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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)

CONTINUING CONNECTED TRANSACTIONS

SECURITY SERVICE FRAMEWORK AGREEMENT

On 10 February 2023, A & S (HK) entered into the Security Service Framework Agreement with Parkston to replace the Existing Security Service Framework Agreement.

As at the date of this announcement, Mr. Alex Law was appointed as a director of Parkston and acquired 70% equity interest in Parkston from Mr. Vincent Cheng, who is an Independent Third Party. Upon the aforesaid appointment and acquisition, Mr. Alex Law and Mr. Vincent Cheng are the directors of Parkston and Parkston is owned as to 70% by Mr. Alex Law and 30% by Mr. Vincent Cheng. Parkston is therefore a connected person of the Company and the transactions contemplated under the Security Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under the Security Service Framework Agreement is less than 25% and all the proposed annual caps are less than HK\$10.0 million, the transactions contemplated under the Security Service Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to (i) Mr. Alex Law's beneficial interests in Parkston; and (ii) Mr. Alex Law and Mr. Simon Law's relationship, both Mr. Alex Law and Mr. Simon Law have abstained from voting on the relevant resolutions of the Board for approving the Security Service Framework Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Alex Law and Mr. Simon Law, none of the Directors has any material interest in the Security Service Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

SECURITY SERVICE FRAMEWORK AGREEMENT

On 10 February 2023, A & S (HK) entered into the Security Service Framework Agreement with Parkston to replace the Existing Security Service Framework Agreement.

Set out below is a summary of the principal terms of the Security Service Framework Agreement:

Date: 10 February 2023

Parties: (i) A & S (HK)

(ii) Parkston

Subject: Pursuant to the Security Service Framework Agreement, Parkston agreed to provide security services to the Group from time to time

Term: The Security Service Framework Agreement has a fixed term from 10 February 2023 to 31 March 2025 (both days inclusive)

Pricing policy

The price payable for the security services under the Security Service Framework Agreement by the Group to Parkston shall be determined after arm's length negotiation between the parties with regard to the prevailing market rates of similar providers. In order to ensure that the price offered by Parkston is fair and reasonable and in line with prevailing market rates, the Group will obtain quotations of security services which are of similar nature, service standards, quantity and time frame from not fewer than two Independent Third Parties security services providers, at a frequency not less than on a quarterly basis. The Group will only accept Parkston's quotation when the price and terms offered by Parkston are no less favourable than those offered to the Group by the Independent Third Parties security services providers.

Historical figures and proposed annual caps

The table below sets out the historical figures and the annual caps under the Existing Security Service Framework Agreement and the proposed annual caps under the Security Service Framework Agreement:

For the year ended	From	For the year ending 31 March		
31 March 2022	1 April 2022 to	2023	2024	2025
Historical amount	Historical amount	Proposed annual cap	Proposed annual cap	Proposed annual cap
<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
5,058	6,302	9,000	9,000	9,000

Basis of annual caps

For the year ended 31 March 2022 and the nine months ended 31 December 2022, the aggregate amount payable by the Group to Parkston amounted to approximately HK\$5,058,000 and HK\$6,302,000, respectively.

The proposed annual caps for the Security Service Framework Agreement have been determined after taking into consideration (i) the historical transaction amount of security services provided to the Group from Parkston; (ii) the prevailing average market price of different types of security services being offered by Parkston to Independent Third Parties having regard to the service standards, quantity, quality, specifications, time frame and/or other conditions of the security services similar to those offered to the Group; and (iii) the expected demand of the Group for security services taking into account the increased demand of our air freight forwarding ground handling services following the leasing of our new warehouses in Kwai Chung terminal district in April 2022.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group has established good relationship with Parkston and has requested security services from Parkston since May 2021. Security services that Parkston provided to the Group mainly include security guard services for the Group's warehouses in Airport Freight Forwarding Centre and Hutchison Logistics Centre. The security services provided from Parkston in the past satisfied the Group's quality requirement and were able to fulfill the Group's specified time frame requirement. The Board considers that the security services provided to the Group by Parkston will not be affected by Mr. Alex Law's appointment as a director of Parkston and the acquisition of 70% equity interest in Parkston by Mr. Alex Law.

Taking into account that the services provided to the Group are under normal commercial terms and are reached after arm's length negotiations and are being carried out in the usual and ordinary course of business of each of the parties, the Board is of the view that the terms of the Security Service Framework Agreement (including the proposed annual caps) are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Alex Law was appointed as a director of Parkston and acquired 70% equity interest in Parkston from Mr. Vincent Cheng, who is an Independent Third Party. Upon the aforesaid appointment and acquisition, Mr. Alex Law and Mr. Vincent Cheng are the directors of Parkston and Parkston is owned as to 70% by Mr. Alex Law and 30% by Mr. Vincent Cheng. Parkston is therefore a connected person of the Company and the transactions contemplated under the Security Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the proposed annual caps under the Security Service Framework Agreement is less than 25% and all the proposed annual caps are less than HK\$10.0 million, the transactions contemplated under the Security Service Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to (i) Mr. Alex Law's beneficial interests in Parkston; and (ii) Mr. Alex Law and Mr. Simon Law's relationship, both Mr. Alex Law and Mr. Simon Law have abstained from voting on the relevant resolutions of the Board for approving the Security Service Framework Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Alex Law and Mr. Simon Law, none of the Directors has any material interest in the Security Service Framework Agreement and none of them is required to abstain from voting on the relevant resolutions of the Board.

INFORMATION ON PARKSTON

Parkston is principally engaged in the provision of security services in Hong Kong.

INFORMATION ON 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.

INFORMATION ON A & S (HK)

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

DEFINITIONS

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

“A & S (HK)”	A & S (HK) Logistics Limited (亞洲實業(香港)物流有限公司), a company incorporated in Hong Kong on 9 October 2002 with limited liability 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
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Security Service Framework Agreement”	the agreement (which are being replaced by the Security Service Framework Agreement) entered into between A & S (HK) and Parkston prior to (i) the appointment of Mr. Alex Law as director of Parkston; and (ii) the acquisition of equity interest in Parkston by Mr. Alex Law, pursuant to which Parkston agreed to provide security guard services to the Group from time to time upon its request
“Parkston”	Parkston Limited (栢銳有限公司), a company incorporated in Hong Kong on 1 April 2019 with limited liability which is owned as to 70% by Mr. Alex Law and 30% by Mr. Vincent Cheng, as at the date of this announcement and is a connected person of the Company
“Security Service Framework Agreement”	the agreement entered into between A & S (HK) and Parkston on 10 February 2023, pursuant to which Parkston has agreed to provide security services to the Group from time to time upon its request
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Alex Law”	Mr. Law Kwok Leung Alex (羅國樑), the chairman of the Board and an executive Director and the brother of Mr. Simon Law
“Mr. Simon Law”	Mr. Law Kwok Ho Simon (羅國豪), an executive Director and the brother of Mr. Alex Law
“Mr. Vincent Cheng”	Mr. Cheng Wing Sun Vincent (鄭永榮), an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 10 February 2023

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