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## CONNECTED TRANSACTIONS

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### OVERVIEW

During the Track Record Period, our Group entered into certain transactions with connected persons of our Company. These transactions will continue and constitute continuing connected transactions (as defined under Chapter 20 of the GEM Listing Rules) of our Company upon Listing.

Set out below is a summary of the continuing connected transactions:

Item No.	Type of connected transaction	Connected person(s)	Nature of transaction(s)	Approximate historical transaction amounts		
				Year ended 31 March		Three months ended 30 June
				2015 (HK\$'000)	2016 (HK\$'000)	2016 (HK\$'000)
1.	Services framework agreement	HCNY Consultancy Limited (“ <b>HCNY</b> ”)	Provision of event organising services	373	343	66
2.	Services framework agreement	JCS	Provision of tour bus services	12,314	13,622	3,765
3.	Services framework agreement	Y’s	Provision of reservation services	2,610	2,398	647
4.	Tenancy agreements	Sky Right Investment Limited (“ <b>Sky Right</b> ”)	Property leasing	2,712	2,712	678

### RELATIONSHIP BETWEEN OUR GROUP AND OUR CONNECTED PERSONS

The following individuals/entities will be connected persons of our Company under the GEM Listing Rules upon Listing:

#### **Ms. Chan**

Ms. Chan is a Controlling Shareholder, an executive Director and a director of each of PTHK and Worldwide Package. Accordingly, Ms. Chan is a connected person of our Company under the GEM Listing Rules.

#### **Mr. SK Yuen**

Mr. SK Yuen is a Controlling Shareholder, an executive Director and a director of PTHK. Accordingly, Mr. SK Yuen is a connected person of our Company under the GEM Listing Rules.

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### Mr. CN Yuen

Mr. CN Yuen is a Controlling Shareholder, an executive Director and a director of Worldwide Package. Accordingly, Mr. CN Yuen is a connected person of our Company under the GEM Listing Rules.

### HCNY

HCNY is a limited liability company incorporated in Hong Kong the business of which includes trading and provision of event organising services. It is owned as to 99.75% by Ms. Chan and as to 0.25% by Mr. CN Yuen, each a Controlling Shareholder. Therefore, HCNY is a connected person of our Company under the GEM Listing Rules.

### JCS

JCS is a limited liability company incorporated in Japan the business of which includes the provision of tour bus services in Japan. It is wholly and beneficially owned by Mr. Yuen Chun Yu Adrian, who is a son of Ms. Chan and Mr. SK Yuen, and the brother of Mr. CN Yuen. As such, JCS is an associate of our Controlling Shareholders and hence a connected person of our Company under the GEM Listing Rules.

### Y's

Y's is a limited liability company incorporated in Japan which business includes the provision of reservation services in Japan. It is wholly and beneficially owned by Mr. Yuen Chun Yu Adrian. As such, Y's is an associate of our Controlling Shareholders and hence a connected person of our Company under the GEM Listing Rules.

### Sky Right

Sky Right is a limited liability company incorporated in Hong Kong the business of which includes property investment. It is owned as to 90% and 10% by Ms. Chan and Mr. SK Yuen respectively. Accordingly, Sky Right is an associate of our Controlling Shareholders and hence a connected person of our Company under the GEM Listing Rules.

## EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will be regarded as exempt continuing connected transactions of our Company under Chapter 20 of the GEM Listing Rules.

### 1. Property lease agreements

#### (i) PTHK

##### *Background and principal terms*

During the Track Record Period, PTHK, as tenant, had entered into a property lease agreement with Sky Right, as landlord, for renting office premises located at Unit 706-708, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the “**PTHK Premises**”)

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as its corporate headquarters. The relevant historical rents paid by our Group to Sky Right under the lease for the Track Record Period were approximately HK\$1.8 million, HK\$1.8 million and HK\$0.5 million respectively.

On 1 August 2016, PTHK, as tenant, entered into a property lease agreement with Sky Right, as landlord (the “**PTHK Tenancy Agreement**”), which superseded the then subsisting lease agreement, for a term commencing from 1 August 2016 and ending on 31 March 2019 in respect of the leasing of the PTHK Premises as its corporate headquarters at a monthly rent of HK\$158,000 (which is payable on the first day of each and every calendar month). The rent was arrived at after arm’s length negotiations between PTHK and Sky Right with regard to the prevailing market rent.

At any time during the term of the PTHK Tenancy Agreement, either party may give the other not less than 30 days’ prior written notice to terminate the agreement. There is no option to renew the PTHK Tenancy Agreement.

*Annual caps for the three financial years ending 31 March 2019*

For the three financial years ending 31 March 2017, 2018 and 2019, the maximum annual transaction amount shall not exceed HK\$1.9 million, HK\$1.9 million and HK\$1.9 million respectively based on the fixed monthly rent payable for the PTHK Premises under the PTHK Tenancy Agreement.

(ii) *Worldwide Package*

*Background and principal terms*

During the Track Record Period, Worldwide Package, as tenant, had entered into a property lease agreement with Sky Right, as landlord, for renting office premises located at Rooms 703 and 705, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the “**Worldwide Package Premises**”) as its office. The relevant historical rents paid by our Group to Sky Right under the lease for the Track Record Period were approximately HK\$0.9 million, HK\$0.9 million and HK\$0.2 million respectively.

On 1 August 2016, Worldwide Package, as tenant, entered into a property lease agreement with Sky Right, as landlord (the “**Worldwide Package Tenancy Agreement**”, which superseded the then subsisting lease agreement and with the PTHK Tenancy Agreement collectively as the “**Tenancy Agreements**”), for a term commencing from 1 August 2016 and ending on 31 March 2019 in respect of the leasing of the Worldwide Package Premises as its office at a monthly rent of HK\$77,000 (which is payable on the first day of each and every calendar month). The rent was arrived at after arm’s length negotiations between Worldwide Package and Sky Right with regard to the prevailing market rent.

At any time during the term of the Worldwide Package Tenancy Agreement, either party may give the other not less than 30 days’ prior written notice to terminate the agreement. There is no option to renew the Worldwide Package Tenancy Agreement.

*Annual caps for the three financial years ending 31 March 2019*

For the three financial years ending 31 March 2017, 2018 and 2019, the maximum annual transaction amount shall not exceed HK\$1.0 million, HK\$1.0 million and HK\$1.0 million respectively based on the fixed monthly rent payable for the Worldwide Package Premises under the Worldwide Package Tenancy Agreement.

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### *Reasons for and benefits of entering into the Tenancy Agreements*

The PTHK Premises and the Worldwide Package Premises (collectively the “**Premises**”) have been occupied by our Group as its offices. Having considered the rentals of comparable offices in the nearby location, and the relocation costs which our Group may incur if we move out of the Premises, our Directors consider that it is desirable and in the interests of our Company and our Shareholders as a whole to continue using the Premises as offices as it allows us to maintain the stable operation of our Group.

Our Directors confirm that the leases of the Premises during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group’s ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

## **2. Provision of reservation services in Japan**

### *Background and principal terms*

During the Track Record Period, Y’s provided reservation services (the “**Reservation Services**”) to our Group, which include reservation of (i) hotels; (ii) restaurants; and (iii) theme parks and vacation spots in Japan (except for Okinawa). We use the Reservation Services provided by Y’s for our Group’s package tours and booking hotel accommodation for FIT customers from time to time. The relevant historical transaction amounts payable by our Group to Y’s for the provision of the Reservation Services for the Track Record Period were approximately HK\$2.6 million, HK\$2.4 million and HK\$647,000 respectively, representing approximately 0.6%, 0.6% and 0.8% of our Group’s total purchases during the corresponding periods. The service fee paid during the Track Record Period was fixed at JPY36 million per annum. The fluctuation in the transaction amounts was solely due to the fluctuation in the exchange rate between JPY and HKD.

On 21 December 2016, Y’s entered into a services framework agreement (the “**Y’s Services Framework Agreement**”) with PTHK to supersede the framework agreement entered into between our Group and Y’s dated 1 January 2012 in relation to the Reservation Services, pursuant to which Y’s agreed to provide, on a non-exclusive basis, the Reservation Services.

Pursuant to the Y’s Services Framework Agreement, the service charge shall be fixed at JPY3 million per month which was agreed at arm’s length negotiations between our Group and Y’s taking into consideration the estimated administration cost that our Group may incur should we carry out such function on our own. Our Group shall pay the fees at the end of each calendar month. Our Directors confirmed that the transactions with Y’s during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group’s ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

The term of the Y’s Services Framework Agreement will commence on the Listing Date and expire on 31 March 2019 (both dates inclusive).

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### *Reasons for and benefits of entering into the Y's Services Framework Agreement*

Y's has been providing the Reservation Services to our Group since January 2012. Taking into account (i) that it is more efficient for a local team to liaise with the suppliers in Japan; (ii) the costs, time and resources required to identify and select another reservation agent; (iii) that either party may terminate the Y's Services Framework Agreement by serving a notice of not less than 30 days to the other; and (iv) the stable business relationship between Y's and our Group, our Directors consider that the entering into of the Y's Services Framework Agreement would allow our Group to enjoy the stable supply of Reservation Services for our business.

### *Annual caps for the three financial years ending 31 March 2019*

Our Directors estimate that the annual fees under the Y's Services Framework Agreement payable by our Group for each of the three financial years ending 31 March 2019 will not exceed HK\$2.9 million. In determining the annual caps, our Directors have considered (i) the fixed monthly service fee set out in the Y's Services Framework Agreement; and (ii) the buffer for appreciation in the value of JPY against HKD.

### **3. Provision of event organising services**

#### *Background and principal terms*

During the Track Record Period, HCN Y provided event organising services to our Group (the "**Organising Services**"), which included provision of venue and refreshments for consumption by participants of our tour tea gatherings and travel seminars. The relevant historical transaction amounts paid by our Group to HCN Y for the provision of the Organising Services for the Track Record Period were approximately HK\$0.4 million, HK\$0.3 million and HK\$66,000 respectively, representing approximately 0.1%, 0.1% and 0.1% of our Group's total purchases during the corresponding periods. The payment amounts were determined based on a fixed fee per participant times the number of expected participants estimated by our Group. The amount decreased from the year ended 31 March 2015 to the year ended 31 March 2016 was in line with the decrease in the number of participants of our tour tea gatherings and travel seminars.

On 21 December 2016, HCN Y entered into a services framework agreement (the "**HCN Y Services Framework Agreement**") with PTHK, pursuant to which HCN Y agreed to provide the Organising Services for the tour tea gatherings and travel seminars organised by our Group from time to time.

Pursuant to the HCN Y Services Framework Agreement, the service charge shall be a fixed fee per participant times the number of expected participants which was agreed at arm's length negotiations between our Group and HCN Y with reference to the cost of provision of the Organising Services by HCN Y, including the costs of refreshments. Our Group shall pay the charges upon receipt of the invoice. Our Directors confirmed that the transactions with HCN Y during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

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The terms of the HCN Y Services Framework Agreement will commence on the Listing Date and expire on 31 March 2019 (both dates inclusive).

### *Reasons for and benefits of entering into the HCN Y Services Framework Agreement*

HCN Y has been providing the Organising Services for the tour tea gatherings and travel seminars organised by our Group since November 2000. Taking into account (i) that there is limited supply of similar service providers in the market; (ii) that our Group can save manpower and resources for arranging tour tea gatherings and travel seminars; and (iii) the stable business relationship between HCN Y and our Group, our Directors consider that the entering into of the HCN Y Services Framework Agreement would allow our Group to enjoy the stable supply of Organising Service for our business.

### *Annual caps for the three financial years ending 31 March 2019*

Our Directors estimate that the annual fees under the HCN Y Services Framework Agreement payable by our Group for each of the three financial years ending 31 March 2019 will not exceed HK\$0.4 million. In determining the annual caps, our Directors have considered (i) the historical fees paid to HCN Y in relation to the Organising Services; and (ii) the historical attendance of our tour tea gatherings and travel seminars.

### **GEM Listing Rules implications**

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (other than the profit ratio) as prescribed under Chapter 20 of the GEM Listing Rules of transactions contemplated under the Tenancy Agreements in aggregate, and each of the Y's Services Framework Agreement and HCN Y Services Framework Agreement on an annual basis will be less than 5% and each of the total consideration will be less than HK\$3 million, hence the continuing connected transactions contemplated thereunder are exempt from the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that the continuing connected transactions under the Tenancy Agreements, the Y's Services Framework Agreement and the HCN Y Services Framework Agreement as described above have been entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms, the terms of the Tenancy Agreements, the Y's Services Framework Agreement and the HCN Y Services Framework Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

#### **Provision of tour bus services in Japan**

##### *Background and principal terms*

During the Track Record Period, JCS provided certain tour bus services, inclusive of charter and non-charter buses, drivers and fuel, in Japan (except Okinawa) for our Group's package tours

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(the “**Tour Bus Services**”). The relevant historical transaction amounts paid by our Group to JCS for the provision of the Tour Bus Services for the Track Record Period were approximately HK\$12.3 million, HK\$13.6 million and HK\$3.8 million respectively, representing approximately 2.8%, 3.2% and 4.6% of our Group’s total purchases during the corresponding periods. The amounts increased from the year ended 31 March 2015 to the year ended 31 March 2016 mainly due to the increased number of our customers to the regions in Japan which we normally procured the Tour Bus Services from JCS.

On 21 December 2016, JCS entered into a services framework agreement (the “**JCS Services Framework Agreement**”) with PTHK to supersede the framework agreement entered into between our Group and JCS dated 1 January 2012 in relation to the Tour Bus Services, pursuant to which JCS agreed to provide, on a non-exclusive basis, the Tour Bus Services as requested by our Group from time to time.

Pursuant to the JCS Services Framework Agreement, the service charges shall be determined at arm’s length negotiations between our Group and JCS with reference to the then prevailing market rate of similar services and that in any event shall be no less favourable to our Group than that offered by Independent Third Parties and not less than the applicable minimum rate as calculated with reference to the formula for charter bus fees as specified by the relevant government authority in Japan. Our Group shall pay the fees upon receipt of the invoice. Our Directors confirmed that the transactions with JCS during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group’s ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

The term of the JCS Services Framework Agreement will commence on the Listing Date and expire on 31 March 2019 (both dates inclusive).

### *Reasons for and benefits of entering into the JCS Services Framework Agreement*

JCS has been providing the Tour Bus Services to our Group since January 2012 for our Group’s Japan bound tours (except Okinawa). Taking into account (i) the costs, time and resources required to identify and select new tour bus service provider; (ii) that either party may terminate the JCS Services Framework Agreement by serving a notice of not less than 30 days to the other; and (iii) the stable business relationship between JCS and our Group, our Directors consider that the entering into of the JCS Services Framework Agreement would allow our Group to enjoy the stable supply of Tour Bus Services for our business.

### *Annual caps for the three financial years ending 31 March 2019*

Our Directors estimate that the annual fees under the JCS Services Framework Agreement payable by our Group for each of the three financial years ending 31 March 2019 will not exceed HK\$15.3 million, HK\$16.0 million and HK\$17.1 million respectively.

In determining the annual caps, our Directors have considered (i) the historical transaction amounts; (ii) the projected increase in demand for the services compared to the Track Record Period, commensurate with the expected growth of the business of our Group; and (iii) the buffer for appreciation in the value of JPY against HKD.

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Our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that the continuing connected transactions under the JCS Services Framework Agreement as described above have been and will be entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms, and the terms of the JCS Services Framework Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### *GEM Listing Rules implications*

Pursuant to the GEM Listing Rules, the highest applicable percentage ratio (other than profit ratio) as prescribed under Chapter 20 of the GEM Listing Rules, calculated will be more than 5% but less than 25% and the total consideration is not less than HK\$10,000,000 on an annual basis. Under the GEM Listing Rules, the transactions contemplated under the JCS Services Framework Agreement will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

### **WAIVER APPLICATION FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

As the continuing connected transaction under the JCS Services Framework Agreement described above are expected to continue on a recurring basis following completion of the Share Offer, which have been entered into prior to the date of Listing and fully disclosed in this prospectus and have been and will be entered into and are conducted in the ordinary and usual course of our Group's business and on normal commercial terms that are beneficial to our Company and our Shareholders as a whole and are fair and reasonable, the Directors consider that strict compliance with the announcement and independent shareholders' approval requirements under the GEM Listing Rules would be impracticable, unduly burdensome and would add unnecessary administrative costs to our Company each time when such transaction arises.

Accordingly, our Company, pursuant to Rule 20.103 of the GEM Listing Rules, has applied to the Stock Exchange for and the Stock Exchange has granted waivers from strict compliance with the announcement and shareholders' approval requirements in respect of the continuing connected transaction described above for the three years ending 31 March 2019, provided that the annual transaction amounts in respect of such continuing connected transaction do not exceed the respective annual caps. Our Company will comply with other applicable provisions set out in Chapter 20 of the GEM Listing Rules in relation to each respective continuing connected transaction of our Group. In the event of any further amendments to the GEM Listing Rules imposing more stringent requirements, our Company will take appropriate steps to ensure compliance with such requirements within a reasonable period of time.