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**A & S GROUP (HOLDINGS) LIMITED**

**亞洲實業集團(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1737)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE WAREHOUSE LEASE AGREEMENT**

**THE WAREHOUSE LEASE AGREEMENT**

On 12 April 2022, A & S (HK) Logistics Limited (an indirect wholly-owned subsidiary of the Company) as tenant entered into the Warehouse Lease Agreement with the Landlord in relation to the lease of the Warehouse for a term of two (2) years and twelve (12) days commencing on 19 April 2022 and expiring on 30 April 2024 (both days inclusive).

**LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 “Leases”, the Group will recognise the value of the right-of-use asset in its financial statements in relation to the lease of the Warehouse under the Warehouse Lease Agreement. Accordingly, the Transaction contemplated under the Warehouse Lease Agreement will be regarded as an acquisition of asset by the Group according to the Listing Rules.

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

**INTRODUCTION**

On 12 April 2022, A & S (HK) Logistics Limited (an indirect wholly-owned subsidiary of the Company) as tenant entered into the Warehouse Lease Agreement with the Landlord in relation to the lease of the Warehouse for a term of 2 years and 12 days commencing on 19 April 2022 and expiring on 30 April 2024 (both days inclusive).

## THE WAREHOUSE LEASE AGREEMENT

Principal terms of the Warehouse Lease Agreement are summarised below:

Date: 12 April 2022

Landlord: Omaha Investments Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

Tenant: A & S (HK) Logistics Limited, an indirect wholly-owned subsidiary of the Company

Location of the Warehouse: Unit 503 on the 5<sup>th</sup> Floor, Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, New Territories.

Lettable area: Approximately 46,052 square feet.

Term: Two (2) years and twelve (12) days commencing on 19 April 2022 and expiring on 30 April 2024 (both days inclusive).

Monthly rental: Monthly rental shall be approximately HK\$737,000 (exclusive of rates, government rent, management fee and other outgoings, which are payable by the Tenant).

Monthly management charges: Monthly management charges shall be approximately HK\$102,000 subject to review in accordance with the provisions of the Warehouse Lease Agreement.

Deposits: Approximately HK\$2,517,000, equivalent to the aggregate of three months of monthly rental and monthly management charges. The deposit shall be refunded to the Tenant without interest within 30 days after the expiration or sooner determination of the Warehouse Lease Agreement provided that all the tenant's agreements, terms and conditions shall have been duly performed and observed.

Basis of determining the monthly rental: The rent under the Warehouse Lease Agreement was determined after arm's length negotiations between the parties taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Warehouse.

The monthly rental is expected to be funded through the internal resources of the Group.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is an investment holding company. The Group is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

### **A & S (HK) Logistics Limited**

A & S (HK) Logistics Limited is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. A & S (HK) Logistics Limited is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

### **The Landlord**

Omaha Investments Limited, a company incorporated in Hong Kong with limited liability on 28 October 1986, a subsidiary of CK Asset Holdings Limited (長江實業集團有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 1113). Its group has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, pub operation and investment in infrastructure and utility asset operation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are Independent Third Parties.

## **REASONS AND BENEFITS OF THE TRANSACTION**

Owing to the increasing demand of the Group's air freight forwarding ground handling services from its customers, the Group considers there is operational needs for the Group to set up a warehouse in the Kwai Chung terminal district to capture the new business opportunities. As such, the Board considers that the Transaction contemplated under the Warehouse Lease Agreement was entered into in the ordinary and usual course of business of the Group and will enhance the Group's service capabilities and potential profitability.

Having considered (i) the operational requirements of the Group; (ii) the prevailing market rent for warehousing space in the vicinity and the terms of the Warehouse Lease Agreement, the Directors are of the view that the terms of the Warehouse Lease Agreement are on normal commercial terms and the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **THE RIGHT-OF-USE ASSET**

Based on preliminary estimation of the Company, the unaudited value of the right-of-use asset to be recognised by the Group under the Warehouse Lease Agreement shall amount to approximately HK\$17.9 million, which is the present value of the aggregate lease payments payable under the term of the Warehouse Lease Agreement in accordance with HKFRS 16. Discount rate of 3.42% is applied to compute the present value of aggregate lease payments under the Warehouse Lease Agreement.

## LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, as a result of entering into the Warehouse Lease Agreement, the Group will recognise the value of the right-of-use asset in its financial statements in relation to the lease of the Warehouse under the Warehouse Lease Agreement. Accordingly, the Transaction contemplated under the Warehouse Lease Agreement will be regarded as an acquisition of asset by the Group according to the Listing Rules.

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

## DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“A & S (HK) Logistics Limited” or “Tenant”	A & S (HK) Logistics Limited (亞洲實業(香港)物流有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	A & S Group (Holdings) Limited (亞洲實業集團(控股)有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange since 14 March 2018
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the Listing Rules
“Landlord”	Omaha Investments Limited, a company incorporated in Hong Kong with limited liability on 28 October 1986, a subsidiary of CK Asset Holdings Limited (長江實業集團有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 1113), an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the leasing of the Warehouse by the Tenant under the terms set out in the Warehouse Lease Agreement
“Warehouse”	the warehouse located at Unit 503 on the 5 <sup>th</sup> Floor, Hutchison Logistics Centre, 18 Container Port Road South, Kwai Chung, New Territories
“Warehouse Lease Agreement”	the lease agreement entered into between A & S (HK) Logistics Limited as tenant and the Landlord on 12 April 2022 in the relation to the lease of the Warehouse
“%”	per cent

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

Hong Kong, 12 April 2022

*As at the date of this announcement, the Board comprises Mr. Law Kwok Leung Alex, Mr. Law Kwok Ho Simon and Mr. Chiu Tat Ting Albert as executive Directors and Mr. Ho Chun Chung Patrick, Mr. Iu Tak Meng Teddy and Mr. Kwan Ngai Kit as independent non-executive Directors.*