

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Asia-express Logistics Holdings Limited

亞洲速運物流控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8620)

DISCLOSEABLE TRANSACTION IN RELATION TO AN ASSIGNMENT OF THE LEASE

THE ASSIGNMENT

The Board is pleased to announce that after the Stock Exchange trading hours on 3 May 2023, Kwai Bon (HK), an indirect wholly-owned subsidiary of the Company, as assignee, entered into an assignment of lease with Luen Chun, an Independent Third Party, as assignor and Goodman, an Independent Third Party, as landlord, pursuant to which the Assignor agreed to assign all of its benefits, right, title and interest, and all covenants, obligations and liabilities arising from or in connection with the Lease to the Assignee and the Assignee agreed to be substituted in place of the Assignor in respect of the Lease and be fully bound by the Lease as and to the same extent as if the Assignee was a party thereto in place of the Assignor with effect from 3 May 2023.

IMPLICATIONS UNDER THE GEM LISTING RULES

According to HKFRS 16 which is effective from 1 January 2019, the Group, if entering into lease transaction as a lessee should recognize the Premises as the right-of-use assets in the consolidated financial statements of the Company. As such, the entering into the Assignment and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the definition of transaction as set out in Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Assignment exceeds 5% but less than 25%, the transaction contemplated under the Assignment constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from Shareholders' approval requirement under the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that after the Stock Exchange trading hours on 3 May 2023, Kwai Bon (HK), an indirect wholly-owned subsidiary of the Company, as assignee, entered into an assignment of lease with Luen Chun, an Independent Third Party as assignor and Goodman, an Independent Third Party, as landlord, pursuant to which the Assignor agreed to assign all of its benefits, right, title and interest, and all covenants, obligations and liabilities arising from or in connection with the Lease to the Assignee and the Assignee agreed to be substituted in place of the Assignor in respect of the Lease and be fully bound by the Lease as and to the same extent as if the Assignee was a party thereto in place of the Assignor with effect from 3 May 2023 (the “Assignment”).

KEY TERMS OF THE ASSIGNMENT

Date:	3 May 2023
Parties:	(i) Goodman, an Independent Third Party, as landlord (ii) Kwai Bon (HK), an indirect wholly-owned subsidiary of the Company, as assignee (iii) Luen Chun, an Independent Third Party, as assignor
Premises:	12th Floor, Block 2, Goodman Tuen Mun Distribution Centre, 3A Hung Cheung Road, Tuen Mun, New Territories, Hong Kong
Term:	commencing from 3 May 2023 and expiring on 31 July 2025 (both days inclusive)
Use of the Premises:	The Assignee shall use the Premises as workshop for non-domestic use.
Monthly rental:	The monthly base rent shall be HK\$ 302,312 (exclusive of management fee, government rates, government rent, utility charges and other outgoings), payable in advance.
Management charge:	The current monthly management charge shall be HK\$ 41,354 (subject to review from time to time), payable in advance.
Government rates and rent:	The Assignee shall pay government rates and government rent charged on the Premises as assessed by the government of Hong Kong from time to time.

Total consideration payable: The total consideration payable by the Assignee to the Landlord under the Assignment, including the rental, management fee, government rates and government rent, is expected to be approximately HK\$10,193,000 during the Term.

Security deposit: In consideration of the Assignee agreeing to settle the outstanding arrears for invoices relating to the lease payments and other relevant expenses owed by the Assignor to the Landlord, the Assignor assigned and transferred unto the Assignee the deposit held by the Landlord pursuant to the Lease in the sum of HK\$1,085,248.80 (the “**Deposit**”). The Deposit shall be deemed to have been paid by the Assignee to the Landlord and the Assignor shall have no interest or claim, legal or equitable, in or to the Deposit.

The rental payable by the Assignee under the Assignment was determined after arm’s length negotiations between the Landlord, the Assignor and the Assignee based on the rental payable as set out in the Lease with reference to the prevailing market rent for properties of similar use, floor area and location.

The monthly rental, management charges, government rates and rent, the stamp duty and other relevant expenses will be paid through the Group’s internal source of funding.

RIGHT-OF-USE ASSETS

The value of the right-of-use assets to be recognized by the Company under the Assignment amounted to approximately HK\$8.0 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Assignment.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE ASSIGNMENT

The Group principally engages in logistics business and in addition to the Group’s core air cargo ground handling services, the Group strategically offers other value-added services at its warehouses including but not limited to warehousing and storage, x-ray screening, weighing, loading and unloading, palletising, repackaging and labelling services, and also local delivery within Hong Kong.

Due to the growing demand from customers and the need to explore new business opportunities, the Group has determined that a new warehouse is necessary to continue its business operations. The leasing of the new warehouse is seen as a necessary step for the Group to meet its customers’ needs and to expand its business operations in a sustainable manner.

The terms of the Assignment, including the rental (but exclusive of management fee and other relevant expenses), were determined after arm’s length negotiations between the Parties and with reference to the prevailing market rent of comparable properties. The entering into the Assignment is necessary for the operation of the businesses of the Group and is in the ordinary and usual course of business of the

Group. Therefore, the Directors, including the independent non-executive Directors, consider that the terms of the Assignment are on normal commercial terms, fair and reasonable and the entering into the Assignment is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Assignee

Kwai Bon (HK) is a limited liability company incorporated under the laws of Hong Kong on 17 November 1994, which is an indirect wholly-owned subsidiary of the Company. Kwai Bon (HK) is the operating company for the Group's logistics business and is principally engaged in the provision of air cargo ground handling services, transportation services and warehousing and other value-added services in Hong Kong.

The Assignor

Luen Chun, is a limited liability company incorporated under the laws of Hong Kong on 17 December 2015. To the best knowledge of the Directors, the principal activity of Luen Chun is providing warehousing and transportation services. The ultimate beneficial owners of Luen Chun are Tsui Hau Wan and Lam Yiu Tung. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Luen Chun and its ultimate beneficial owners are Independent Third Parties.

The Landlord

Goodman is a company incorporated in the Cayman Islands and registered in Hong Kong as a non-Hong Kong company with limited liability. To the best knowledge of the Directors, the principal activity of Goodman is property investment holding. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Goodman and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER GEM LISTING RULES

According to HKFRS 16 which is effective from 1 January 2019, the Group, if entering into lease transaction as a lessee should recognize the Premises as the right-of-use assets in the consolidated financial statements of the Company. As such, the entering into the Assignment and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the definition of transaction as set out in Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Assignment exceeds 5% but less than 25%, the transaction contemplated under the Assignment constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements but exempt from Shareholders' approval requirement set out under the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Assignment”	an assignment of lease dated 3 May 2023 entered into between Kwai Bon (HK) as assignee, Luen Chun as assignor and Goodman as landlord in relation to the assignment of the Lease
“Board”	the board of Directors
“Company” or the “Assignee”	Asia-express Logistics Holdings Limited, a company incorporated in the Cayman Islands on 2 January 2018 as an exempted company with limited liability, the issued shares of which are listed on GEM (stock code: 8620)
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Goodman” or the “Landlord”	Goodman FS Holdings, a company incorporated in the Cayman Islands and registered in Hong Kong as a non-Hong Kong company with limited liability, being an Independent Third Party and the landlord of the Premises under the Assignment
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease”	the lease agreement dated 15 June 2022 and entered into between Luen Chun as tenant and Goodman as landlord for the lease of the Premises
“Luen Chun” or the “Assignor”	Luen Chun Logistics Company Limited (聯駿物流(香港)有限公司), a company incorporated in Hong Kong with limited liability being an Independent Third Party and the assignor under the Assignment

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not a connected person(s) of the Company and is a third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Kwai Bon (HK)”	Kwai Bon Transportation Limited, a limited liability company incorporated under the laws of Hong Kong on 17 November 1994, and an indirect wholly-owned subsidiary of the Company
“Parties”	Kwai Bon (HK) as assignee, Luen Chun as assignor and Goodman as landlord
“Premises”	12th Floor, Block 2, Goodman Tuen Mun Distribution Centre, 3A Hung Cheung Road, Tuen Mun, New Territories, Hong Kong
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board of
Asia-express Logistics Holdings Limited
Chan Le Bon
Chairman

Hong Kong, 3 May 2023

As at the date of this announcement, the executive Directors are Mr. Chan Le Bon and Mr. Chan Yu; the non-executive Director is Mr. Choy Wing Hang William; and the independent non-executive Directors are Mr. Fu Lui, Mr. Chan Chi Ho and Ms. Chui Sin Heng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Announcement” page for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.asia-expresslogs.com.