

*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.*



**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)**

**MAJOR TRANSACTION IN RELATION TO  
THE CAINIAO TENANCY AGREEMENT**

The Board announces that the Company was informed on 14 March 2024 that the Tenant has entered into the Cainiao Tenancy Agreement with the Landlord on 1 March 2024 in respect of the lease of the Cainiao Warehouse for a term of thirty-nine (39) months commencing from 1 April 2024 and expiring on 30 June 2027 (both dates inclusive).

Pursuant to HKFRS 16, the Group recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Cainiao Warehouse under the Cainiao Tenancy Agreement. Therefore, the entering into of the Cainiao Tenancy Agreement and the Transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The unaudited value of right-of-use assets recognised by the Group under the Cainiao Tenancy Agreement amounted to approximately HK\$85.2 million in aggregate.

As the applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Cainiao Tenancy Agreement is 25% or more but is less than 100% when aggregated, the entering into the Cainiao Tenancy Agreement constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Cainiao Tenancy Agreement and the Transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company was to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Cainiao Tenancy Agreement. As the Company has obtained written approval in accordance with Rule 14.44 of the Listing Rules from Dynamic Victor, which is beneficially interested in an aggregate of 750,000,000 Shares, representing approximately 75.0% of the entire issued capital of the Company as at the date of this announcement, the Company is exempted from convening a general meeting for the purpose of approving the Cainiao Tenancy Agreement and the Transactions contemplated thereunder.

A circular containing, amongst others, further information of the Transactions contemplated under the Cainiao Tenancy Agreement is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 5 April 2024. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

## **THE CAINIAO TENANCY AGREEMENT**

References are made to the announcement of the Company dated 9 May 2023 in respect of, among other matters, the entering into the Pre-Lease Offer Letter in relation to the lease of the Cainiao Warehouse. The Board announces that the Company was informed on 14 March 2024 that the Tenant has entered into the Cainiao Tenancy Agreement with the Landlord on 1 March 2024 in respect of the lease of the Cainiao Warehouse for a term of thirty-nine (39) months commencing from 1 April 2024 and expiring on 30 June 2027 (both dates inclusive).

The principal terms of the Cainiao Tenancy Agreement are set out as follows:

- Date: 1 March 2024
- Parties: (1) the Landlord as landlord; and  
(2) the Tenant as tenant.

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

Warehouse:	Portion of L2 (being the Compartments A, B, and H) of Cainiao Smart Gateway, Chek Lap Kok, Hong Kong.
Term:	Thirty-nine (39) months commencing from 1 April 2024 and expiring on 30 June 2027 (both dates inclusive).
Rent:	HK\$2,890,153 per calendar month, exclusive of rates, government rent and management charges (“monthly rent”). The rent payable under the Cainiao Tenancy Agreement was determined after arm’s length negotiations between the Tenant and the Landlord with reference to the prevailing market rent for comparable warehouses in the vicinity of the Cainiao Warehouse.
Rent free period:	The Tenant shall be entitled to rent-free periods as follows: <ul style="list-style-type: none"> <li>• Three (3) months from 1 January 2025 to 31 March 2025 (both days inclusive);</li> <li>• Three (3) months from 1 January 2026 to 31 March 2026 (both days inclusive); and</li> <li>• Three (3) months from 1 January 2027 to 31 March 2027 (both days inclusive).</li> </ul>
Rental deposit:	HK\$10,384,150, equivalent to an aggregate of three months of monthly rent, management charges, rates and government rent.
Utility deposit:	HK\$256,000.
Management charges:	HK\$340,018 per calendar month and subject to review from time to time.
Use of premises:	The Group intends to use the Cainiao Warehouse primarily as a logistics center and secondarily as office premises.
Stamp duty:	The stamp duty payable under the Cainiao Tenancy Agreement shall be borne equally by the Landlord and the Tenant.

The payment of the monthly rent, the rental and the utility deposit and the stamp duty will be funded by the internal resources of the Group.

## **THE RIGHT-OF-USE ASSETS**

Based on preliminary estimation of the Company, the unaudited value of the right-of-use assets to be recognised by the Group under the Cainiao Tenancy Agreement shall amount to approximately HK\$85.2 million, which is the present value of the aggregate lease payments payable under the term of the Cainiao Tenancy Agreement in accordance with HKFRS 16. A discount rate of 4.72% for the Cainiao Warehouse is applied to compute the present value of aggregate lease payments under the Cainiao Tenancy Agreement.

## **INFORMATION ON THE PARTIES**

### **The Group**

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

### **The Tenant**

The Tenant is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The Tenant is principally engaged in the provision of air freight forwarding ground handling services and air cargo terminal operating services in Hong Kong.

### **The Landlord**

The Landlord, a company incorporated in Hong Kong with limited liability on 26 June 2018, is a subsidiary of Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 9988) and on the New York Stock Exchange (symbol: BABA). The Landlord's group provides technology infrastructure and marketing platforms, and their Cainiao (菜鳥) segment includes domestic and international one-stop-shop logistics services and supply chain management solutions. 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 FOR AND BENEFITS OF ENTERING INTO THE CAINIAO TENANCY AGREEMENT**

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 Chek Lap Kok district to capture new business opportunities. As such, the Board considers that the Transactions contemplated under the Cainiao Tenancy Agreement were 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; and (ii) the prevailing market rent for warehouse space in the vicinity of the Cainiao Warehouse and the terms of the Cainiao Tenancy Agreement, the Directors are of the view that the terms of the Cainiao Tenancy Agreement are on normal commercial terms and the Transactions contemplated under the Cainiao Tenancy Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the Group recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with the lease of the Cainiao Warehouse under the Cainiao Tenancy Agreement. Therefore, the entering into of the Cainiao Tenancy Agreement and the Transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The unaudited value of right-of-use assets recognised by the Group under the Cainiao Tenancy Agreement amounted to approximately HK\$85.2 million.

As the applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use assets recognised by the Group pursuant to HKFRS 16 under the Cainiao Tenancy Agreement is 25% or more but is less than 100% when aggregated, the entering into of the Cainiao Tenancy Agreement constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Cainiao Tenancy Agreement and the Transactions contemplated thereunder, and no Shareholder would be required to abstain from voting at a general meeting of the Company for approving the same if the Company was to convene such a general meeting. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting for approving the Cainiao Tenancy Agreement. As the Company has obtained written approval in accordance with Rule 14.44 of the Listing Rules from Dynamic Victor, which is beneficially interested in an aggregate of 750,000,000 Shares, representing approximately 75.0% of the entire issued capital of the Company as at the date of this announcement, the Company is exempted from convening a general meeting for the purpose of approving Cainiao Tenancy Agreement and the Transactions contemplated thereunder as permitted under Rule 14.44 of the Listing Rules.

A circular containing, amongst others, further information of the Transactions contemplated under the Cainiao Tenancy Agreement is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 5 April 2024. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules, in which case the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

## DEFINITION

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

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cainiao Tenancy Agreement”	the warehouse tenancy agreement entered into between the Tenant and the Landlord in respect of the lease of the Cainiao Warehouse
“Cainiao Warehouse”	Portion of L2 (being the Compartments A, B, and H) of Cainiao Smart Gateway, Chek Lap Kok, Hong Kong
“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
“Dynamic Victor”	Dynamic Victor Limited, a company incorporated in Seychelles, which is owned as to 65% by Mr. Law Kwok Leung Alex, an executive Director and 35% by Mr. Law Kwok Ho Simon, an executive Director
“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”	Hong Kong Cingleot Investment Management Limited, a company incorporated in Hong Kong with limited liability on 26 June 2018, a subsidiary of Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 9988) and on the New York Stock Exchange (symbol: BABA), an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Pre-Lease Offer Letter”	The pre-lease offer letter entered into between the Tenant as tenant and the Landlord as landlord on 9 May 2023
“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
“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
“Transactions”	the leasing of the Cainiao Warehouse by the Tenant under the terms set out in the Cainiao Tenancy Agreement
“%”	per cent

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

Hong Kong, 15 March 2024

*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.*