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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)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO TENANCY AGREEMENT**

**TENANCY AGREEMENT**

On 9 October 2020, the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord entered into the Tenancy Agreement in respect of the leasing of the Premises for a fixed term of three (3) years commencing on 26 November 2020.

**LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by the Tenant will require the Group to recognise the Premises as right-of-use asset on its consolidated statement of financial position. Accordingly, the Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the Tenancy Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is subject to announcement requirements under Chapter 14 of the Listing Rules.

**THE TENANCY AGREEMENT**

Date : 9 October 2020

Parties : (1) Fung Properties (LT) Limited, as Landlord; and  
(2) Travel Expert Group Management Limited, as Tenant

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

- Term : a fixed term of three (3) years commencing on 26 November 2020 and expiring on 25 November 2023 (both days inclusive)
- Premises : 9<sup>th</sup> Floor, LiFung Tower, No. 868 Cheung Sha Wan Road, Kowloon, Hong Kong
- Rent : HK\$252,931.00 per calendar month (inclusive of government rent but exclusive of Management Charge and rates), and the total rental payable under the Tenancy Agreement is HK\$8,346,723 for the Term
- Rent free period : (a) one (1) month's rent free period from 26 November 2020 to 25 December 2020 (both days inclusive);
- (b) one (1) month's rent free period from 26 November 2021 to 25 December 2021 (both days inclusive); and
- (c) one (1) month's rent free period from 26 November 2022 to 25 December 2022 (both days inclusive).
- The Tenant shall be responsible for the rates, the Management Charge and all other outgoings chargeable in respect of the Premises at all times during the Term, inclusive of the said rent free period.
- Deposit : a sum equivalent to three (3) months' rent, Management Charge and rates payable as a deposit by the Tenant to the Landlord upon signing the Tenancy Agreement
- Renewal : the Tenant is entitled to a right of renewal of the Tenancy Agreement for a further term of two (2) years (i.e. commencing on and from 26 November 2023 and expiring on 25 November 2025 (both days inclusive)) from the expiration of the Term by notifying the Landlord in writing at least six (6) months before the expiration of the Term

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

The unaudited value of the right-of-use asset to be recognised by the Group under the Tenancy Agreement amounted to approximately HK\$7.92 million, which is the present value of total rental payable at the inception of the lease term under the terms of the Tenancy Agreement in accordance with HKFRS 16. Discount rate of approximately 3.39% is applied to compute the present value of total rental payable under the terms of the Tenancy Agreement.

## **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 TENANT**

The Tenant is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. The Tenant is principally engaged in the provision of management services.

## **INFORMATION OF THE LANDLORD**

The Landlord is a company incorporated in Hong Kong with limited liability which is principally engaged in property investment. The Landlord is wholly and indirect beneficially owned by Dr. William Fung.

## **REASONS FOR AND BENEFIT OF ENTERING THE TENANCY AGREEMENT**

The Premises will be occupied by the Group as its new headquarters. The tenancy of the Group's existing headquarters will expire by the end of November 2020. With reduced overall headcount after the implementation of restructuring and streamlining of the workforce, the Directors consider that the Premises with a smaller floor area would be sufficient for the Group's operation needs.

The terms of the Tenancy Agreement (including the aggregate rent payable) were determined after arm's length negotiations between the parties and with reference to the current market rent of comparable properties in the nearby districts similar to the Premises. The Directors consider that the terms of the Tenancy Agreement were 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 the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by the Tenant will require the Group to recognise the Premises as right-of-use asset on its consolidated statement of financial position. Accordingly, the Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

As the highest applicable percentage ratio for the Company in respect of the Tenancy Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is subject to announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“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)
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“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 People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Landlord”	Fung Properties (LT) Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Charge”	the monthly service, management and maintenance charges
“Premises”	9 <sup>th</sup> Floor, LiFung Tower, No. 868 Cheung Sha Wan Road, Kowloon, Hong Kong
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between the Tenant and the Landlord on 9 October 2020 for leasing of the Premises
“Tenant”	Travel Expert Group Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Term”	a fixed term of three (3) years commencing on 26 November 2020 and expiring on 25 November 2023 (both days inclusive)
“%”	per cent

By Order of the Board  
**Travel Expert (Asia) Enterprises Limited**  
**Ko Wai Ming, Daniel**  
*Chairman*

Hong Kong, 9 October 2020

*As at the date of this announcement, the executive Directors of the Company are Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan; and the independent non-executive Directors of the Company are Mr. Mak King Sau, Mr. Szeto Chi Man and Mr. Yung Ha Kuk, Victor.*