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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 PRELIMINARY TENANCY AGREEMENT**

PRELIMINARY TENANCY AGREEMENT

On 18 January 2024, the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord entered into the Preliminary Tenancy Agreement in respect of the leasing of the Premises for a fixed term of three (3) years commencing on 1 March 2024.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Company recognizes the value of the right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises. Accordingly, the lease transaction is 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 lease transaction contemplated under the Preliminary Tenancy Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction for the Company and is subject to announcement requirements under Chapter 14 of the Listing Rules.

THE PRELIMINARY TENANCY AGREEMENT

Date : 18 January 2024

Parties : (1) Ao Sheng 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 1 March 2024 and expiring on 28 February 2027 (both days inclusive)
- Premises : 5th Floor, Overseas Trust Bank Building, No.160 Gloucester Road, Hong Kong
- Rent : HK\$146,880 per calendar month (exclusive of government rent and rates and management fees), and the total rental payable is HK\$5,067,360 for the Term
- Rent free period : 46 days' rent free period from 1 March 2024 to 15 April 2024 (both days inclusive).

The Tenant shall be responsible for the government rent and rates, management fees 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 deposit of HK\$551,310, being a sum of equivalent to three (3) months' rent, management fees and air-conditioning fees and a quarter of government rent and rates, will be payable by the Tenant to the Landlord in the following manner:
- (a) HK\$183,770 was paid upon signing of the Preliminary Tenancy Agreement; and
 - (b) HK\$367,540 being balance of the deposit will be paid on or before 15 February 2024.
- Renewal : The Tenant is entitled to a right of renewal of the lease of the Premises for a further term of two (2) years, i.e. commencing on and from 1 March 2027 and expiring on 28 February 2029 (both days inclusive) at the prevailing market rent and the rental increment shall not exceed 5% in any event, from the expiration of the Term.
- Formal agreement : A formal tenancy agreement will be signed and executed by the Landlord and the Tenant on or before 15 February 2024.

THE RIGHT-OF-USE ASSET

The unaudited value of the right-of-use asset to be recognised by the Group under the Preliminary Tenancy Agreement amounted to approximately HK\$4.61 million, which is the present value of total rental payable at the inception of the lease term under the terms of the Preliminary Tenancy Agreement in accordance with HKFRS 16. Incremental borrowing rate of approximately 6.324% per annum is applied to compute the present value of total rental payable under the terms of the Preliminary 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 British Virgin Islands with limited liability which is principally engaged in property investment.

REASONS FOR AND BENEFIT OF ENTERING THE PRELIMINARY TENANCY AGREEMENT

The Premises will be occupied by the Group as its new headquarters. The tenancy of the Group's existing headquarters will expire in mid April 2024. With the increased headcount after the market recovery from the pandemic, the Directors consider that the Premises with a larger floor area could meet for the Group's operation needs.

The terms of the Preliminary 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 Preliminary 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.

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As the highest applicable percentage ratio for the Company in respect of the lease transaction contemplated under the Preliminary Tenancy Agreement exceeds 5% but is less than 25%, the transaction 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”	Ao Sheng Limited, a company incorporated in British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	5 th Floor, Overseas Trust Bank Building, No.160 Gloucester Road, 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
“Preliminary Tenancy Agreement”	the Preliminary Tenancy Agreement entered into between the Tenant and the Landlord on 18 January 2024 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 1 March 2024 and expiring on 28 February 2027 (both days inclusive)

“%” per cent

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

Hong Kong, 18 January 2024

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. Tse Kam Tim.