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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)**

**CONNECTED TRANSACTION  
IN RELATION TO TENANCY AGREEMENT**

**TENANCY AGREEMENT**

On 26 August 2021, 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 term of three (3) years commencing on 1 September 2021.

**LISTING RULES IMPLICATIONS**

The Landlord is owned as to 95% by Mr. Ko and as to 5% by Colvin respectively. The Landlord is an associate of Mr. Ko and Mrs. Ko. Pursuant to Chapter 14A of the Listing Rules, the Landlord is a connected person of the Company. As the relevant percentage ratios in respect of the expected maximum aggregate amount payable by the Tenant to the Landlord on an annual basis is less than 5% and each of the annual cap is less than HK\$3,000,000, the transaction contemplated under the Tenancy Agreement constitutes a de minimis transaction pursuant to Rule 14A.76(1) and is fully exempt from reporting, announcement, annual review and independent Shareholders' approval requirements.

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by the Tenant will require the Group to recognize the Premises as a 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 and constitutes a connected transaction for the Company. As the relevant percentage ratios in respect of the right-of-use asset under the Tenancy Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Tenancy Agreement is subject to reporting and announcement requirements but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE TENANCY AGREEMENT

Date : 26 August 2021

Parties : The Landlord and the Tenant

Term : Three (3) years from 1 September 2021 to 31 August 2024 (both days inclusive)

Premises : G/F., Far East Consortium Building, 115 Des Voeux Road Central, Hong Kong, with a net floor area of approximately 1,078 square feet

Rent : The monthly rent (exclusive of government rent and rates, water charges, electricity charges, management fee and other outgoings) shall comprise:

- (a) basic rent: HK\$125,000; and
- (b) turnover rent: 3% of the monthly turnover of the Tenant's business conducted at the Premises. Notwithstanding the above, the Landlord agrees that the turnover rent payable by the Tenant for the following periods of the Term in any event shall not be more than the amount as specified below:

<u>Period</u>	<u>Maximum amount of turnover rent for relevant period</u>
	(HK\$)
(i) from 1/9/2021 to 31/3/2022	525,000
(ii) from 1/4/2022 to 31/3/2023	900,000
(iii) from 1/4/2023 to 31/3/2024	900,000
(iv) from 1/4/2024 to 31/8/2024	375,000

Deposit : HK\$500,000, being a sum equivalent to four (4) months' basic rent is payable to the Landlord and is refundable to the Tenant without interest when the tenancy expires.

## ANNUAL CAPS

According to the Tenancy Agreement, it is expected that the maximum aggregate amount payable by the Tenant to the Landlord would not exceed the annual caps as set out below:

	Annual Caps (HK\$)
For the period from 1 September 2021 to 31 March 2022	1,400,000
For the year ending 31 March 2023	2,400,000
For the year ending 31 March 2024	2,400,000
For the period from 1 April 2024 to 31 August 2024	1,000,000

The annual caps were determined based on (i) the basic rent stipulated in the Tenancy Agreement; and (ii) the expected maximum amount of turnover rent payable by the Tenant.

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

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement by the Tenant will require the Group to recognize the Premises as a 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, which will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. On the basis of the acquisition of right-of-use asset under the Tenancy Agreement, the aggregate amount to be recognized by the Group pursuant to HKFRS 16 is estimated to be approximately HK\$4.29 million.

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

To cope with the extremely challenging operating environment caused by the outbreak of the Coronavirus Disease 2019, the Group strives to explore new business opportunities to enhance its earning capability. The management considers that operating a food and beverage business at the Premises, which being situated at the central business district, will broaden the Group's sources of income and therefore is beneficial to the Group.

The terms of the Tenancy Agreement were determined after arm's length negotiations between the parties and with reference to the market rental for properties with similar size and location. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Tenancy Agreement are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In view of the relationship with the Landlord, Mr. Ko and Mrs. Ko have abstained from voting on the Board's resolutions relating to the Tenancy Agreement.

## **LISTING RULES IMPLICATIONS**

The Landlord is owned as to 95% by Mr. Ko and as to 5% by Colvin respectively. The Landlord is an associate of Mr. Ko and Mrs. Ko. Pursuant to Chapter 14A of the Listing Rules, the Landlord is a connected person of the Company. As the relevant percentage ratios in respect of the expected maximum aggregate amount payable by the Tenant to the Landlord on an annual basis is less than 5% and each of the annual cap is less than HK\$3,000,000, the transaction contemplated under the Tenancy Agreement constitutes a de minimis transaction pursuant to Rule 14A.76(1) and is fully exempt from reporting, announcement, annual review and independent Shareholders' approval requirements.

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circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **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 activities of the Company's subsidiaries are the provision of services relating to sales of air-tickets, hotel accommodation and other travel/wedding related products, sales of package tours, and frozen food and groceries, and investment in treasury activities.

## **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 food and beverage business.

## **INFORMATION OF THE LANDLORD**

The Landlord is a company incorporated in Hong Kong with limited liability which is principally engaged in property investment. It is owned as to 95% by Mr. Ko and as to 5% by Colvin respectively. Colvin is owned as to 4% by Mr. Ko, as to 94% by Mrs. Ko and as to 1% by each of Mr. Kelvin Ko and Mr. Chaplin Ko, respectively. The Landlord is an associate of Mr. Ko and Mrs. Ko. Pursuant to Chapter 14A of the Listing Rules, the Landlord is a connected person of the Company.

## **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
“Colvin”	Colvin & Horne Assets Management Limited 高燃資產管理有限公司, a company incorporated in Hong Kong with limited liability, which is owned as to 4% by Mr. Ko, as to 94% by Mrs. Ko and as to 1% by each of Mr. Kelvin Ko and Mr. Chaplin Ko, respectively
“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)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“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”	Central City International Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 95% by Mr. Ko and as to 5% by Colvin, respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chaplin Ko”	Mr. Ko Cheuk Wang, Chaplin, a son of Mr. Ko and Mrs. Ko
“Mr. Kelvin Ko”	Mr. Ko Chun Wang, Kelvin, a son of Mr. Ko and Mrs. Ko
“Mr. Ko”	Mr. Ko Wai Ming, Daniel, the Chairman and an Executive Director of the Company, a controlling shareholder of the Company, the spouse of Mrs. Ko and the father of Mr. Kelvin Ko and Mr. Chaplin Ko
“Mrs. Ko”	Ms. Cheng Hang Fan, the Chief Executive Officer and an Executive Director of the Company, a controlling shareholder of the Company, the spouse of Mr. Ko and the mother of Mr. Kelvin Ko and Mr. Chaplin Ko
“Premises”	G/F., Far East Consortium Building, 115 Des Voeux Road Central, 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 26 August 2021 for leasing of the Premises
“Tenant”	Another Food & Beverage Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Term” a term of three (3) years from 1 September 2021 to 31 August 2024 (both days inclusive)

“%” per cent

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

Hong Kong, 26 August 2021

*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. Chau Kwok Wing, Kelvin, Mr. Mak King Sau and Mr. Yung Ha Kuk, Victor.*