the FY2019. There is no other plan for material investments or capital assets as at 31 March 2019.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the FY2019 (the FY2018: Nil).

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 14 March 2018 (the "**Listing Date**") to 31 March 2019 is set out below:

Business strategies as stated in the Prospectus	**Business objectives up to 31 March 2019 as stated in the Prospectus**	**Actual business progress up to 31 March 2019**
Setting up of new warehouse premises	– 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	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 2019 as stated in the Prospectus	Actual business progress up to 31 March 2019
Upgrading existing facilities and acquiring additional trucks and equipment	– Acquire two additional 5.5 ton trucks, two additional 9 ton trucks and eight additional 16 ton trucks	The Group has acquired five additional 16 ton trucks
	– Upgrade other existing facilities in the Group's warehouses and offices, such as shelving and racking, CCTV surveillance and fire equipment and RFID applications	The Group has upgraded the CCTV surveillance equipment and security system of the warehouses, and made deposit payment for the purchase of three units of x-ray machines to upgrade the air cargo security screening facilities
	– Install two automatic measurement and weight check systems for pallet integrated into conveyor in cargo receiving areas in the existing warehouses	The Group is in the course of identifying suitable equipment
Implementing new information technology system	– Plan for upgrading the existing warehouse management system and accounting system	The Group has paid the first installment for upgrading the warehouse management system and accounting system. Subsequent to 31 March 2019, phase I of the upgraded system has been launched.
	– Recruit two experienced personnel responsible for the planning and implementation of the information system upgrade	Due to shortage of right calibre, the recruitment is deferred
	– Upgrade the existing hardwares, acquiring new computer facilities and implementing new human resources management system	The Group is working with its information technology consultant to study the hardwares upgrade and the implementation of the new human resources system
	– Maintain the cost of additional personnel for information system upgrade	Due to shortage of right calibre, the recruitment is deferred

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$92.8 million. After the Listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the Listing as at 31 March 2019 is set out below:

	Planned use of net proceeds up to 31 March 2019 HK$ million	Actual use of net proceeds up to 31 March 2019 HK$ million
Setting up of new warehouse premises	17.0	–
Upgrading on existing facilities and acquisition of additional trucks and equipment	26.7	6.0
New information technology system	9.1	0.3
General working capital	5.5	5.5
	58.3	11.8

The remaining unutilised net proceeds as at 31 March 2019 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.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The Group is exposed to credit risk primarily arising from trade receivables and bank deposits. Trade receivables are substantially from the customers with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history in order to mitigate credit risks. The Group is subject to concentration of credit risk with respect to trade receivables. No provision for doubtful debts was recognised during the FY2019 because there were subsequent settlements or no historical default of payments by the respective customers and the amounts are still considered recoverable.

Bank deposits are mainly deposits with banks with good credit ratings assigned by international credit-rating agencies or with good reputation. For bank deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of each reporting period in relation to each class of recognised financial assets was the carrying amounts of those assets as stated on the consolidated statements of financial position.

Liquidity risk

The Group has policy in place to regularly monitor the Group's liquidity requirements, both existing and expected, in order to maintain sufficient reserves of cash from short term to long term.

The Directors are of the view that the liquidity risk management policy enables the Group to have sufficient resources to meet the debt obligations of the Group and working capital needs.

Interest rate risk

The interest rate risk of the Group relates primarily to the bank deposits and bank borrowings. The Group currently has not entered into interest rate swaps to hedge against the exposure to the changes in fair values of the borrowings. It is the policy of the Group to maintain an appropriate level between the deposits and borrowings so as to balance the fair value and cash flow interest rate risk. In addition, to the extent that the Group may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of the debt obligations. The Group currently does not use any derivative instruments to manage the interest rate risk. To the extent we decide to do so in the future, there can be no assurance that any future hedging activities will protect the Group from fluctuations in interest rates.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Due to the nature of the business of the Group, the Group's operations do not directly generate industrial pollutants, and as such the Group did not incur direct costs of compliance with applicable environmental protection rules and regulations during the reporting period. The Directors expected that the Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future. As at 31 March 2019, the Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection.

For details of environmental, social and governance performance of the Group, please refer to the Environmental, Social and Governance Report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the year under review, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders in order to meet its immediate and long-term goals. During the year under review, there was no material or significant dispute between the Group and its suppliers, customers and/other stakeholders.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Law Kwok Leung Alex（羅國樑）

Mr. Law Kwok Leung Alex ("**Mr. Alex Law**"), aged 39, is the chairman of the Company (the "**Chairman**") and an executive Director. Mr. Alex Law is responsible for the overall strategic management and development of the Group's business operations. He was appointed as a Director on 7 July 2016 and re-designated as the Chairman and an executive Director on 3 July 2017. Mr. Alex Law is also a member of each of the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company. He has been a director of A & S (HK) Logistics Limited since 9 October 2002.

Mr. Alex Law has over 16 years of experience in warehouse management and transportation and logistics industry. He founded the Group in October 2002 and expanded his business over the years. In September 2014, Mr. Alex Law received the Outstanding Entrepreneurship Award from Asia Pacific Entrepreneurship Awards 2014 organised by Enterprise Asia.

Mr. Alex Law obtained a Diploma in Management Studies awarded jointly by Lingnan University and The Hong Kong Management Association in September 2012. He was conferred an Honorary Doctorate of Management of Lincoln University in April 2016. He received a fellowship from Canadian Chartered Institute of Business Administration in April 2016. He further obtained a Master of Business Administration from The University of Wales in August 2017.

Mr. Alex Law is the brother of Mr. Law Kwok Ho Simon and Mr. Law Kwok Pan.

Mr. Law Kwok Ho Simon（羅國豪）

Mr. Law Kwok Ho Simon ("**Mr. Simon Law**"), aged 44, is an executive Director. Mr. Simon Law was appointed as a Director on 7 July 2016 and re-designated as an executive Director on 3 July 2017. Mr. Simon Law is responsible for overseeing the Group's operation, business development, finance and administration. He became a director of A & S (HK) Logistics Limited in December 2012.

Mr. Simon Law completed secondary education in England. Subsequent to his completion of secondary education, he joined Bouygues Construction Group and worked as a foreman. Mr. Simon Law then joined the Group as a general manager in October 2002 where he gathered experience in logistics industry and he has been responsible for supervision of business operation, human resources, finance and administrative functions of the Group.

Mr. Simon Law is the brother of Mr. Alex Law and Mr. Law Kwok Pan.

Mr. Chiu Tat Ting Albert（趙達庭）

Mr. Chiu Tat Ting Albert ("**Mr. Albert Chiu**"), aged 56, is the chief executive officer of the Company (the "**Chief Executive Officer**") and an executive Director. Mr. Albert Chiu first joined the Company in August 2010 and he was appointed as a Director on 7 July 2016 and re-designated as the Chief Executive Officer and an executive Director on 3 July 2017. Mr. Albert Chiu is responsible for overseeing the Group's operation, business development, finance and administration.

Mr. Albert Chiu has over 31 years of experience in cargo hub operations, quality assurance, terminals and traffic operations and warehouse management. Prior to joining the Group, he worked at Cathay Pacific Airways Limited from 1986 to 1999 and his last position was cargo services coordinator. He then served in DHL Global Forwarding (Hong Kong) Limited from 1999 to 2008 and his last position was assistant general manager – warehouse. He worked for CEVA Logistics (Hong Kong) Limited from 2008 to 2010 with his last position as director – warehouse and transportation.

Mr. Albert Chiu was appointed as Sector/Subject Specialist by Hong Kong Council for Accreditation of Academic and Vocational Qualifications (formerly known as Hong Kong Council for Academic Accreditation) from June 2006 to June 2012. Mr. Albert Chiu completed a Professional Diploma in Electronic Commerce from the Hong Kong Management Association in February 2002. He also obtained a Bachelor of Commerce Management and Marketing from Curtin University of Technology in September 2004. He further obtained a Master of Science in Global Supply Chain Management from The Hong Kong Polytechnic University in December 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Chun Chung Patrick（何振琮）

Mr. Ho Chun Chung Patrick ("**Mr. Ho**"), aged 55, was appointed as an independent non-executive Director on 21 February 2018. He is the chairman of the Remuneration Committee and a member of each of the audit Committee of the Company (the "**Audit Committee**") and the Nomination Committee. Mr. Ho is responsible for providing independent judgment on the issues of operation strategy, performance, resources and standard of conduct of the Group.

Mr. Ho worked in PricewaterhouseCoopers from 1987 to 1991 and Gold Peak Industries (Holdings) Limited (stock code: 40) from 1992 to 2000 with his last position as financial controller and Chen Hsong Holdings Limited (stock code: 57) from 2002 to 2005 as financial controller. Mr. Ho was an independent non-executive director of Tesson Holdings Limited (stock code: 1201) from 2014 to 2016 and Asia Investment Finance Group Limited (stock code: 33) from 2015 to 2018 respectively. He has been the independent non-executive director of Ling Yui Holdings Limited (stock code: 784) since December 2017.

Mr. Ho obtained a professional diploma in accountancy from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987 and a master degree in finance from the City University of Hong Kong in December 1996. Mr. Ho is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since February 1991 and October 1995, respectively He is currently a certified public accountant (practising).

Mr. Iu Tak Meng Teddy（余德鳴）

Mr. Iu Tak Meng Teddy ("**Mr. Iu**"), aged 56, was appointed as an independent non-executive Director on 21 February 2018. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Iu is responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Iu obtained a Diploma in Management Studies from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1990 and then obtained a Master of Science in Information Systems and a Master of Science in Accountancy from The Hong Kong Polytechnic University in October 1995 and November 2002 respectively. He received a Master of Science from The University of Hong Kong in December 2015.

Mr. Iu became a member of the Canadian Institute of Mining, Metallurgy and Petroleum in 2012, the Australasian Institute of Mining and Metallurgy in 2013, the Society of Economic Geologists in 2013, and the Institute of Electrical and Electronics Engineers, Incorporated in 2017. He also became a professional member of each of the Geological Society of America and the Royal Institution of Chartered Surveyors since 2015.

Mr. Iu has been a fellow of the Chartered Institute of Management Accountants, the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants), the Hong Kong Institute of Directors and the Geological Society of London since March 1995, June 1997, October 2012, and November 2013, respectively. The Chartered Institute of Management Accountants granted Mr. Iu the designation of chartered global management accountant in January 2012.

Mr. Iu was a Hong Kong divisional council member of the Chartered Institute of Management Accountants for the year term 1994 to 2003 and 2007 to 2009, and was elected as the divisional president from 2001 to 2002. He was also a lay member of the Solicitors Disciplinary Tribunal Panel from July 2003 to July 2009.

Mr. Iu worked as the North Asia financial controller of Regional Container Lines (HK) Limited from January 1996 to April 1997, after which he has been an independent and project based consultant since 1997. Additionally, he worked as the EDP manager for Asia Pacific Operations of Moulinex Far East Limited from April 2001 to January 2002. Besides his full time commitments, Mr. Iu also worked as a visiting lecturer (part-time) at the Department of Accountancy of The Hong Kong Polytechnic University from February 2000 to May 2001, a part-time instructor at the School of Continuing and Professional Education at the City University of Hong Kong from September 2001 to June 2010, a part-time lecturer at the Centennial College from January to June 2018 and has been a part-time instructor at the School of Continuing and Professional Studies at The Chinese University of Hong Kong since September 2007. He has also been an independent non-executive director of Gameone Holdings Limited (stock code: 8282) since December 2015 and Basetrophy Group Holdings Limited (stock code: 8460) since June 2017.

Mr. Kwan Ngai Kit（關毅傑）

Mr. Kwan Ngai Kit ("**Mr. Kwan**"), aged 39, was appointed as an independent non-executive Director on 21 February 2018. He is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. Kwan is responsible for providing independent judgement on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Kwan has over 11 years of experience in auditing, accounting and corporate management. Mr. Kwan is currently the chief financial officer and the company secretary of Modern Dental Group Limited (stock code: 3600). Mr. Kwan also has been the independent non-executive director of Leyou Technologies Holdings Limited (stock code: 1089) since July 2017, Lai Group Holding Company Limited (stock code: 8455) since March 2017 and Rare Earth Magnesium Technology Group Holdings Limited (stock code: 601) since June 2016.

Mr. Kwan has been a member of the Hong Kong Institute of Certified Public Accountants since February 2010. He has been a member and subsequently a fellow of the Association of Chartered Certified Accountants since September 2008 and September 2013, respectively.

Mr. Kwan obtained a Bachelor degree of Arts in Accountancy from The Hong Kong Polytechnic University in November 2002. He completed a Master of Business Administration (Evening Mode) in The Chinese University of Hong Kong in November 2014.

SENIOR MANAGEMENT

Mr. Cheung Tai Lung（張泰隆）

Mr. Cheung Tai Lung ("**Mr. Cheung**"), aged 34, is the general manager of corporate development of the Group. Mr. Cheung first joined the Group in July 2010 as an assistant manager. He was first promoted to manager of operation excellence in January 2012 and then to senior manager of operation excellence in January 2014 and became the assistant general manager of account management in April 2015. He was appointed as the general manager of corporate development on 1 July 2017. Mr. Cheung is primarily responsible for developing and implementing strategic initiatives.

Mr. Cheung has 10 years of experience in the logistics industry. Prior to joining the Group, Mr. Cheung served as a management trainee at CEVA Logistics (Hong Kong) Limited from July 2008 to February 2010.

Mr. Cheung obtained a Higher Diploma in International Transport Logistics from The Hong Kong Polytechnic University in June 2006. He subsequently obtained a Bachelor of Business Administration in International Shipping and Transport Logistics from The Hong Kong Polytechnic University in October 2008.

In 2018, Mr. Cheung received the Young Career Award by The Hong Kong Polytechnic University. It recognises the career achievements of PolyU alumni, as well as his contributions to the university and society at large.

Ms. Wong Lai Sim（王麗嬋）

Ms. Wong Lai Sim ("**Ms. Wong**"), aged 56, is the human resources manager of the Group. Ms. Wong joined the Group on 1 September 2012 and she was appointed as human resources manager on 1 September 2012. Ms. Wong has over 11 years of human resources generalist experience. She is responsible for maintaining and enhancing the Group's human resources by planning, implementing, and evaluating employee relations and human resources policies, programs, and practices.

Prior to joining the Group, Ms. Wong worked in Benetton Asia Pacific Limited and her last position was human resources officer from 2005 to 2006. She then worked in Kuehne & Nagel Limited with human resources assistant being her last position from 2006 to 2011. She served in Agility Logistics Limited with her last position as a human resources officer from 2011 to 2012.

Ms. Wong was awarded an International Diploma in Administrative Management by The Institute of Administrative Management in August 1999. She subsequently obtained a Diploma in Human Resources Management from School of Continuing Education of Hong Kong Baptist University in August 2001. Ms. Wong obtained a Bachelor of Business in Human Resource Management from University of South Australia in September 2004.

Mr. Law Kwok Pan（羅國斌）

Mr. Law Kwok Pan ("**Mr. Anthony Law**"), aged 37, was appointed as the procurement manager on 1 May 2008. He is responsible for devising and conducting effective procurement and sourcing strategies.

Prior to joining the Group. Mr. Anthony Law completed secondary education in Canada from September 1997 to July 2002. He worked at Mars Computer as a salesman and a marketing manager from October 2002 to April 2008, during which he gathered experience and knowledge in sales and marketing techniques as well as personnel management.

Mr. Anthony Law is the brother of Mr. Alex Law and Mr. Simon Law.

COMPANY SECRETARY

Ms. Ng Hoi Ying（吳愷盈）

Ms. Ng Hoi Ying ("**Ms. Ng**"), aged 32, was appointed as the company secretary (the "**Company Secretary**") of the Company on 1 March 2019.

She obtained a degree of Bachelor of Business Administration (Honours) in Accountancy from The Hong Kong Polytechnic University. She is a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Ng has over 10 years of experience in auditing, accounting and financial reporting. She worked as senior auditor of Deloitte Touche Tohmatsu from September 2008 to November 2011. From November 2011 to October 2014, Ms. Ng worked as a senior accountant in Asia Maritime Pacific (Hong Kong) Limited, a privately-owned shipping company. From October 2014 to October 2018, Ms. Ng worked as finance manager of Ngai Shun Construction & Drilling Company Limited, a subsidiary of Boill Healthcare Holdings Limited (formerly known as Ngai Shun Holdings Limited) (stock code: 1246), a company listed on the Main Board of the Stock Exchange. She is currently a company secretarial manager at Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Group is 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.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the FY2019, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

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 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 of dealing set out in the Model Code and there was no event of non-compliance throughout the period.

DIRECTORS' RESPONSIBILITIES

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

Daily operation and management of the business of the Group, *inter alia*, the implementation of strategies are delegated to the executive Directors along with other senior executives. Executions of operational matters and the powers thereof are delegated to the management by the Board with clear directions. They report periodically their work and business decisions to the Board.

Board Composition

The composition of the Board as at the date of this annual report is set out as follows:

Executive Directors

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

Independent Non-executive Directors

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

Biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 10 to 13 of this annual report.

The current proportion of independent non-executive Directors is higher than what is required by Rule 3.10A, 3.10(1) and (2) of the Listing Rules whereby independent non-executive directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role on the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensuring that the interests of all shareholders of the Company are taken into account. The representation of independent non-executive Directors is more than one-third of the members of the Board with at least one of whom has appropriate professional qualifications or accounting or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive Director has entered into a service contract with the Company on 3 July 2017. The letters of appointment of Mr. Ho, Mr. Iu and Mr. Kwan are for an initial term of three years commencing from 21 February 2018. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

According to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the memorandum and articles of association of the Company provides that any Directors appointed by the Board to fill casual vacancies shall hold office only until the first general meeting of the Company after their appointment. Any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Mr. Albert Chiu and Mr. Iu will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on Wednesday, 28 August 2019. Each of them, both being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to proposed re-election of Mr. Albert Chiu as an executive Director and Mr. Iu as an independent non-executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual in order to balance the distribution of power. Mr. Alex Law was the Chairman of the Board and Mr. Albert Chiu is the Chief Executive Officer through out the FY2019.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors for a sound and effective internal control system and corporate governance. In this regard, the Group always encourages the Directors to attend relevant training courses to receive the latest news and knowledge regarding corporate governance.

During the FY2019, the Company has provided and all Directors have attended at least one training course on the updates of the Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast with the current requirements under the Listing Rules.

BOARD COMMITTEES

The Board has established the Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.asl.hk. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

Remuneration Committee

The Remuneration Committee was established on 21 February 2018. The chairman of the Remuneration Committee is Mr. Ho, the independent non-executive Director, and other members include Mr. Alex Law, the executive Director, Mr. Iu and Mr. Kwan, the independent non-executive Directors. The written terms of reference of the Remuneration Committee are posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriate policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the FY2019. No Director or any of his associates is involved in deciding his own remuneration.

Nomination Committee

The Nomination Committee was established on 21 February 2018. The chairman of the Nomination Committee is Mr. Iu, the independent non-executive Director, and other members include Mr. Alex Law, the executive Director, Mr. Ho and Mr. Kwan, the independent non-executive Directors. The written terms of reference of the Nomination Committee are posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on appointment of new Directors of the Company. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against an objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

Audit Committee

The Audit Committee was established on 21 February 2018. The chairman of the Audit Committee is Mr. Kwan, the independent non-executive Director, and other members included Mr. Ho and Mr. Iu, 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 Company has complied with Rule 3.21 of the Listing Rules which requires the Audit Committee to comprise a minimum of three members, comprising non-executive Directors only, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive director. At least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

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.

During the FY2019, the Audit Committee held three meetings to review and comment on the Company's 2018 annual results and 2018 interim results as well as the Company's internal control procedures and risk management system.

The Group's consolidated financial statements for the FY2019 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the FY2019 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

ATTENDANCE RECORDS OF MEETINGS

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved. During the FY2019, the Chairman held at least one meeting with the independent non-executive Directors without presence of other executive Directors.

Details of all Directors' attendance at the Board meeting and Board committees' meeting held during the FY2019 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2018 Annual General Meeting
	Number of Meetings Attended/Held				
Executive Directors					
Mr. Law Kwok Leung Alex	4/4	–	1/1	2/2	1/1
Mr. Law Kwok Ho Simon	3/4	–	–	–	1/1
Mr. Chiu Tat Ting Albert	4/4	–	–	–	1/1
Independent non-executive Directors					
Mr. Ho Chun Chung Patrick	4/4	3/3	1/1	2/2	1/1
Mr. Iu Tak Meng Teddy	4/4	3/3	1/1	2/2	1/1
Mr. Kwan Ngai Kit	4/4	3/3	1/1	2/2	1/1

COMPANY SECRETARY

The Company Secretary assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Ng as its Company Secretary in replacement of Ms. Tam Kwai Heung with effect from 1 March 2019. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. Mr. Alex Law, an executive Director is the primary contact person who Ms. Ng contacts.

For the FY2019, Ms. Ng had undertook no less than 15 hours of relevant professional training to develop her skills and knowledge. The biographical details of Ms. Ng is set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") on 28 December 2018. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how.

Monitoring and Reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of this Board Diversity Policy.

The Nomination Committee will review this Board Diversity Policy, as appropriate, to ensure the effectiveness of this Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

NOMINATION POLICY

The Board adopted a nomination policy (the "**Nomination Policy**") on 28 December 2018. A summary of the Nomination Policy, together with the measurable objectives set for implementing the Nomination Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Nomination Policy

The Nomination Policy aims to set out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the directors of the Company. This also ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

Measurable Objectives

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to (collectively, the "**Criteria**"):

(a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;

(b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Potential contributions that the individual(s) can bring to the Board; and

(g) Commitment to enhance and maximize shareholders' value.

Re-election of Director at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the Criteria including but not limited to:

(a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and

(b) whether the retiring Director(s) continue(s) to satisfy the Criteria.

The Nomination Committee and/or the Board shall then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the Criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Monitoring and Reporting

The Nomination Committee will assess and report annually, in the Corporate Governance Report, on the composition of the Board, and launch a formal process to monitor the implementation of the Nomination Policy as appropriate.

Review of Nomination Policy

The Nomination Committee will launch a formal process to review this Nomination Policy periodically to ensure that it is transparent and fair, remains relevant to the Company's needs and reflects the current regulatory requirements and good corporate governance practice. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Disclosure of Nomination Policy

A summary of this Nomination Policy including the nomination procedures and the process and Criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year will be disclosed in the annual corporate governance report.

In the circular to shareholders for proposing a candidate as an independent non-executive director, it should also set out:

- the process used for identifying the candidate and why the Board believes the candidate should be elected and the reason why it considers the candidate to be independent;
- if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board;
- the perspectives, skills and experience that the candidate can bring to the Board; and
- how the candidate can contribute to the diversity of the Board.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 28 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia: –

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

Pursuant to the Dividend Policy, the declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the articles of association of the Company. Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

AUDITOR’S REMUNERATION

The Group’s independent auditor is HLB Hodgson Impey Cheng Limited (“**HLB**”). The financial reporting responsibilities of the independent auditors are set out on pages 45 to 48 in this annual report.

During the FY2019, remuneration of approximately HK$1,000,000 was paid to HLB for the provision of audit services.

SHAREHOLDERS’ RIGHT

One of the measures to safeguard the shareholders’ interest and rights is to separate resolutions proposed at the shareholders’ meeting on each substantial issue, including the election of individual Directors, for shareholders’ consideration and voting. All resolutions put forward at the shareholders’ meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the Stock Exchange’s website and the Company’s website after the relevant shareholders’ meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the “**Requisitionists**”) (as the case maybe) pursuant to article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company’s principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such articles for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company’s principal business address in Hong Kong.

DISCLOSURE OF INSIDE INFORMATION

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- defines the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public; and

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's asset at all times.

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aiming at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedure which comprise the following steps:

– Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

– Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and

– Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment are performed or updated annually, and the results of risk assessment, evaluation and mitigation of each function or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the FY2019 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the FY2019 as required under code provision C.2.5 of CG Code. The Audit Committee and the Board, have considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate its shareholders as follows:

(i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.asl.hk;

(ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange view with the Directors and senior management; and

(v) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the FY2019, there was no change to the Company's memorandum and articles of association.

The Directors present their report and the audited consolidated financial statements for the FY2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of (i) air freight forwarding ground handling services and (ii) air cargo terminal operating services in Hong Kong. The Group provides air freight forwarding ground handling services to the customers, who are generally global logistics companies and major freight forwarding agents, with the facilities at the own rented warehouse of the Group premises in the Airport Freight Forwarding Centre.

There were no significant changes in the nature of the Group's principal activities during the year.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 98 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

CORPORATE REORGANISATION

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. In preparation of the Listing, the companies now comprising the Group underwent the corporate reorganisation (the "**Reorganisation**") pursuant to which the Company became the holding company of the Group on 21 February 2018. For details of the Reorganisation, please refer to the paragraph headed "History, Development and Reorganisation" in the Prospectus.

The Company's shares have been listed on the Stock Exchange since 14 March 2018.

RESULTS AND DIVIDENDS

The result of the Group for the FY2019 and the financial position of the Company and of the Group at the FY2019 are set out in the consolidated financial statements on pages 49 to 97 of this annual report. The Board does not recommend the payment of a final dividend for the FY2019.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Wednesday, 28 August 2019 (the "**2019 AGM**"). For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Friday, 23 August 2019 to Wednesday, 28 August 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2019 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch 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 Thursday, 22 August 2019.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 3 to the consolidated financial statements. No important event affecting the Group has occurred since the end of the FY2019 up to the date of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the FY2019 are set out in Note 15 to the consolidated financial statements.

DONATION

There are no charitable donations for the FY2019 (FY2018: Nil).

SHARE CAPITAL

Details of the Company's share capital are set out in Note 22 to the consolidated financial statements.

SHARE OPTION SCHEME

The purpose of the Company's share option scheme (the "**Share Option Scheme**") is to enable the Company that to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees of the Company, the Directors and other selected participants for their contributions to the Group. The Company has conditionally adopted the Share Option Scheme on 21 February 2018. Further details of the Share Option Scheme are set out in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV of the Prospectus.

For the FY2019, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 32(b) to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of Cayman Islands which could oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

As disclosed in the Prospectus, prior to the Listing, one non-exempt continuing connected transaction agreement has been entered into and will continue to be carried out between the Company and Gobo Trade Limited ("**Gobo Trade**"). Gobo Trade is a company owned as to 51%, 19% and 30% by Mr. Alex Law, Mr. Simon Law and Mr. Anthony Law, respectively. Gobo Trade is therefore a connected person of the Company under the Listing Rules. The principal business of Gobo Trade is trading of commercial packaging materials.

The agreement entered into between the Company and Gobo Trade prior to the Listing for a term ending on 31 March 2020, pursuant to which Gobo Trade has agreed to provide packaging material to the Group from time to time in respond to purchase initiated by the Group by sending corresponding purchase orders. Taking into account that the Group has established good and long-standing relationships with Gobo Trade and has purchased packaging materials from Gobo Trade since 2012. The packaging materials purchased from Gobo Trade in the past satisfied the quality requirement of the Group and were delivered in accordance with the specified time frame without major delay.

The Directors, including the independent non-executive Directors, consider that the continuing connected transactions above and their respective annual caps are fair and reasonable, and such transactions have been and will be entered into in the ordinary and usual course of the business of the Group, on normal commercial terms, are fair and reasonable, and in the interests of the Group and the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, details of all the fully exempted and non-exempted continuing connected transactions set out in Note 29 to the consolidated financial statements that falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DISTRIBUTABLE RESERVE

The Company's distributable reserve as at 31 March 2019 is set out in the consolidated statement of changes in equity.

MAJOR CUSTOMERS AND SUPPLIERS

During the FY2019, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 48%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 99%.

During the FY2019, the percentage of the Group's largest subcontractor was approximately 45% of the total direct costs for the period, while the percentage of the Group's five largest suppliers and subcontractors accounted for approximately 61% of the total direct costs.

None of the Directors, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

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

Independent Non-executive Directors

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

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

By virtue of article 108 and article 112 of the memorandum and articles of association of the Company. Mr. Albert Chiu and Mr.Iu will retire at the 2019 AGM and, all being eligible, will offer themselves for re-election at the said meeting.

DIRECTORS' REPORT

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 13 of this annual report.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the Prospectus and in this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's Controlling Shareholders or their subsidiaries, during the year.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Notes 8 and 9 to the consolidated financial statements.

The remuneration of the senior management of the Group for the FY2019 falls within the following band:

Remuneration band	Number of senior management
HK$1.000,001 to HK$2,000,000	1

EMOLUMENT POLICY

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and variable component (which include discretionary bonus and other merit payments), taking into account other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once every year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2019 are set out in Note 8 to the consolidated financial statements of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions disclosed in Note 29 to the consolidated financial statements, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts or significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

During the FY2019, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares or debentures of the Company" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of the Company's subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 March 2019, the interests and short positions of each of the Directors and chief executives of the Company 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, to be notified to the Company and the Stock Exchange, were 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 Note 1	Interest of a controlled corporation	750,000,000	75.0%
Mr. Simon Law Note 2	Interest of a controlled corporation	225,000,000	22.5%
Mr. Albert Chiu Note 3	Interest of a controlled corporation	75,000,000	7.5%

Notes:

1. Mr. Alex Law beneficially owns 60% 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 30% of the issued share capital of Dynamic Victor. Therefore, Mr. Simon Law is deemed to be interested in 225,000,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.

3. Mr. Albert Chiu beneficially owns 10% of the issued share capital of Dynamic Victor. Therefore, Mr. Albert Chiu is deemed to be interested in 75,000,000 shares of the Company held by Dynamic Victor for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company 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 to be recorded in the register referred to therein or as otherwise 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 executive of the Company, as at 31 March 2019, the following person/entities (other than the Directors and chief executive of the Company) 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

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

Notes:

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.

2. Ms. Choi Yuen Lam Bonnie is the spouse of Mr. Albert Chiu. Therefore, Ms. Choi Yuen Lam Bonnie is deemed, or taken to be, interested in the same number of shares of the Company in which Mr. Albert Chiu is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2019, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executive's interest and short positions in shares, underlying shares and debenture 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 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 FY2019.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the Controlling Shareholders or their respective close associates has been engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during the FY2019.

Non-Competition Undertakings

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Alex Law, Mr. Simon Law, Mr. Albert Chiu and Dynamic Victor mentioned on page 29 (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into 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.

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 paragraph headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" in the Prospectus.

During the FY2019, 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), and the Company has received an annual written confirmation from each Controlling Shareholder in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders had complied with the Deed of Non-competition.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 14 to 24 of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there were no equity-linked agreement entered into by the Company during the FY2019.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available to the Company, the Directors confirm that the Company maintained a sufficient public float of at least 25% in the Company's issued share capital as required under the Listing Rules throughout the FY2019.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

AUDITORS

The consolidated financial statements of the Group for the FY2019 were audited by HLB.

HLB will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting. The Company has not changed its external auditors in any of the preceding three years.

ON BEHALF OF THE BOARD
Law Kwok Leung Alex
Chairman and Executive Director

Hong Kong, 26 June 2019

INTRODUCTION

A & S Group (Holdings) Limited and its subsidiaries (collectively the "**Group**") are engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

The Group provides air freight forwarding ground handling services to the customers, who are generally global logistics companies and major freight forwarding agents, with the facilities at the Group's rented warehouse premises in the Airport Freight Forwarding Centre (collectively "**AFFC**"). Also, the Group also provides air cargo terminal operating services at the Cathay Pacific Cargo Terminal, being one of the three air cargo terminals, operating in Hong Kong, to work with its built-in various computerised handling systems.

While striving for performance, the Group pursues business sustainability by being a responsible corporate citizen and is committed to maintaining high standards of business practices in relation to environmental protection, social responsibility and corporate governance.

ABOUT THE REPORT

This report is the "Environmental, Social and Governance Report" (the "**ESG Report**") published by the Group, which discloses the Group's measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders' confidence and understanding on the Group.

REPORTING YEAR

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 April 2018 to 31 March 2019 (the "**Reporting Period**"). The Group releases the ESG Report annually for public review, in order to improve the transparency and responsibility of information disclosure.

REPORTING SCOPE

Based on the principle of materiality for disclosure and reporting, the ESG Report focuses primarily on the Group's air freight forwarding operations in Hong Kong, as well as the headquarter office. After the comprehensive completion of data collection system and the Group's deepening in its environmental, social and governance work, the Group is able to disclose various environmental, health and safety Key Performance Indicators (hereinafter collectively referred to as the "**KPIs**") for all the sites operated during the Reporting Period.

REPORTING STANDARDS

The ESG Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("**ESG Guide**") of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") set out in Appendix 27 to the Main Board Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance performance of the Group. The information in the ESG Report is derived from the Group's official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group.

STAKEHOLDER ENGAGEMENT

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the ESG Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

For the Group, stakeholders refer to groups and individuals materially influencing or affected by the Group's business. The Group's stakeholders include employees, management and Directors, as well as external stakeholders such as clients, business partners, investors, regulatory authorities and various types of community groups. In the past year, we communicated with the key stakeholders through a variety of methods. While preparing the ESG Report, we commissioned a professional consultancy firm to conduct the materiality analysis in the form of management interview. With expert advice, we identified the material aspects for this ESG Report and these will in turn guide the formulation of the Group's sustainability roadmap.

Table 1: Stakeholder engagement

Stakeholders	Interests and concerns	Engagement channels
Shareholders and investors	• Return on investment • Corporate strategy and governance • Risk mitigation and management	• Annual General Meeting • Interim and annual reports, corporate websites • Announcements, notices of meetings, circulars
Clients	• Robust logistic service management • Full compliance with laws and regulations • Sustainability performance of operations	• Interim and annual reports, corporate websites • Regular meetings and communication
Employees	• Compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and wellbeing	• Provide leisure activities and increase cohesion • In-house training programmes • Performance reviews and appraisals • Promote career development and enhance competence at all levels
Sub-contractors	• Occupational health and safety • Ethical business practices • Sub-contractors assessment criteria	• Annual health, safety and environment seminars • Training sessions • Regular progress meetings • Audits and assessments
Suppliers	• Long-term partnership • Ethical business practices • Supplier assessment criteria	• Procurement processes • Audits and assessments

The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions of stakeholders through different forms and more extensively, make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of materiality quantification, balance and consistency, in order to define content of the ESG Report and presentation of the information that is more in line with the expectations of stakeholders.

ENVIRONMENT PROTECTION

The Group is committed to sustainable development and preservation of resources. We recognise that the long-term viability of the Group's business is closely linked with the well-being of the society. We strive to minimise the potential impacts of our business on the environment and society in which we operate.

EMISSIONS

Emissions from vehicle usage

During our operations, the usage of private cars generates the emissions of sulphur oxides ("**SO_x**"), nitrogen oxides ("**NO_x**") and Particulate Matters ("**PM**"). The approximate amount of NO_x, SO_x and PM produced from our operations in Hong Kong are shown in the table below:

Table 2: Number of cars

Region	Types of cars	2019 Number of cars	2018 Number of cars
Hong Kong	Private cars	5	8
	Light goods vehicles (3.5-5.5 tonnes)	4	5
	Medium & heavy goods vehicles (5.5-15 tonnes)	6	6
	Medium & heavy goods vehicles (more than 15 tonnes)	48	48
Total		**63**	**67**

Table 3: Air emissions from vehicle usage

Region	Types of air emissions	2019 Volume (tonnes)	2018 Volume (tonnes)
Hong Kong	NO_x	7.812	*8.870
	SO_x	0.007	*0.008
	PM	0.5687	*0.6372

* The Group has adopted a different calculation method this year. Therefore, the figures for 2018 has been amended in order to be comparable.

Compared to the last financial year, the total amount of air emissions (NO_x, SO_x and PM) from 2018 to 2019 has dropped slightly, due to the total number of cars has decreased from 67 to 63. The emissions for both years remain at a reasonably low level.

In respect of reducing the NO_x, SO_x and PM emissions, the Group is committed to reducing and implementing the efficient usage of private cars and goods vehicles for operations. The Group has implemented the following measures so as to achieve the environmental friendly approach; i) avoid peak hour traffic; ii) encourage the use of public transport; iii) utilise the vehicle usage by carpooling with different staff and iv) plan the route of logistics services in the shortest travel distance via grouping the location of the clients.

During the Reporting Period, we were not aware of any material non-compliance with the environmental laws and regulations in respect of both emissions from the course of operations and vehicle usage.

Greenhouse gas emissions

Scope 1 – Combustion of fuels in mobile sources controlled by the Group

During the air freight forwarding operations, due to the intense usage of goods vehicles to perform the logistics services, a certain amount of greenhouse gases is produced.

The Group strictly controls the emissions of greenhouse gases through the establishment of a comprehensive data collection system. Besides, the Group has also equipped all goods vehicles with GPS system so that the driving routes can be recorded and traced easily. These measures help the Group to monitor the monthly usage of all goods vehicles to maintain the efficiency at a prominent level.

The approximate amount of carbon dioxide ("**CO_2**"), methane ("**CH_4**") and nitrous oxides ("**N_2O**") produced from our operations in Hong Kong are shown in the table below:

Table 4: Greenhouse gas emission – Scope 1 – Combustion of fuels in mobile sources controlled by the Group

Region	Air Emissions	2019 Volume (tonnes)	2018 Volume (tonnes)
Hong Kong	CO_2	1,141.44	*1,310.59
	CH_4	1.30	*1.50
	N_2O	14.90	*18.95

* The Group has adopted a different calculation method this year. Therefore, the figures for 2018 has been amended in order to be comparable.

Compared to the last financial year, the total amount of greenhouse gas emissions (CO_2, CH_4 and N_2O) from 2018 to 2019 has dropped slightly, due to the number of light goods vehicles has decreased from 5 to 4. The emissions for both years remain at a steady level.

Scope 2 – Electricity purchased from power companies

Apart from the direct emission of PM and fumes, we have also incurred indirect greenhouse gas emissions (Scope 2), principally resulting from electricity consumed at the rented warehouse premises in the AFFC and headquarter office. In respect to the approximate indirect amount of CO_2 generated from our electrical usage, the figures are shown in the table below:

Table 5: Greenhouse gas emission – Scope 2 – Electricity purchased from power companies

Region	2019 Electricity consumption (kWh)	2018 Electricity consumption (kWh)	2019 Volume (Tonnes)	2018 Volume (Tonnes)
Hong Kong	1,329,294	1,420,417	677.94	767.03

The electricity consumption for 2019 is 6% less comparing to 2018, inducing the Greenhouse Gas Emission – Scope 2 to incur the same percentage of decrease. The Group believes it is contributed by the electricity monitoring mechanism employed last year. A sense of urgency in minimising the use of electricity has been developed in the Group's culture. More progress is anticipated to be made in coming years.

During the Reporting Period, the Group was not aware of any material non-compliance with the environmental laws and regulations in respect of both emissions from the course of operations and vehicle usage.

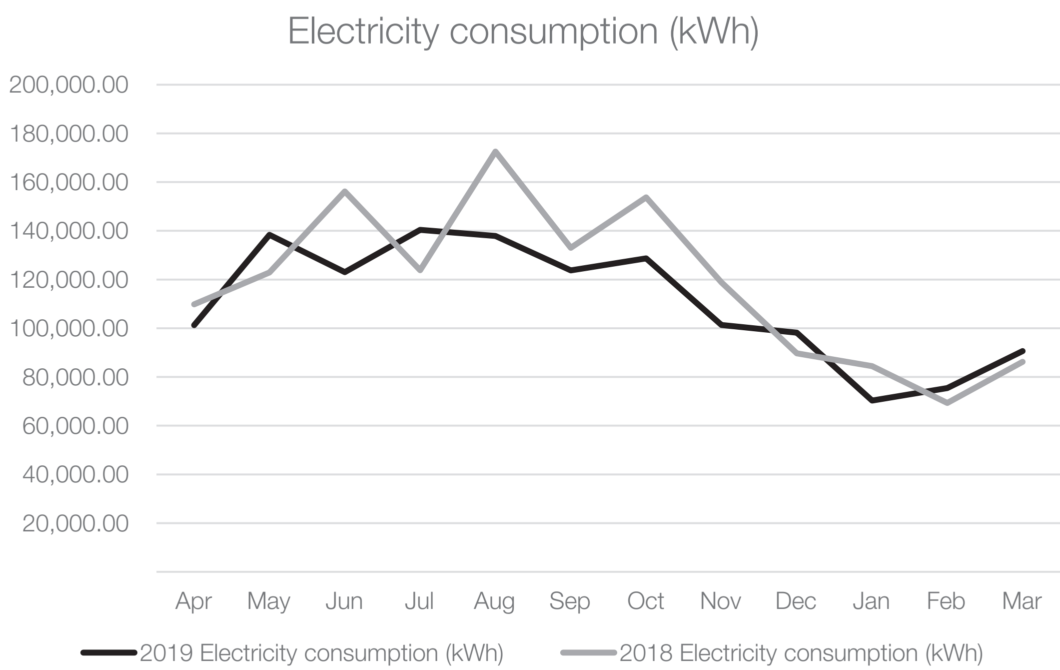
Use of resources

The Group adheres to the concept of energy conservation and emission reduction for green business. The major resources used by the Group are principally attributed to electricity and water consumed in the AFFC and headquarter office. We aim to improve our energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout our operations and strive to save the resources.

The Group determines to maximise energy conservation in its office by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade equipment such as purchasing electrical appliances with high efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning systems can be adjusted to a specific temperature, which allows the users to set at a comfortable temperature and avoid power waste. Switch off idle lightings, electrical appliances, as well as electronic devices (including but not limited to computers, printers, photocopiers and air conditioners). Moreover, the Group uses LED lighting in various areas of the rented premises.

To identify energy saving opportunities, the Group measures and records the energy consumption level from time to time. The monthly electricity consumption in kilowatt hour (kWh) is shown below:

Table 6: Electricity consumption by months



The total electricity consumption in kilowatt hour (kWh) by region is shown in the table below:

Table 7: Electricity consumption

Region	2019 Electricity consumption (kWh)	2018 Electricity consumption (kWh)	2019 Intensity of electricity consumption per staff (kWh)
Hong Kong	1,329,294	1,420,417	2,877

As explained above, the reason for the decrease in electricity consumption in 2019 is due to the monitoring mechanism employed last year. For details, please refer to the section of Greenhouse Gas Emission – Scope 2 – Electricity purchased from power companies.

The Environment and Natural Resources

To develop a green approach at the AFFC and headquarter office, we have developed the following measures for our daily operation so as to minimise the impact brought to the environmental and natural resources consumption:

Office equipment

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption
- Used toner cartridges return to respective suppliers for recycling
- All windows and doors must be closed when the air-conditioners turn on
- Affix save energy posters near the main switches in order to remind our employees of energy saving
- The last-man-out is dedicated to check and turn off all machines and equipment

Lighting

- Switch off non-essential lighting if there are only few people working in the office or forward centre
- The last-man-out is dedicated to check and turn off all lighting of the forward centre and office

Other practice

- Encourage duplex printing, reuse of single-side used paper
- Refill instead of new pen when used up

PEOPLE

Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of a basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and dismissal, recruitment and promotion, working hours, appraisal, training and benefits.

The Group has always strictly observed the relevant legislations in Hong Kong regarding the equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the "Employment Ordinance" and the "Employees' Compensation Ordinance".

The Group has its internal procedure to report employees' information regularly in order to review employment practices so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process to ensure no employment of child labour and forced labour in any form. The Group also strives to establish harmonious labour relationships. Therefore, the percentage of new recruits to total number of employees and ratio of employee turnover to total number of employees are maintained at a low level generally.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant standards, rules and regulations regarding operations and activities, labour practices.

Employment KPIs (employee)

Table 8: Number of employees

Gender	Age below 30	Age 30-50	Age over 50	Number of employees by gender	Total number of employees	2019 Ratio of number of male to female employees	2018 Ratio of number of male to female employees
Male	47	169	109	325	465	2.3: 1	2.29: 1*
Female	36	78	26	140			
Total	**83**	**247**	**135**	**465**			

* Certain comparative figures have been adjusted to conform with the current year's presentation.

Table 9: Employee recruit

Gender	Age below 30	Age 30-50	Age over 50	Number of new recruits by gender	Total number of new recruits	2019 Percentage of new recruits to total number of employees	2018 Percentage of new recruits to total number of employees
Male	18	16	4	38	73	16%	19%
Female	14	18	3	35			
Total	**32**	**34**	**7**	**73**			

Table 10: Employee turnover

Gender	Age below 30	Age 30-50	Age over 50	Staff turnover by gender	Total staff turnover	2019 Ratio of employee turnover to total number of employees	2018 Ratio of employee turnover to total number of employees
Male	28	38	19	85	143	31%	34%
Female	25	27	6	58			
Total	**53**	**65**	**25**	**143**			

Health and Safety

The Group is an investment holding company located in Hong Kong and the nature of the daily operation is mainly office-based where the safety risk is limited. The Group has equipped its office with suitable fire-fighting facilities like fire extinguishers.

The Group's subsidiary in Hong Kong engages in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong. The Group strongly believes that providing a safe working environment for the employees is the most important social responsibility to its shareholders, employees and the community where it situates. Therefore, the Group has always regarded that as one of the priorities in corporate management. Sound management systems have been established in occupational health and safety.

Daily operations are inspected by relevant department assigned by the Group, against the established risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits. Any non-compliance will also be identified and rectified on a timely basis.

Thus, it is a proof of guaranteeing the establishment of a healthy, safe and stable working environment effectively.

Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures. The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident.

During the Reporting Period, the Group was not aware of any material non-compliance with the health and safety laws and regulations.

Table 11: Health and safety key performance indicators (employee)

Number of work injuries	2019 Rate of work injury (per hundred employees)	2018 Rate of work injury (per hundred employees)
14	3.03	*4.10

* The Group has adopted a different calculation method this year. Therefore, the figures for 2018 has been amended in order to be comparable.

Development and trainings

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in job-related training and courses. We have formulated the quality management and environment management training programs to update our staff with the most updated standard of ISO 9001, in order to maintain the highest standard of professionalism by our employees. This program includes quality assurance training in operation process, inspection assurance of services provided by sub-contractors, health and safety precautions in using operation equipment and machinery as well as customer relationship management.

In daily operation, the Group provides comprehensive on-the-job training and clear career paths to the employees. In addition, induction coaching is provided to all the new staff members and experienced employees act as mentors to guide newcomers. We believe such arrangement can be the best practice to facilitate communication and team spirit, also improve technical skills and managerial capability and encourage the learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs which we believe that by means of offering comprehensive training opportunities, it could help providing the necessary protection for talent reserves for corporate development. The Group annually evaluates the training needs of its employees to ensure that employees are offered with suitable and appropriate training according to their job nature and position.

Table 12: Training and development KPIs (employee)

Trained staff	Senior managerial level	Managerial level	General staff	Percentage of employees receiving training by gender	2019 Overall percentage of employees receiving training	2018 Overall percentage of employees receiving training
Male	100%	100%	100%	100%	100%	N/A
Female	100%	100%	100%	100%		

Average training hours	Senior managerial level	Managerial level	General staff	Average training hours by gender	2019 Overall average training hours	2018 Overall average training hours
Male	4.5 hours	7 hours	13 hours	12.5 hours	13 hours	N/A
Female	4 hours	9.5 hours	14 hours	13.5 hours		

Labour standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Policy of Employment of Children under the Employment Ordinance in Hong Kong. We have also developed rigorous and systematic measures for approval and selection, to prevent ourselves from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Group arranges the employees' working hours based on the statutory working hour standards and allows them to entitle paid leaves and sick leaves in accordance with labour laws.

During the Reporting Period, the Group was not aware of any material non-compliance with the labour requirements set out in relevant laws and regulations.

Supply Chain Management

The Group implements supplier/sub-contractor management in accordance with internal guidance which governs the engagement of suppliers/sub-contractors. Suppliers/sub-contractors are chosen subjecting to screening and evaluation procedures among the suppliers/sub-contractors, based on the quality and price. Also, to ensure supplier/sub-contractor capability in quality assurance, safety and environmental responsibility, field visit and investigation is conducted, which includes a comprehensive quality management system and are accredited with ISO 9001 standards. The investigation reviews the quality assurance capabilities and supply capacity if needed. Only the highly qualified suppliers/sub-contractors complied with regulatory requirements are eligible for the supplier/sub-contractor selection by the Group. The Group also carries out regular assessment on suppliers'/sub-contractors' overall capabilities, assets position, nature of business, reputation in the industry, quality of products and services and compliance with laws and regulations.

As customers are becoming more concerned about environmental issues, and stress the importance of using environmentally friendly materials and services, the Group will continue to act as a corporate citizen in communicating and stressing those environmental issues to our supplier/sub-contractor. We aim at strengthening the cooperation with suppliers/sub-contractors, coordinating with them in product trials, and work with them to produce socially responsible services.

Each supplier/sub-contractor is reviewed at least once every year or after completion of their contracts. In cases of major non-performance of an approved supplier or sub-contractor, the Group will review their suitability to remain on the approved list.

Product Responsibility

The Group is committed to providing high-quality services and guarantees that the quality is in line with quality standards and sustainability requirements. We also pursue to meet higher criteria all the time. The Group has always been focusing on quality control in logistic services since its incorporation. In respect of human resources, we have a team of managers with rich experience in logistics industry. In respect of systems, we own a quality management system in accordance with the ISO 9001 standard, which establishes the procedure to manage the non-conformity detected during the process to provide logistics services. When non-conforming work is identified, the Group will review the situation and stop these below standard works from continuing or re-occurring. If the defect is likely to recur, the Group will implement remedial action and more closely supervise this work whenever practicable. The Group also carries out trainings and establishes a management system covering various aspects including management of quality of logistic staff, management of the Group's crane truck team and quality management system, so as to ensure the timely and efficient completion of our services.

Anti-corruption

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the employee handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the Company's senior management relating to any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the employees' handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserved the right to take further legal actions against such person.

During the Reporting Period, we have complied with the relevant laws and regulations regarding anti-corruption and money-laundering and had no concluded legal case regarding corrupt practices brought against the issuer or its employees.

Community Investment

The Group is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders, particularly to maintain the relationship with interest groups which are relevant to business operation. The Group has been actively involved in charitable activities in the communities and cities where our offices are operating, and encourages the employees to participate in in-house or external community activities. During the Reporting Period, the Group has joined the Caring Company Scheme. Donation has been made to facilitate the promotion of Corporate Social Responsibility among the business.

Besides, the Group has also purchased some hand made products from HKSKH Tung Chung Integrated Services – Creative Zone to show the support to the organisation which offer opportunity to improve the women participants' organisation skill and leadership skills.

Moreover, the Group has sponsored the Life Education Activity Programme about the towing service for the mobile classrooms. This can help to ensure students of the programme continue to benefit from the drug prevention messages.

In addition, the Group has participated the donation of computers and equipment programme organised by the Caritas Computer Workshop that the refurbished computers will be provided to non-governmental organisations, the needy people at an affordable price. The resulted income will only be used for charity purpose for operation and service improvement of the Caritas Computer Workshop.

The Group will continue to explore other means to contribute more to the environment and strive to facilitate the building of a healthy and sustainable society in the future.

Environmental performance indicators have been summarised in the following tables.

Table 13: Environmental performance indicators

Aspect A1: Emissions

Performance indicator		2019 Data	2018 Data	HKEx ESG Reporting Guide KPI
Emissions	Total NO emissions (g)	7,812,427.02	*8,865,694.35	KPI A1.1
	Total SO_X emissions (g)	7,031.17	*8,073.81	KPI A1.1
	Total PM emissions (g)	568,661.11	*637,166.56	KPI A1.1
	Total CO_2 emissions (tonnes)	1,141.44	*1,310.59	KPI A1.2
	Total CH_4 emissions (tonnes)	1.30	*1.50	KPI A1.2
	Total N_2O emissions (tonnes)	14.90	*18.95	KPI A1.2

* Figures have been adjusted to conform current year's presentation.

Aspect A2: Use of resources

Performance indicator		2019 Data	2018 Data	HKEx ESG Reporting Guide KPI
Electricity	Total electricity consumption (kWh)	1,329,294	1,420,417	KPI A2.1

Social

Aspect B1: Employment

Performance indicator		2019 Data	2018 Data	HKEx ESG Reporting Guide KPI
Employee recruit	Gender:			KPI B1.1
	– Male employees (per person)	38	49	
	– Female employees (per person)	35	51	
Number of employees	Gender			KPI B1.1
	– Male employees (per person)	325	375	
	– Female employees (per person)	140	164	
	Age			KPI B1.1
	– Below 30 years old (per person)	83	121	
	– Between 30 to 50 years old (per person)	247	278	
	– Over 50 years old (per person)	135	140	
Employee turnover	Gender			KPI B1.2
	– Male employees (per person)	85	113	
	– Female employees (per person)	58	68	
	Age			KPI B1.2
	Below 30 years old (per person)	53	88	
	Between 30 to 50 years old (per person)	65	67	
	Over 50 years old (per person)	25	26	

Aspect B2: Health and safety

Performance indicator	2019 Data	2018 Data	HKEx ESG Reporting Guide KPI
Number of work injuries (per person)	14	22	KPI B2.1
Rate of work injury (per hundred employees)	3.03	4.10*	KPI B2.1

* Figures have been adjusted to conform current year's presentation.

Aspect B3: Development and training

Performance indicator		2019 Data	2018 Data	HKEx ESG Reporting Guide KPI
The percentage of employees trained	Percentage of employees receiving training by gender			KPI B3.1
	– Male employees (percentage)	100%	N/A	
	– Female employees (percentage)	100%	N/A	
Average training hours completed per employee	Average training hours by gender			KPI B3.2
	– Male employees (hours)	12.5	N/A	
	– Female employees (hours)	13.5	N/A	

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF A & S GROUP (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of A & S Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 97, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Impairment assessment of trade receivables	
Refer to Notes 3.1(ii) and 18 to the consolidated financial statements. As at 31 March 2019, trade receivables amounted to approximately HK$100,574,000, net of a loss allowance of approximately HK$2,347,000. The Group has adopted HKFRS 9 *Financial Instruments* on its mandatory effective date 1 April 2018. The key changes arising from the adoption of HKFRS 9 are that the Group's loss allowance is now estimated based on an expected credit loss model rather than an incurred loss model. Management uses the simplified approach to calculate expected credit loss ("ECL") for trade receivables. Management has engaged an independent specialist to determine ECL. We focus on this area because significant management judgements and estimates were involved in determining the ECL with reference to historical loss record and forward-looking information.	Our procedures included: • obtaining an understanding of how management perform credit monitoring and estimate loss allowance; • testing on a sample basis the outstanding balances by agreeing the balances to underlying correspondence; • testing the propriety of the ageing of trade receivables at year end to the supporting documents on a sample basis; • obtaining and reviewing the expected credit loss methodology and assumptions used by management which are based on the Group's historical credit loss experience and, with the aid of the external specialist, adjusted for forward-looking factors specific to the debtors and the economic environment; and • testing the subsequent settlements of the trade receivables balance to cash/bank receipts on sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Chan Ching Pang.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 26 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Revenue	*5*	**447,556**	474,690
Direct costs		**(400,829)**	(402,128)
Gross profit		**46,727**	72,562
Other income and gains	*6*	**3,992**	3,516
Administrative and other operating expenses		**(48,616)**	(57,910)
Loss allowance on trade receivables		**(687)**	–
Operating profit		**1,416**	18,168
Finance costs	*10*	**(815)**	(866)
Profit before tax	*7*	**601**	17,302
Income tax expense	*11*	**(133)**	(5,163)
Profit and total comprehensive income for the year attributable to owners of the Company		**468**	12,139
Basic and diluted earnings per share	*12*	**HK0.05 cents**	HK1.6 cents

Details of dividends are disclosed in Note 14 to the consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**12,008**	13,208
Club membership	*16*	**869**	–
		12,877	13,208
Current assets			
Trade receivables	*18*	**100,574**	90,760
Other receivables, deposits and prepayments	*19*	**20,186**	15,664
Amount due from a related company	*20*	**35**	28
Pledged deposit	*21*	**3,004**	3,000
Cash and bank balances	*21*	**89,546**	142,245
Tax recoverable		**3,656**	1,558
		217,001	253,255
Total assets		**229,878**	266,463
EQUITY			
Capital and reserves			
Share capital	*22*	**10,000**	10,000
Reserves		**178,720**	179,639
Total equity		**188,720**	189,639
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	*25*	**560**	1,047
Current liabilities			
Trade payables	*26*	**9,127**	9,720
Accruals and other payables	*26*	**20,200**	20,105
Bank borrowings	*24*	**11,271**	45,952
		40,598	75,777
Total liabilities		**41,158**	76,824
Total equity and liabilities		**229,878**	266,463
Net current assets		**176,403**	177,478
Total assets less current liabilities		**189,280**	190,686

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 June 2019 and signed on its behalf by:

Mr. Law Kwok Leung Alex
Director

Mr. Law Kwok Ho Simon
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company				
	Share capital HK$'000 *(Note 22)*	**Share premium HK$'000** *(Note a)*	**Merger reserve HK$'000** *(Note b)*	**Retained earnings HK$'000**	**Total equity HK$'000**
Balance at 1 April 2017	–	–	–	80,379	80,379
Profit and total comprehensive income for the year	–	–	–	12,139	12,139
	–	–	–	92,518	92,518
Dividends *(Note 14)*	–	–	–	(11,000)	(11,000)
Reorganisation	1	–	(1)	–	–
Shares issued pursuant to the capitalisation issue	7,499	(7,499)	–	–	–
Shares issued under share offer	2,500	117,500	–	–	120,000
Shares issuance costs	–	(11,879)	–	–	(11,879)
Balance at 31 March 2018	10,000	98,122	(1)	81,518	189,639
Balance at 1 April 2018 as originally presented	**10,000**	**98,122**	**(1)**	**81,518**	**189,639**
Effect of adoption of HKFRS 9 *(Note 2.1.1(a))*	**–**	**–**	**–**	**(1,387)**	**(1,387)**
Balance at 1 April 2018 as restated	**10,000**	**98,122**	**(1)**	**80,131**	**188,252**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**468**	**468**
Balance at 31 March 2019	**10,000**	**98,122**	**(1)**	**80,599**	**188,720**

Notes:

a. Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

b. 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 (as defined in Note 1 to the consolidated financial statements).

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	*27(a)*	(9,858)	11,858
Tax paid		(2,445)	(10,490)
Net cash (used in)/generated from operating activities		(12,303)	1,368
Cash flows from investing activities			
Acquisition of club membership		(869)	–
Proceeds from disposal of property, plant and equipment		380	392
Purchases of property, plant and equipment		(5,118)	(12,191)
Increase in pledged deposit		(4)	–
Interest received		711	–
Net cash used in investing activities		(4,900)	(11,799)
Cash flows from financing activities			
Proceeds from share offer		–	120,000
Shares issuance costs		–	(11,879)
Repayment of finance leases		–	(2,000)
Drawdown of bank borrowings		–	35,853
Repayment of bank borrowings		(34,681)	(7,446)
Repayment of other borrowings		–	(8,000)
Interest paid on finance leases		–	(35)
Interest paid on bank and other borrowings		(815)	(831)
Decrease in amounts due to directors		–	(29,981)
Dividends paid		–	(1,100)
Net cash (used in)/generated from financing activities		(35,496)	94,581
Net (decrease)/increase in cash and cash equivalents		(52,699)	84,150
Cash and cash equivalents at beginning of year		142,245	58,095
Cash and cash equivalents at end of year		89,546	142,245

The accompanying notes form an integral part of these 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 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. Its parent and ultimate holding company is Dynamic Victor Limited, a company incorporated in the Republic of Seychelles (the "**Seychelles**") and owned as to 60% by Mr. Law Kwok Leung Alex, 30% by Mr. Law Kwok Ho Simon and 10% by Mr. Chiu Tat Ting Albert (collectively referred to as the "**Controlling Shareholders**").

The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, 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 Company and its subsidiaries (collectively referred to as the "**Group**") is principally engaged in provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Reorganisation**"), the group entities were collectively controlled by the Controlling Shareholders. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 21 February 2018. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the year ended 31 March 2018. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the common control of the Controlling Shareholders prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the year ended 31 March 2018 in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2018, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2018.

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. These consolidated financial statements have been approved for issue by the Board of Directors on 26 June 2019.

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 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 in the accounting policies below.

The preparation of 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 consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to existing standards are effective to the Group for accounting periods on or after 1 April 2018 but did not result in any significant impact on the results and financial position of the Group.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments ("HKFRS 9")

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement* ("**HKAS 39**").

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 2.10.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

HKFRS 9 Financial Instruments ("HKFRS 9") (continued)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Trade receivables HK$'000	**Deferred tax liabilities HK$'000**	**Retained earnings HK$'000**
Closing balance at 31 March 2018			
– HKAS 39	90,760	(1,047)	81,518
Effect arising from initial application of HKFRS 9:			
Remeasurement			
Impairment under ECL	(1,660)	273	(1,387)
Opening balance at 1 April 2018	89,100	(774)	80,131

Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at fair value through profit or loss. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, the classification for all of the Group's financial assets and financial liabilities measured at amortised cost remain the same.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

HKFRS 9 Financial Instruments ("HKFRS 9") (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively with appropriate grouping based on same risk characteristics.

Loss allowance for other financial assets at amortised cost, mainly comprising other receivables, are measured on 12 months ECL ("**12-month ECL**") basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of approximately HK$1,660,000 has been recognised against retained earnings. The additional loss allowance is charged against the trade receivables. As a result, the adjustment (net of deferred tax) to the opening retained earnings at 1 April 2018 amounted to approximately HK$1,387,000.

All loss allowances for trade receivables as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Loss allowance HK$'000
Reconciliation:	
Closing balance at 31 March 2018	
– HKAS 39	–
Amount remeasured through opening retained earnings	1,660
Opening balance at 1 April 2018	1,660

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with HKAS 18 *Revenue* and the related interpretations.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 2.23.

The application on HKFRS 15 has no material impact on the timing and amounts of revenue recognised in current year and retained earnings at 1 April 2018.

(b) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for accounting period beginning on or after 1 April 2019, and have not been applied in preparing these consolidated financial statements.

		Effective for the accounting periods beginning on or after
HKFRS 3 (Amendments)	*Definition of a Business*	1 January 2020
HKFRS 9 (Amendments)	*Prepayment Features with Negative Compensation*	1 January 2019
HKFRS 10 and HKAS 28 (2011) (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
HKFRS 16	*Leases*	1 January 2019
HKFRS 17	*Insurance Contract*	1 January 2021
HKAS 1 and HKAS 8 (Amendments)	*Definition of Material*	1 January 2020
HKAS 19 (Amendments)	*Plan Amendment, Curtailment or Settlement*	1 January 2019
HKAS 28 (Amendments)	*Long-term Interests in Associate and Joint Ventures*	1 January 2019
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to HKFRSs	*Annual Improvements 2015-2017 Cycle*	1 January 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

HKFRS 16 Leases ("HKFRS 16")

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any value remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst other. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financial cash flows by the Group.

Other than certain requirements which are applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group as lessee has non-cancellable operating lease commitments of approximately HK$106,965,000 as disclosed in Note 28. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. The Group expects to adopt HKFRS 16 using a modified retrospective approach where the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings and comparatives are not restated. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the results and the net financial position of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid/received and the relevant share of the carrying amount of net assets of the subsidiary acquired/ disposed of is recorded in equity.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

2.6 Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

– Leasehold improvements	Over the lease term
– Warehouse operating equipment	30%
– Furniture, fixtures and office equipment	20%-30%
– Trucks, pallet trucks and motor vehicles	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Club membership

Club membership with indefinite useful life that is acquired separately is carried at cost less accumulated impairment losses.

Club membership is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of club membership, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

2.10 Financial assets

(a) Classification

From 1 April 2018, the Group classifies its financial assets in the category of those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(c) Measurement

Except for trade receivables, at initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments as financial assets at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in "other income and gains" together with foreign exchange gains and losses. Impairment losses are recognised in profit or loss.

(d) Impairment of financial assets

From 1 April 2018, the Group assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(d) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(d) Impairment of financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower; or

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(e) Accounting policies applied until 31 March 2018

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 31 March 2018, the Group classifies its financial assets into loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(e) Accounting policies applied until 31 March 2018 (continued)

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from a related company" and "cash and bank balances" in the consolidated statement of financial position.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group of the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the expected credit loss model under HKFRS 9; and

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.10 for further information about the Group's accounting for trade and other receivables for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of preparation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Retirement benefits

Payment to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

2.21 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.23 Revenue recognition

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Revenue from the provision of logistics services, including air freight forwarding ground handling services and air cargo terminal operating services, is recognised in the accounting period in which the services rendered.

Revenue is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Accounting policies applied until 31 March 2018

Revenue is measured at the fair value of the consideration received or receivables represents amounts receivable for services provided in the ordinary course of business.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue from the provision of logistics services, including air freight forwarding ground handling services and air cargo terminal operating services, is recognised in the accounting period in which the services rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

2.24 Interest income

Interest income is presented as other income where it is earned from financial assets that are held for cash management purposes.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders or directors, where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Related Parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with entity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings obtained with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposited at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2019, if the interest rate on all variable-rate borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax for the year would have been decreased/increased by approximately HK$113,000 (2018: HK$460,000), mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

(ii) Credit risk

Credit risk arises mainly from trade and other receivables and cash and cash equivalents (excluding bank overdrafts). The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. The expected credit loss is minimal.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2019, there were two (2018: two) customers which individually contributed over 10% of the Group's trade receivables. The aggregate amounts of trade receivables from these customers amounted to 92% (2018: 87%) of the Group's total trade receivables as at 31 March 2019.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

Impairment of financial assets

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Bank balances/other receivables and deposits/ amount due from a related company
Low risk	The counterparty has a low risk of default and does not have any past – due amounts	Lifetime ECL – not credit impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settles after due date	Lifetime ECL – not credit impaired	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment as at 31 March 2019:

	Note	12-month ECL or lifetime ECL	Gross carrying amounts HK$'000
Financial assets at amortised cost			
Trade receivables	*(i)*	Lifetime ECL	102,921
Other receivables and deposits	*(ii)*	12-month ECL	8,027
Amount due from a related company	*(ii)*	12-month ECL	35
Pledged deposit	*(iii)*	12-month ECL	3,004
Cash and bank balances	*(iii)*	12-month ECL	89,546

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

Impairment of financial assets (continued)

Notes:

(i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on these assets are assessed individually and/or collectively with appropriate groupings based on same risk characteristics.

(ii) For the purposes of internal credit risk management, the management consider that the credit risk on other receivables and deposits and amount due from a related company have not significantly increased since initial recognition. The Group assessed and concluded that the expected credit loss rate for these financial assets are insignificant under 12-month ECL.

(iii) All bank balances were placed in banks with sound credit ratings assigned by international credit-rating agencies or with good reputation. In the opinion of the directors of the Company, credit risk on these bank balances is insignificant.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, these trade receivables have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group assessed that the loss allowance of approximately HK$2,347,000 recognised in accordance with HKFRS 9 as at 31 March 2019.

The loss allowance for trade receivables was determined as follows:

	Weighted average expected credit loss rate HK$'000	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
At 31 March 2019				
Trade receivables	**2.28%**	**102,921**	**(2,347)**	**100,574**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

Impairment of financial assets (continued)

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment. The ageing analysis of trade receivables that were not considered to be impaired was as follows:

	2018 HK$'000
Neither past due nor impaired	82,270
Less than 1 month past due	4,830
1 – 3 months past due	3,651
Over 3 months past due	9
	90,760

Trade receivables that neither past due nor impaired related to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of each reporting period) and the earliest date the Group may be required to pay. Specifically, bank loans with a repayment on demand clause give the bank the unconditional right to call in the loan at any time. Therefore, for the purpose of the below maturity profile, the amounts are classified as "On demand".

	On demand or within one year HK$'000	**Between one and two years HK$'000**	**Between two and five years HK$'000**	**Total HK$'000**
At 31 March 2019				
Trade payables	**9,127**	**–**	**–**	**9,127**
Accruals and other payables	**20,200**	**–**	**–**	**20,200**
Bank borrowings	**11,702**	**–**	**–**	**11,702**
	41,029	**–**	**–**	**41,029**

	On demand or within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 March 2018				
Trade payables	9,720	–	–	9,720
Accruals and other payables	20,105	–	–	20,105
Bank borrowings	46,958	–	–	46,958
	76,783	–	–	76,783

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

Notwithstanding the above clauses, the directors do not believe that the loans will be called, in their entirely or in part, within 12 months and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreement. This evaluation was made considering the Group's compliance with the loan covenants, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans of the Group, the maturity analysis based on the scheduled repayment dates of bank borrowings during the years ended 31 March 2019 and 2018 will be as follows:

	Within one year HK$'000	**Between one and two years HK$'000**	**Between two and five years HK$'000**	**Total HK$'000**
At 31 March 2019				
Bank borrowings	**6,026**	**3,244**	**2,432**	**11,702**

	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Total HK$'000
At 31 March 2018				
Bank borrowings	35,490	5,804	5,664	46,958

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total interest-bearing liabilities as at each year end divided by the total equity as at each year end.

The gearing ratios of the Group are as follows:

	2019 **HK$'000**	2018 HK$'000
Total borrowings *(Note 24)*	**11,271**	45,952
Total equity	**188,720**	189,639
Gearing ratio	**6%**	24%

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and financial liabilities, including cash and bank balances, pledged bank deposits, trade and other receivables, trade and other payables approximate their fair values, which either due to their short-term maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1(ii).

5 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2019 **HK$'000**	2018 HK$'000
Revenue from contracts with customers and recognised over time:		
Air freight forwarding ground handling services	**233,276**	243,969
Air cargo terminal operating services	**214,280**	230,721
	447,556	474,690

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 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 2019 and 2018 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:

	2019 **HK$'000**	2018 HK$'000
Customer A	**214,280**	230,721
Customer B[1]	**175,592**	180,572

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

6. OTHER INCOME AND GAINS

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

	2019	2018
	HK$'000	HK$'000
Other income and gains		
Bank interest income	**711**	–
Gain on disposal of property, plant and equipment	**223**	63
Income from sale of scrap materials	**824**	1,242
Management fee income	**–**	60
Others	**2,234**	2,151
	3,992	3,516

7 PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2019	2018
	HK$'000	HK$'000
Included in direct costs:		
Direct labour costs *(Note 8)*	**116,719**	130,505
Dispatched labour costs	**183,428**	175,077
Costs of packaging materials	**9,143**	10,202
Depreciation	**3,657**	3,531
Forklift rental	**11,205**	11,514
Operating lease rental on		
– Car parking spaces	**1,392**	1,513
– Warehouses and loading bay	**38,671**	38,256
Included in administrative and other operating expenses:		
Auditors' remuneration		
– Audit services	**1,000**	950
– Non-audit services	**–**	–
Depreciation	**2,504**	1,968
Listing expenses	**186**	10,668
Operating lease rental on premises	**360**	345
Staff costs, including directors' emoluments *(Note 8)*	**14,282**	12,205

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2019 HK$'000	2018 HK$'000
Salaries and allowances and other benefits	125,605	136,681
Retirement scheme contributions	5,396	6,029
	131,001	142,710

The Group operates a defined contribution scheme in Hong Kong which complies with the requirements under the Mandatory Provident Fund ("MPF") Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the years ended 31 March 2019 and 2018 is set out below:

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement scheme HK$'000	Total HK$'000
Year ended 31 March 2019					
Executive directors					
Mr. Alex Law	–	4,678	–	18	4,696
Mr. Simon Law	–	2,335	–	18	2,353
Mr. Albert Chiu (Chief Executive Officer)	–	1,806	–	18	1,824
Independent non-executive directors					
Mr. Iu Tak Meng Teddy ("Mr. Iu")	120	–	–	–	120
Mr. Kwan Ngai Kit ("Mr Kwan")	120	–	–	–	120
Mr. Ho Chun Chung Patrick ("Mr. Ho")	120	–	–	–	120
	360	8,819	–	54	9,233

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

	Fee HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Employer's contribution to a retirement scheme HK$'000	Total HK$'000
Year ended 31 March 2018					
Executive directors					
Mr. Alex Law *(Note (i))*	–	4,197	689	18	4,904
Mr. Simon Law *(Note (i))*	–	1,937	318	18	2,273
Mr. Albert Chiu (Chief Executive Officer) *(Note (i))*	–	1,272	171	18	1,461
Independent non-executive directors					
Mr. Iu *(Note (ii))*	6	–	–	–	6
Mr. Kwan *(Note (ii))*	6	–	–	–	6
Mr. Ho *(Note (ii))*	6	–	–	–	6
	18	7,406	1,178	54	8,656

During the year ended 31 March 2019, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2018: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2019 (2018: Nil).

Notes:

(i) Mr. Alex Law, Mr. Simon Law and Mr. Albert Chiu were appointed as directors of the Company on 7 July 2016 and re-designated as executive directors of the Company on 3 July 2017.

(ii) Mr. Iu, Mr. Kwan and Mr. Ho were appointed as independent non-executive directors of the Company on 21 February 2018.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2018: three) of them are directors for the year ended 31 March 2019 whose emoluments are disclosed above. The emoluments in respect of the remaining two (2018: two) individual for the year ended 31 March 2019 are as follows:

	2019 HK$'000	2018 HK$'000
Salaries and allowances	**2,323**	1,498
Discretionary bonuses	**60**	298
Retirement scheme contributions	**36**	36
	2,419	1,832

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) Five highest paid individuals (continued)

The emoluments fell within the following band:

	Number of individuals 2019	2018
Emolument band (in HK$)		
Nil – HK$1,000,000	–	2
HK$1,000,001 – HK$2,000,000	2	–
	2	2

During the year ended 31 March 2019, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2018: Nil).

10 FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on finance leases	–	35
Interest on bank borrowings	815	620
Interest on other borrowings	–	211
	815	866

11 INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Hong Kong profits tax:		
– Current income tax	348	4,138
– Overprovision in prior periods	(1)	(22)
Deferred income tax *(Note 25)*	(214)	1,047
Income tax expense	133	5,163

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces 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%. Accordingly, starting from the current year, the Hong Kong profits tax 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.

11 INCOME TAX EXPENSE (CONTINUED)

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2019 **HK$'000**	2018 HK$'000
Profit before tax	**601**	17,302
Calculated at a tax rate of 16.5%	**99**	2,854
Adjustments for current tax of prior periods	**(1)**	(22)
Income not subject to tax	**(116)**	(688)
Expenses not deductible for tax purposes	**276**	3,035
Tax losses not recognised	**60**	14
Tax reduction	**(20)**	(30)
Tax concession under two-tiered profits tax rates regime	**(165)**	–
Income tax expense	**133**	5,163

12 BASIC AND DILUTED EARNINGS PER SHARE

	2019	2018
Profit attributable to owners of the Company (HK$'000)	**468**	12,139
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**1,000,000**	762,329
Basic earnings per share (HK cents)	**0.05**	1.6

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2018 was derived from 750,000,000 ordinary shares in issue, as if these 750,000,000 ordinary shares were outstanding throughout the year ended 31 March 2018, and the effect of the share offer (250,000,000 ordinary shares issued on 14 March 2018) by the Company.

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 2019 and 2018.

13 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2019:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of interest held
Metro Talent Limited ("Metro Talent")	Seychelles, limited liability company	Investment holding	Ordinary share US$100	100% (direct)
A & S (HK) Logistics Limited	Hong Kong, limited liability company	Engaging in provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong	Ordinary share HK$10	100% (indirect)

14 DIVIDENDS

On 10 May 2017, the subsidiary of the Company declared a dividend of HK$11,000,000 to its then shareholders prior to the Reorganisation. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation of these consolidated financial statements.

No dividend was paid or proposed for the shareholders of the Company during the year ended 31 March 2019 (2018: Nil), nor has any dividend been proposed since the end of the reporting period.

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve-ments HK$'000	Warehouse operating equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Trucks, pallet trucks and motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2017	2,662	1,081	1,971	29,075	34,789
Additions	157	23	970	11,041	12,191
Disposals	–	–	(18)	(1,995)	(2,013)
At 31 March 2018	2,819	1,104	2,923	38,121	44,967
Accumulated depreciation					
At 1 April 2017	1,721	387	1,208	24,628	27,944
Charge for the year	250	240	492	4,517	5,499
Disposals	–	–	(6)	(1,678)	(1,684)
At 31 March 2018	1,971	627	1,694	27,467	31,759
Net book value					
At 31 March 2018	848	477	1,229	10,654	13,208
Cost					
At 1 April 2018	**2,819**	**1,104**	**2,923**	**38,121**	**44,967**
Additions	**–**	**120**	**608**	**4,390**	**5,118**
Disposals	**(285)**	**(10)**	**(43)**	**(4,612)**	**(4,950)**
At 31 March 2019	**2,534**	**1,214**	**3,488**	**37,899**	**45,135**
Accumulated depreciation					
At 1 April 2018	**1,971**	**627**	**1,694**	**27,467**	**31,759**
Charge for the year	**250**	**250**	**614**	**5,047**	**6,161**
Disposals	**(176)**	**(5)**	**(23)**	**(4,589)**	**(4,793)**
At 31 March 2019	**2,045**	**872**	**2,285**	**27,925**	**33,127**
Net book value					
At 31 March 2019	**489**	**342**	**1,203**	**9,974**	**12,008**

16 CLUB MEMBERSHIP

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.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2019 HK$'000	2018 HK$'000
Financial assets		
	Financial assets at amortised cost	Loans and receivables
Trade receivables	**100,574**	90,760
Other receivables and deposits	**8,027**	5,807
Amount due from a related company	**35**	28
Pledged deposit	**3,004**	3,000
Cash and bank balances	**89,546**	142,245
Total	**201,186**	241,840
Financial liabilities		
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Trade payables	**9,127**	9,720
Accruals and other payables	**20,200**	20,105
Bank borrowings	**11,271**	45,952
Total	**40,598**	75,777

18 TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**102,921**	90,760
Less: Loss allowance	**(2,347)**	–
	100,574	90,760

The credit period granted to customers is 30 to 60 days from invoice date generally. Trade receivables are denominated in HK$. The Group does not hold any collateral as security.

18 TRADE RECEIVABLES (CONTINUED)

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

	2019 **HK$'000**	2018 HK$'000
0–30 days	**40,291**	39,002
31–60 days	**52,109**	45,735
61–90 days	**9,658**	5,095
Over 90 days	**863**	928
	102,921	90,760
Less: Loss allowance	**(2,347)**	–
	100,574	90,760

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in an increase of the loss allowance on 1 April 2018 by approximately HK$1,660,000 for trade receivables. The loss allowance increased by a further HK$687,000 to approximately HK$2,347,000 for trade receivables during the current reporting period *(Note 3.1(ii))*.

Movements on loss allowance of receivables are as follows:

	Life time ECL (not credit-impaired) HK$'000
At 31 March 2018	**–**
Adjustment on application of HKFRS 9	**1,660**
Adjusted at 1 April 2018	**1,660**
Increase in loss allowance recognised in profit or loss	**687**
At 31 March 2019	**2,347**

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Deposits	7,808	5,514
Prepayments	12,159	9,857
Other receivables	219	293
	20,186	15,664

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 of history of default.

20 AMOUNT DUE FROM A RELATED COMPANY

	2019 HK$'000	2018 HK$'000
Amount due from a related company		
Dynamic Victor Limited	35	28

	2019 HK$'000	2018 HK$'000
Maximum outstanding balance during the year		
Dynamic Victor Limited	35	28

Notes:

(i) Mr. Alex Law, Mr. Simon Law and Mr. Albert Chiu were shareholders and directors of Dynamic Victor Limited, which is the parent and ultimate holding company of the Group.

(ii) The amount due was non-trade in nature, unsecured, non-interest bearing and had no fixed terms of repayment.

21 CASH AND BANK BALANCES AND PLEDGED DEPOSIT

	2019 HK$'000	2018 HK$'000
Cash at banks *(Note a)*	68,822	141,526
Cash on hand	724	719
Time deposits	23,004	3,000
	92,550	145,245
Less: Pledged deposit *(Note b)*	(3,004)	(3,000)
Cash and bank balances	89,546	142,245

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates.

(b) As at 31 March 2019 and 31 March 2018, the pledged deposit was placed to secure the Group's outstanding bank borrowings disclosed in Note 24 below.

22 SHARE CAPITAL

	Note	**Number of shares**	**Share capital HK$'000**
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2017		38,000,000	380
Increase in authorised share capital	*a*	1,962,000,000	19,620
At 31 March 2018, 1 April 2018 and 31 March 2019		2,000,000,000	20,000
Issued and fully paid:			
At 1 April 2017		1	–
Shares issued upon Reorganisation	*b*	9,999	1
Shares issued pursuant to the capitalisation issue	*c*	749,990,000	7,499
Shares issued under share offer	*d*	250,000,000	2,500
At 31 March 2018, 1 April 2018 and 31 March 2019		1,000,000,000	10,000

Notes:

(a) On 21 February 2018, the then shareholders resolved to increase the authorised share capital of the Company from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 additional shares, each ranking pari passu with the shares then in issue in all respects.

(b) Pursuant to the Reorganisation and as a consideration for the acquisition by the Company of the entire issued share capital of Metro Talent from Dynamic Victor Limited on 21 February 2018, (i) the one nil-paid share then held by Dynamic Victor Limited was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Dynamic Victor Limited.

(c) Pursuant to the written resolutions of the sole shareholder of the Company passed on 21 February 2018, the Company issued and allotted a total of 749,990,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 21 February 2018 by way of capitalisation of the sum of HK$7,499,900 standing to the credit of the share premium account of the Company.

(d) On 14 March 2018, 250,000,000 ordinary shares of HK$0.01 each were issued to the public at a price of HK$0.48 per share for cash totalling HK$120,000,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK$11,879,000, were credited to the share premium account of the Company.

23 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution passed on 21 February 2018 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants and to promote the success of the business of the Group under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, substantial shareholders, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

23 SHARE OPTION SCHEME (CONTINUED)

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5,000,000 must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the Board of Directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 21 February 2018, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2019 (2018: Nil).

24 BORROWINGS

	2019 HK$'000	2018 HK$'000
Current		
Bank borrowings	11,271	45,952

The bank borrowings contain an unconditional repayment on demand clause and are classified as current liabilities in accordance with HK Interpretation 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follows:

	2019 HK$'000	2018 HK$'000
Within 1 year	5,756	34,893
Between 1 and 2 years	3,114	5,551
Between 2 and 5 years	2,401	5,508
	11,271	45,952

The carrying amounts of the bank borrowings are denominated in HK$.

As at 31 March 2019, the undrawn banking facilities amounted to approximately HK$17,657,000 (2018: HK$1,893,000).

These banking facilities are secured/guaranteed by:

(i) Certain properties held by Mr. Alex Law and Mr. Simon Law as at 31 March 2019 and 2018;

(ii) Unlimited corporate guarantee by the Company as at 31 March 2019 and 2018; and

(iii) Certain cash deposits of the Group of approximately HK$3,004,000 (2018: HK$3,000,000) as at 31 March 2019.

The interest rates per annum of borrowings are as follows:

	2019	2018
Bank borrowings	1.80% to 3.63%	1.80% to 4.25%

25 DEFERRED INCOME TAX

The components of deferred tax (assets) liabilities recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Accelerated tax depreciation HK$'000	Loss allowance HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Charged to profit or loss *(Note 11)*	1,047	–	1,047
At 31 March 2018	1,047	–	1,047
Adjustment on application of HKFRS 9	–	(273)	(273)
Adjusted at 1 April 2018	1,047	(273)	774
Credited to profit or loss *(Note 11)*	(100)	(114)	(214)
At 31 March 2019	**947**	**(387)**	**560**

26 TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**9,127**	9,720
Accruals and other payables	**18,050**	18,555
Deposits received	**2,150**	1,550
	29,327	29,825

Payment terms granted by suppliers are generally 7 to 60 days from the invoice date of the relevant purchases.

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

	2019 HK$'000	2018 HK$'000
0 – 30 days	**5,192**	3,546
31 – 60 days	**1,115**	3,556
61 – 90 days	**455**	718
Over 90 days	**2,365**	1,900
	9,127	9,720

As at 31 March 2019, included in trade payables was approximately HK$3,366,000 and HK$141,000 (2018: HK$3,760,000 and HK$261,000) payable to related companies, Gobo Trade Limited and Hung Kee Body Building Factory Limited, respectively.

All trade and other payables are denominated in HK$.

27 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before tax to net cash generated from operations

	2019 HK$'000	2018 HK$'000
Profit before tax	**601**	17,302
Adjustments for:		
Depreciation	**6,161**	5,499
Gain on disposal of property, plant and equipment	**(223)**	(63)
Loss allowance on trade receivables	**687**	–
Interest income	**(711)**	–
Interest expense	**815**	866
Operating profit before working capital changes	**7,330**	23,604
Increase in trade receivables	**(12,161)**	(7,448)
Increase in other receivables, deposits and prepayments	**(4,522)**	(5,125)
(Increase)/decrease in amounts due from related companies	**(7)**	436
Decrease in trade payables	**(593)**	(944)
Increase in accruals and other payables	**95**	1,335
Net cash (used in)/generated from operations	**(9,858)**	11,858

(b) Material non-cash transactions

During the year ended 31 March 2018, dividend declared by the subsidiary of the Company of approximately HK$9,900,000 was settled through current accounts with the directors.

(c) Reconciliation of liabilities arising from financing activities

	As at 1 April 2018 HK$'000	**Cash flows HK$'000**	**Non-cash changes HK$'000**	**As at 31 March 2019 HK$'000**
Bank borrowings	**45,952**	**(34,681)**	**–**	**11,271**
Total liabilities from financing activities	**45,952**	**(34,681)**	**–**	**11,271**

	As at 1 April 2017 HK$'000	Cash flows HK$'000	Non-cash changes HK$'000	As at 31 March 2018 HK$'000
Amounts due to directors *(Note (i))*	20,081	(29,981)	9,900	–
Bank and other borrowings	25,545	20,407	–	45,952
Finance lease liabilities	2,000	(2,000)	–	–
Total liabilities from financing activities	47,626	(11,574)	9,900	45,952

Note:

(i) Non-cash change represents settlement of dividends.

28 COMMITMENTS

(a) Operating lease commitments – Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2019 HK$'000	2018 HK$'000
Within one year	1,110	4,443
In the second to fifth years inclusive	–	1,110
	1,110	5,553

The Group is the lessor in respect of warehouses under operating leases. The leases typically run for an initial period of 30 months.

(b) Operating lease commitments — Group as lessee

The future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019 HK$'000	2018 HK$'000
Within one year	39,715	54,373
In the second to fifth years inclusive	67,250	15,699
	106,965	70,072

The Group is the lessee in respect of forklifts, warehouses and loading bay under operating leases. The leases typically run for an initial period of 1 to 3 years.

29 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.

(a) Transactions with related parties

During the end of each of the reporting period, the Company 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 Body Building Factory Limited	Controlled by a close family of Mr. Alex Law and Mr. Simon Law
Hung Kee Body Building Factory	A sole proprietorship business owned by a close family member of Mr. Alex Law and Mr. Simon Law

29 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

Name of related party	Nature of transactions	*Note*	**2019 HK$'000**	2018 HK$'000
Mr. Alex Law and Mr. Simon Law	Office premises rental	*(ii)*	**360**	345
Gobo Trade Limited	Management fee income		**–**	60
	Revenue from logistics services		**2,660**	2,032
	Purchases of office supplies		**1,313**	1,744
	Purchases of packaging materials	*(i)*	**9,143**	10,202
Hung Kee Body Building Factory Limited	Vehicle repair and maintenance expenses	*(ii)*	**1,616**	1,804
	Purchases of property, plant and equipment		**92**	202
Hung Kee Body Building Factory	Car parking spaces rental		**–**	128

Notes:

(i) These transactions were disclosable continuing connected transactions (as defined under Chapter 14A of the Listing Rules) of the Company. Details of which have been set out in the paragraph headed "Related Party Transactions and Connected Transactions" of the Directors' Report.

(ii) These transactions were continuing connected transactions which fell under the de minimis provision set forth in Rule 14A.76(1)(c) of the Listing Rules and were fully exempted from reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

(b) Related party balances

Details of the outstanding balances with related parties are disclosed in Notes 20 and 26.

(c) Compensation of key management personnel

The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 9.

30 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.

31 CORPORATE GUARANTEE

At 31 March 2019, the Company has given corporate guarantee in favour of a bank for banking facilities granted to its subsidiary. In the opinion of the directors, no material liabilities will arise from the above corporate guarantee which arose in the ordinary course of business of the Group and the fair value of the corporate guarantee granted by the Company are immaterial.

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		76,185	76,185
Current assets			
Amount due from a subsidiary		47,054	1,387
Cash and bank balances		60,991	106,435
		108,045	107,822
Total assets		184,230	184,007
EQUITY			
Capital and reserves			
Share capital		10,000	10,000
Reserves	*32(b)*	174,200	174,007
Total equity		184,200	184,007
LIABILITIES			
Current liabilities			
Accruals		30	–
Total equity and liabilities		184,230	184,007
Net current assets		108,015	107,822
Total assets less current liabilities		184,200	184,007

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 26 June 2019 and signed on its behalf by:

Mr. Law Kwok Leung Alex
Director

Mr. Law Kwok Ho Simon
Director

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement

	Share premium HK$'000	Other reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 April 2017	–	–	(73)	(73)
Loss and total comprehensive expense for the year	–	–	(227)	(227)
Reorganisation	–	76,185	–	76,185
Shares issued pursuant to the capitalisation issue	(7,499)	–	–	(7,499)
Shares issued under share offer	117,500	–	–	117,500
Shares issuance costs	(11,879)	–	–	(11,879)
Balance at 31 March 2018	98,122	76,185	(300)	174,007
Balance at 1 April 2018	**98,122**	**76,185**	**(300)**	**174,007**
Profit and total comprehensive income for the year	**–**	**–**	**193**	**193**
Balance at 31 March 2019	**98,122**	**76,185**	**(107)**	**174,200**

Other reserve

Other reserve represents the difference between the fair value of the shares of Metro Talent acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange therefore.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**447,556**	474,690	430,093	378,761	364,491
Direct costs	**(400,829)**	(402,128)	(346,845)	(318,252)	(303,145)
Gross profit	**46,727**	72,562	83,248	60,509	61,346
Profit before tax	**601**	17,302	41,810	22,803	22,298
Income tax expense	**(133)**	(5,163)	(7,597)	(3,689)	(3,835)
Profit and total comprehensive income for the year attributable to owners of the Company	**468**	12,139	34,213	19,114	18,463
Total assets	**229,878**	266,463	162,255	118,165	115,710
Total liabilities	**41,158**	76,824	81,876	71,999	78,658