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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

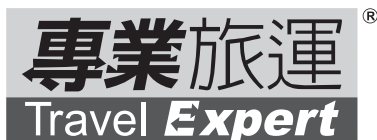
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Travel Expert (Asia) Enterprises Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Travel Expert (Asia) Enterprises Limited**

**專業旅運（亞洲）企業有限公司**

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

**(Stock Code: 1235)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF PROPERTY**

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Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 3 to 6 of this circular.

The Disposal has been approved by written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Board”	the board of Directors
“Company”	Travel Expert (Asia) Enterprises Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1235)
“Completion”	the completion of the Disposal
“Consideration”	the consideration for the Disposal pursuant to the Provisional Agreement, being HK\$28,000,000
“Director(s)”	the director(s) of the Company
“Disposal”	the Disposal of the Property
“Formal Agreement”	the formal agreement entered into between the Vendor and the Purchaser on 3 July 2020 relating to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	27 July 2020, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Flats A and C on 1st Floor, Han Chung Mansion, Nos. 8 and 10 Hankow Road, Kowloon
“Provisional Agreement”	the provisional agreement which is a legal binding agreement dated 16 June 2020 entered into between the Vendor and the Purchaser relating to the Disposal
“Purchaser”	King Major Limited, a company incorporated in Hong Kong with limited liability

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## DEFINITIONS

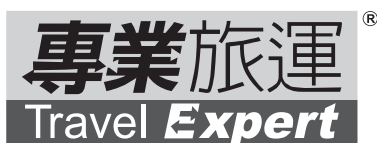
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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Profit Genius Marketing Solutions Limited (formerly known as “Profit Genius Limited”), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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LETTER FROM THE BOARD

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**Travel Expert (Asia) Enterprises Limited**

**專業旅運（亞洲）企業有限公司**

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

**(Stock Code: 1235)**

*Executive Directors:*

Mr. Ko Wai Ming, Daniel (*Chairman*)

Ms. Cheng Hang Fan (*Chief Executive Officer*)

*Independent Non-executive Directors:*

Mr. Mak King Sau

Mr. Szeto Chi Man

Mr. Yung Ha Kuk, Victor

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Units A-C, 9/F., D2 Place TWO

15 Cheung Shun Street

Lai Chi Kok, Kowloon

Hong Kong

31 July 2020

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF PROPERTY**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 16 June 2020 in relation to the Disposal.

On 16 June 2020, the Provisional Agreement was entered into between, among others, the Vendor and the Purchaser, which is a legal binding agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at a consideration of HK\$28,000,000, subject to the terms and conditions of the Provisional Agreement. The Formal Agreement was entered into between the parties on 3 July 2020.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, further details of the Disposal and other information required under the Listing Rules.

### THE PROVISIONAL AGREEMENT

Date : 16 June 2020

Parties : (1) Profit Genius Marketing Solutions Limited, as Vendor; and  
(2) King Major Limited, as Purchaser.

Pursuant to the Provisional Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Property at a consideration of HK\$28,000,000, subject to the terms and conditions thereof.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are independent of the Company and connected persons of the Company (as defined under the Listing Rules).

The Vendor is the legal and beneficial owner of the Property located at Flats A and C on 1st Floor, Han Chung Mansion, Nos. 8 and 10 Hankow Road, Kowloon with a total saleable area of approximately 154.03 square meters which is currently vacant.

The Group has no intention to lease back the Property from the Purchaser upon completion of the Disposal.

### Consideration

The Consideration for the Disposal is HK\$28,000,000, which was arrived at after arm's length negotiations between the parties with reference to the valuation of the Property as at 31 March 2020 of HK\$22,000,000.

The Consideration will be/has been settled in the following manner: –

- (a) HK\$1,000,000 was paid by the Purchaser to the Vendor as an initial deposit upon signing of the Provisional Agreement;
- (b) HK\$1,800,000 will be paid by the Purchaser to the Vendor as a further deposit on or before 3 July 2020; and
- (c) HK\$25,200,000 being balance of the Consideration will be payable by the Purchaser to the Vendor on Completion.

As at the Latest Practicable Date, the Vendor received HK\$2,800,000 from the Purchaser.

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## LETTER FROM THE BOARD

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The Directors (including the Independent Non-executive Directors) are of the view that the valuation of the Property as at 31 March 2020 conducted by B.I. Appraisals Limited and the Consideration was fair and reasonable after considering the recent property market conditions in Hong Kong at the time of entering into the Provisional Agreement, and that the value of the Consideration, which represented a premium of approximately 27.27% to the valuation, has fairly represented the scarcity of the Property in the property market in Hong Kong given its prime location.

### **Formal Agreement**

The Formal Agreement for sale and purchase of the Property was entered into between the Vendor and the Purchaser on 3 July 2020.

### **Completion**

Completion is not subject to any condition precedent and is expected to take place on or before 16 September 2020.

### **INFORMATION OF THE GROUP**

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1235). The principal activity of the Company is investment holding and the principal business of the Company's subsidiaries is to provide a one-stop travel management and services offering a wide range of packaged tours, travel packages, products and services.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding.

### **REASONS FOR AND BENEFIT OF THE DISPOSAL**

Taking into consideration the current financial position and business operation of the Group and the overall economy in Hong Kong, the Board is of the opinion that the Disposal represents a favourable opportunity to realise the value of the Property at a reasonable price and the proceeds from the Disposal will enhance the financial position of the Group and increase the general working capital of the Group.

The Directors (including the Independent Non-executive Directors) consider the terms of the Provisional Agreement are on normal commercial terms, which are fair and reasonable and are in the best interests of the Group and its shareholders as a whole.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The carrying value of the Property as at 31 March 2020 was approximately HK\$22,000,000. The Group is expected to record a gain on Disposal of approximately HK\$5,595,000, which is calculated based on the Consideration received by the Group for the Disposal less the carrying value of the Property as at 31 March 2020 and the relevant expenses in relation to the Disposal. It is estimated that the net proceeds from the Disposal would be approximately HK\$27,595,000. The Company intends to use the net proceeds from the Disposal as general working capital of the Group, including payment of general administrative expenses such as salaries and rental.

### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. The Company has obtained written approval from each of Colvin & Horne Holdings Limited, Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan, holding 356,715,000 shares, 4,240,000 shares and 8,370,000 shares respectively as at the date of the written approval, together representing 72.44% of the total number of issued shares of the Company, for approving the Disposal. Therefore, the Company will not convene a general meeting for approving the Disposal. In the event that a general meeting of the Company shall be convened to approve the Disposal, the Directors shall recommend voting in favour of the relevant resolution.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Travel Expert (Asia) Enterprises Limited**  
**Ko Wai Ming, Daniel**  
*Chairman*



**1. FINANCIAL INFORMATION**

The audited consolidated financial statements of the Group for the three financial years ended 31 March 2018, 2019 and 2020 including the independent auditors' report thereon and the notes thereto, have been disclosed in the respective annual reports of the Company. The auditor of the Company has not issued any qualified opinion on the Group's consolidated financial statements for the three financial years ended 31 March 2018, 2019 and 2020. The annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020; and the interim report for the six months ended 30 September 2019 are published on the websites of HKEXnews (<https://www.hkexnews.hk>) and the Company (<http://www.tegroup.com.hk>) respectively.

The audited financial statements of the Group for the year of 2018 are set out from page 48 to 103 in the 2018 annual report of the Company which was published on 17 July 2018. The 2018 Annual Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.tegroup.com.hk>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0717/ltn20180717247.pdf>

The audited financial statements of the Group for the year of 2019 are set out from page 42 to 105 in the 2019 annual report of the Company which was published on 16 July 2019. The 2019 Annual Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.tegroup.com.hk>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0716/ltn20190716155.pdf>

The audited financial statements of the Group for the year of 2020 are set out from page 40 to 99 in the 2020 annual report of the Company which was published on 14 July 2020. The 2020 Annual Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.tegroup.com.hk>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0714/2020071400590.pdf>

The 2019 unaudited interim results of the Group are set out from page 15 to 44 in the 2019 interim report of the Company which was published on 12 December 2019. The 2019 Interim Report is available on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.tegroup.com.hk>) and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1212/2019121200502.pdf>

**2. STATEMENT OF INDEBTEDNESS OF THE GROUP AS AT 30 JUNE 2020**

At the close of business on 30 June 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, the Group had the following indebtedness:

**(a) Bank Borrowing**

As at 30 June 2020, the Group had bank borrowing of approximately HK\$2,802,000 with a repayable on demand clause, which was secured by the Property and was guaranteed by the Company. The interest rate of such bank borrowing was at a floating rate of 3.1% per annum below Hong Kong Dollar prime.

**(b) Banking Facilities**

As at 30 June 2020, the Group's banking facilities are approximately HK\$124,752,000 with approximately HK\$23,934,000 being utilised. The Group's banking facilities were secured by:

- (i) pledges over certain of the Group's leasehold land and buildings;
- (ii) pledges over the Group's investment properties;
- (iii) pledges over certain of the Group's time deposits; and
- (iv) corporate guarantee or cross-guarantee provided by the Group and/or certain subsidiaries.

**(c) Lease Liabilities**

The Group leases certain properties and office equipment in Hong Kong and the PRC. As at 30 June 2020, the Group, as a lessee, had an aggregate lease liabilities of approximately HK\$17,618,000 under HKFRS 16 in respect of non-cancellable operating lease contracts.

**(d) General**

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 June 2020, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities outstanding.

The Directors have confirmed that there have not been any material changes in the Group's indebtedness since 30 June 2020.

### **3. DIRECTORS' STATEMENT OF SUFFICIENCY OF WORKING CAPITAL**

As set out in the consolidated financial statements of the Group for the year ended 31 March 2020, the Group recorded a loss for the year of approximately HK\$45,061,000 and operating cash outflows of approximately HK\$63,266,000 during the year ended 31 March 2020 and had net current liabilities of approximately HK\$1,043,000 as at 31 March 2020.

The Group has been operating under an intensely competitive environment due to the emerging of the online travel and booking agencies over the past few years. Following the outbreak of the Coronavirus Disease 2019 ("COVID-19") in January 2020, precautionary and control measures have since been implemented in various countries, which included entry restrictions and quarantine measures over international travel.

In view of these circumstances and the net current liabilities position of the Group, the management has been continuously implementing measures to control operating costs and improve the Group's liquidity and financial position.

These measures include (i) controlling operating expenditures by downsizing its operations including optimisation of the branch network by closure of under-performed branches, reallocation of workforce in relation to different sale channels, reducing related costs such as rental expenses and staff costs; (ii) negotiating with landlords for rental reductions; (iii) applying for the COVID-19 related subsidies applicable to the Group's companies, including, after considering the effect of staff costs reduction, wages subsidies under the Employment Support Scheme launched by The Government of the Hong Kong Special Administrative Region; and (iv) plans to realise certain non-current assets of the Group, including the disposal of a property holding company for a cash consideration of HK\$74,800,000 (see details in the announcement made by the Company on 23 July 2020).

The Directors have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from the date of this circular. Based on the different possible outcomes of the evolution of the COVID-19 pandemic and future development of the travel agency industry, management has prepared the projections that include key assumptions with regard to the anticipated cash flows from the Group's operations, capital expenditures, the COVID-19 related subsidies, the continuous availability of banking facilities, plans for the realisation of certain non-current assets as mentioned above.

The Directors, after making due and careful enquiry and considering the basis of management's projections described above and after taking into account the reasonably possible changes in the operational performance and the continuous availability of the banking facilities, believe that the Group after completion of the Disposal will have sufficient financial resources for its normal business operation for at least the next twelve months from the date of publication of this circular, in the absence of unforeseeable circumstances.

**4. FINANCIAL AND TRADING PROSPECTS**

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1235). The principal activity of the Company is investment holding and the principal business of the Company's subsidiaries is to provide a one-stop travel management and services offering a wide range of packaged tours, travel packages, products and services.

The business environment is expected to be more challenging than ever as many uncertainties continue to prevail in the Hong Kong and global economies, such as the global spreading of COVID-19. As the speed of recovery and the extent of long-term impact of the epidemic cannot be predicted accurately at present, the Group's future operation, finance performance, cash flows and financial position may be materially impacted by the further development of the epidemic. Nevertheless, the Group will continue to keep track of the epidemic development and react proactively to its possible impact on the performance of the Group.

The Group will continue to make efforts in implementing cost control measures that including downsizing the branch network, reducing staff costs and negotiating with landlords for rental reduction. The Group will also continue to manage our finance prudently and will use its utmost efforts to maintain the Group's operation and preserve working capital to meet its business needs.

**5. MATERIAL ADVERSE CHANGE**

Save as disclosed above, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with its opinion of the value of the Property as at 16 June 2020. Terms defined in this appendix applies to this appendix only.*



**B.I. Appraisals Limited**  
**保柏國際評估有限公司**  
*Registered Professional Surveyors, Valuers & Property Consultants*

22/F, China Overseas Building,  
139 Hennessy Road, Wan Chai, Hong Kong  
Tel (852) 2127 7762  
Fax (852) 2137 9876  
E-mail: info@biappraisals.com  
Website: www.biappraisals.com

31 July 2020

**Travel Expert (Asia) Enterprises Limited**

Units A-C, 9/F., D2 Place TWO  
15 Cheung Shun Street  
Lai Chi Kok, Kowloon  
Hong Kong

**For the Attention of the Directors**

Dear Sirs/Madams,

**Re: Flats A and C on 1st Floor, Han Chung Mansion, Nos. 8 and 10 Hankow Road,  
Kowloon**

In accordance with the instructions from Travel Expert (Asia) Enterprises Limited (hereinafter referred to as the “Company”) for us to value the captioned property (hereinafter referred to as the “Property”), which is held by Profit Genius Limited, an indirect wholly-owned subsidiary of the Company (hereinafter collectively referred to as the “Group”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 16 June 2020 (hereinafter referred to as the “Date of Valuation”).

It is our understanding that this valuation document is to be used by the Company for disclosure reference purpose in relation to the proposed disposal of the Property (hereinafter referred to as the “Proposed Disposal”). We further understand that our report is to be incorporated in a circular to be issued by the Company in relation to the Proposed Disposal.

This letter, forming part of our valuation report, states the instructions, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

### **BASIS OF VALUATION**

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **VALUATION METHODOLOGY**

In valuing the Property, which is held by the Company for investment, we have adopted the direct comparison method by making reference to comparable sale evidence as available in the relevant market or, wherever appropriate, the investment method by taking into account the current rent passing and the reversionary income potential of the Property.

### **VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the Property would be sold in the open market without the benefit of deferred terms contracts, leasebacks, joint venture, management agreements or any similar arrangements that would serve to affect its value. In addition, no account has been taken of any option or right of pre-emption concerning or effecting a sale and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature that could affect its value.

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that all consents, approvals, required licences, permits, certificates, and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

**TITLE INVESTIGATION**

We have caused searches to be made at the Land Registry. However, we have not scrutinized the original documents to ascertain ownership or to verify any amendments that may not appear on the copies handed to us. All documents and leases have been used for reference only.

**LIMITING CONDITIONS**

We have inspected the exterior of the Property on 22 July 2020. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made nor have any tests been carried out on any of the building services provided in the Property. We are, therefore, not able to report that the Property is free from rot, infestation or any other structural defects.

We have not conducted out site measurements to verify the correctness of the floor areas of the Property but have assumed that the floor areas shown on the documents provided to us are correct. Dimensions, measurements and areas included in the valuation report attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

We have relied to a considerable extent on the information provided by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, lease, floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

This report and each part of it is prepared and intended for the exclusive use of the Company for the purpose hereinbefore stated. In accepting this report, the Company expressly agrees not to use or rely upon this report or any part of it for any other purpose without obtaining our prior written consent.

**CURRENCY**

Unless otherwise stated, all monetary amounts stated in the valuation report attached are in Hong Kong dollars (HK\$).

**REMARKS**

We hereby confirm that we have neither present nor prospective interests in the Group, the Property or the value reported herein.

Our valuation report is attached herewith.

Yours faithfully,  
For and on behalf of  
**B.I. APPRAISALS LIMITED**  
**William C.K. Sham**  
*Registered Professional Surveyor (G.P.)*  
*China Real Estate Appraiser*  
*Registered Business Valuer*  
*MRICS, MHKIS, MCIREA*  
*Executive Director*

*Notes:*

- (1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 35 years' experience in the valuation of properties in Hong Kong and has over 25 years' experience in the valuation of properties in the PRC and the Asia Pacific region.
- (2) The Property was inspected by Derrick K.K. Chau, the Valuer, on 22 July 2020. Mr. Chau obtained the Bachelor of Science (Honours) in Surveying from Technological and Higher Education Institute of Hong Kong and has more than 1 year's experience in the valuation of properties in Hong Kong and the PRC.



## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 16 June 2020
Flats A and C on 1st Floor, Han Chung Mansion, Nos. 8 and 10 Hankow Road, Tsim Sha Tsui, Kowloon	Han Chung Mansion, completed in about 1962, is a 13-storey mixed commercial/residential building located on the eastern side of Hankow Road near its junction with Peking Road within Tsim Sha Tsui District.	The Property is vacant.	HK\$21,000,000
3/48th undivided parts or shares of and in The Remaining Portion of Kowloon Inland Lot No. 7702	<p>The Property comprises two of the three commercial units on the 1st floor of the subject building.</p> <p>The saleable area of the Property is approximately 1,658 sq.ft. (154.03 sq.m.).</p> <p>Kowloon Inland Lot No. 7702 (hereinafter referred to as the "Lot") is held from the Government under Conditions of Regrant No. UB6193 for a term of 150 years from 24 June 1889.</p> <p>The Lot is subject to a premium of HK\$15,485 per annum for 75 years from 1958. The Government Rent payable for the Lot is HK\$478 per annum.</p>		

*Notes:*

- (1) The registered owner of the Property is Profit Genius Limited, via an assignment dated 16 October 2015, registered vide Memorial Nos. 15103002160130.
- (2) The Property is subject to a Mortgage to secure general banking facilities to unlimited extent dated 16 October 2015, in favour of Shanghai Commercial Bank Limited, registered vide Memorial No. 15103002160143.
- (3) The Property is also subject to the following encumbrances that are pending registration:
  - a) Certificate of change of name dated 26 April 2016, in favour of Profit Genius Marketing Solutions Limited, registered vide Memorial No. 20071001400075; and
  - b) Agreement for sale and purchase for a consideration of HK\$28,000,000.00 dated 3 July 2020, in favour of King Major Limited, registered vide Memorial No. 20071300330069.
- (4) The Property lies within an area currently zoned as "Commercial" on the Approved Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 gazetted on 13 December 2013.
- (5) The Property was valued at HK\$22,000,000 as at 31 March 2020 by B.I. Appraisals Limited on the basis of market value using the Direct Comparison Method and in accordance with The HKIS Valuation Standards 2017 Edition and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 belief, the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' Interests

As at the Latest Practicable Date, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation as defined in Part XV of the SFO which were 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 are taken or deemed to have under such provision of the SFO), or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

#### (i) Long position in ordinary shares of the Company

Name of Director	Personal interests	Family interests	Corporate interests	Total interests	Approximate percentage of the issued share capital
Mr. Ko Wai Ming, Daniel ("Mr. Ko")	4,240,000	8,370,000 (Note a)	356,715,000 (Note b)	369,325,000	72.44%
Ms. Cheng Hang Fan ("Mrs. Ko")	8,370,000	4,240,000 (Note a)	356,715,000 (Note b)	369,325,000	72.44%

Notes:

- (a) Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares of the Company owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares of the Company owned by Mr. Ko.
- (b) These shares of the Company are owned by Colvin & Horne Holdings Limited ("CHHL"), which is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.

*(ii) Long position in shares and underlying shares of associated corporation*

Name of Director	Name of associated corporation	Beneficial owner	Family interest (Note)	Total number of shares held	Approximate percentage of the issued share capital
Mr. Ko	CHHL	3	2	5	100%
Mrs. Ko	CHHL	2	3	5	100%

*Note:* Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares of CHHL owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares of CHHL owned by Mr. Ko.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to Section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders' Interests**

Name of shareholders	Beneficial owner	Family interest	Total number of shares held	Approximate percentage of the issued share capital
CHHL (Note a)	356,715,000	–	356,715,000	69.96%
Mr. Chu Hung Kwan ("Mr. Chu") (Note b)	17,400,000	11,500,000	28,900,000	5.67%
Ms. Tai Kan Yuet ("Mrs. Chu") (Note b)	11,500,000	17,400,000	28,900,000	5.67%

*Notes:*

- (a) CHHL is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.
- (b) Mr. Chu and Mrs. Chu are spouses. Pursuant to the Part XV of the SFO, Mr. Chu is deemed to be interested in the shares of the Company owned by Mrs. Chu and Mrs. Chu is deemed to be interested in the shares of the Company owned by Mr. Chu.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company which are recorded in the registers required to be kept under Section 336 of the SFO or notified to the Company pursuant to the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

### **4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have, since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group. None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

### **6. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

**7. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT'S INTERESTS**

The following is the qualification of the expert who has given opinions or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
B.I. Appraisals Limited	An independent professional property valuer

As at the Latest Practicable Date, the above expert has:

- (a) no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) no interest, direct or indirect, in any assets which have been, since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name included herein in the form and context in which they appear.

**8. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Group within two years immediately preceding the Latest Practicable Date:

- (a) the sale and purchase agreement dated 27 March 2019 entered into between Travel Expert Enterprises Limited (“TEEL”), an indirect wholly-owned subsidiary of the Company, as the purchaser, and Charm Bright International Limited, as the vendor and Mr. Wo Yu Wai as the guarantor of the vendor pursuant to which TEEL conditionally agreed to purchase and the vendor conditionally agreed to sell 195,000 ordinary shares in Premium Holidays Limited at a consideration of HK\$400,000. For details, please refer to the announcement of the Company published on 27 March 2019;
- (b) the Provisional Agreement; and
- (c) the Formal Agreement.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekdays (except for Saturday and public holidays) at the Company's principal place of business in Hong Kong for a period of 14 days from the date of this circular:

- (a) the Provisional Agreement;
- (b) the Formal Agreement;
- (c) the memorandum and articles of association of the Company;
- (d) the property valuation report from B.I. Appraisals Limited, the text of which is set out in Appendix II to this circular;
- (e) the written consent referred to in the paragraph headed "Qualification and Consent of Expert and Expert's Interests" in this Appendix;
- (f) the annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020;
- (g) the interim report of the Company for the six months ended 30 September 2019;
- (h) the material contracts referred to in the section headed "Material Contracts" in this Appendix; and
- (i) this circular.

**10. MISCELLANEOUS**

- (a) the registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;
- (b) the head office and principal place of business of the Company is located at Units A-C, 9th Floor, D2 Place TWO, 15 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong;
- (c) the Company's branch share registrar in Hong Kong is Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong;
- (d) the company secretary of the Company is Ms. Cheng Yin Wah; and
- (e) the English text of this circular prevails over the Chinese text in case of inconsistency.