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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
RELATING TO THE ACQUISITION OF 19.5% OF
THE ISSUED SHARES IN THE TARGET COMPANY**

The Board is pleased to announced that on 27 March 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor and Mr. Wo pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares of the Target Company at a consideration of HK\$400,000 and Mr. Wo shall be the guarantor of the Vendor.

Prior to the date of this announcement, the Purchaser and the Vendor entered into the Previous SPA on 30 October 2018, pursuant to which the Purchaser acquired from the Vendor 10.5% equity interest of the Target Company at a consideration of HK\$150,150.

LISTING RULES IMPLICATIONS

The Target Company, an indirect non wholly-owned subsidiary of the Company, is owned as to 19.5% by the Vendor and therefore the Vendor is a substantial shareholder of the Target Company which is regarded as a connected person at the subsidiary level pursuant to Chapter 14A of the Listing Rules. The transaction contemplated under the Previous SPA was a de minimis transaction and therefore exempted from reporting, announcement and independent shareholders' approval requirements. However, the transactions contemplated under the Agreement in aggregate with the Previous SPA pursuant to Rule 14A.82 of the Listing Rules constitute a connected transaction for the Company as the relevant applicable percentage ratios (as defined under the Listing Rules) in relation to the Agreement exceeds 5% but less than 25%, the transactions contemplated under the Agreement is therefore subject to the reporting and announcement requirements but are exempt from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announced that on 27 March 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor and Mr.

Wo pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares of the Target Company at a consideration of HK\$400,000 and Mr. Wo shall be the guarantor of the Vendor.

Principal terms of the Agreement are set out below:

THE AGREEMENT

Date : 27 March 2019

- Parties : (1) Travel Expert Enterprises Limited, as the Purchaser (an indirect wholly-owned subsidiary of the Company);
- (2) Charm Bright International Limited, as the Vendor (which owns 19.5% equity interest of the Target Company and regarded as a connected person of the Company at the subsidiary level); and
- (3) Mr. Wo, as the Vendor's Guarantor.

Subject matter

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares of the Target Company at a consideration of HK\$400,000.

Prior to the date of this announcement, the Purchaser and the Vendor entered into the Previous SPA on 30 October 2018, pursuant to which the Purchaser acquired from the Vendor 10.5% equity interest of the Target Company at a consideration of HK\$150,150.

The Consideration was determined after arm's length negotiation between the parties with reference to (i) the business prospects of the Target Company, the market trends and strategic benefits of the Acquisition to the Group; and (ii) the reasons for and benefits of the Acquisition as described under the paragraph headed "Reasons for and Benefits of the Acquisition" in this announcement below.

The Consideration shall be paid in full at Completion by the Purchaser to the Vendor by the internal resources of the Group.

Conditions precedent

Completion of the Agreement is conditional upon the obtaining of the consent or approval for the change of ownership or control of the Target Company from the Registrar of Travel Agents.

Completion

Completion shall take place on or before 31 March 2019 or such other date as the parties may agree.

Guarantee

Mr. Wo, holding 100% equity interest of the Vendor and being the Vendor's Guarantor, guarantees in favour of the Purchaser (i) the due performance and observance by the Vendor of all its liabilities and obligations under the Agreement, and (ii) the payment to the Purchaser of all losses, damages and liabilities which may be suffered or incurred by the Purchaser as a result of any breach by the Vendor of any of the terms of the Agreement.

INFORMATION OF THE PARTIES

The Purchaser, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding.

The Vendor is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding.

Mr. Wo, a director of the Target Company and currently employed by the Group as Executive Director – Tour & Cruise Business, owns 100% of the issued shares in the Vendor.

INFORMATION OF THE TARGET COMPANY

The Target Company is owned as to 80.5% by the Purchaser and owned as to 19.5% by the Vendor as at the date of this announcement and is a company incorporated in Hong Kong with limited liability. The principal activity of the Target Company is travel and travel related business.

The total liabilities and the total assets of the Target Company as at 31 March 2018 are approximately HK\$21,300,268 and HK\$6,530,089 respectively.

The financial results of the Target Company as extracted from the audited accounts for the two financial years ended 31 March 2017 and 2018 are as follows:

	For the year ended 31 March	
	2018	2017
	(audited)	(audited)
	(HK\$)	(HK\$)
Revenue	106,409,372	73,049,999
Loss before taxation	(3,489,647)	(2,634,657)
Loss after taxation	(3,489,647)	(2,634,657)
Net liabilities	(14,770,179)	(11,280,532)

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its results will continue to be consolidated into the financial results of the Group.

REASONS FOR AND BENEFITS OF THE AGREEMENT

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 travel packages, products and services.

The Target Company is focused on operating high-end long haul tour business. As reported in previous interim and annual reports of the Company, with the Group's continuous efforts in promoting its business and enhancing its brand awareness, it recorded a considerable growth in the sales volume and number of customers since its commencement in travel business in 2014. The Acquisition is in line with the Group's strategy to diversify its business by expanding its package tour business, and further strengthening its competitive advantages. In addition, the Acquisition represents a good investment opportunity for gaining full control of the Target Company by utilizing the Group's surplus fund.

The Directors (including the independent non-executive Directors) considered that the Agreement is of normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Target Company, an indirect non wholly-owned subsidiary of the Company, is owned as to 19.5% by the Vendor and therefore the Vendor is a substantial shareholder of the Target Company which is regarded as a connected person at the subsidiary level pursuant to Chapter 14A of the Listing Rules. The transaction contemplated under the Previous SPA was a de minimis transaction and therefore exempted from reporting, announcement and independent shareholders' approval requirements. However, the transactions contemplated under the Agreement in aggregate with the Previous SPA pursuant to Rule 14A.82 of the Listing Rules constitute a connected transaction for the Company. As the relevant applicable percentage ratios (as defined under the Listing Rules) in relation to the Agreement exceeds 5% but less than 25%, the transactions contemplated under the Agreement is therefore subject to the reporting and announcement requirements but are exempt from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

As no Director has a material interest in the Acquisition, no Director is required to abstain from voting on the Board resolution approving the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 27 March 2019 entered into between the Purchaser, the Vendor and Mr. Wo relating to

	the Acquisition
“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)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions of the Agreement
“Consideration”	the consideration for the Acquisition of HK\$400,000
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wo”	Mr. Wo Yu Wai, a director of the Target Company and currently employed by the Group as Executive Director – Tour & Cruise Business, owns 100% of the issued shares in the Vendor.
“Previous SPA”	the sale and purchase agreement entered into between the Purchaser and the Vendor on 30 October 2018 for the acquisition by the Purchaser 10.5% equity interest of the Target Company
“Purchaser”	Travel Expert Enterprises Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Sale Shares”	195,000 ordinary shares (representing 19.5% equity interest of the Target Company) of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Premium Holidays Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 80.5% by the Purchaser and owned as to 19.5% by the Vendor as at the date

of this announcement and therefore is an indirect non wholly-owned subsidiary of the Company

“Vendor”

Charm Bright International Limited, a company established in Hong Kong with limited liability, holds 19.5% equity interest of the Target Company

“0%”

per cent

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

Hong Kong, 27 March 2019

As at the date of this announcement, the Executive Directors of the Company are Mr. Ko Wai Ming, Daniel, Ms. Cheng Hang Fan, Mr. Kam Tze Ming, Alfred and Mr. Chan Wan Fung; and the Independent Non-executive Directors of the Company are Mr. Mak King Sau, Mr. Szeto Chi Man and Mr. Yung Ha Kuk, Victor.