



CTEH INC.
加達控股有限公司

(Incorporated in Ontario, Canada and continued in the Cayman Islands with limited liability)
(Stock Code: 1620)

Executive Directors:

Mrs. Rita Pik Fong Tsang
Ms. Annie Shuk Fong Tsu

Non-executive Director:

Dr. Kwok Chun Dennis Chu

Independent non-executive Directors:

Dr. Michael Edward Ricco
Mrs. Kitty Yuk Yee Yeung
Mr. Sik Yuen Lau

Registered Office:

4th Floor, Harbour Place
103 South Church Street
PO Box 10240
Grand Cayman, KY1-1002
Cayman Islands

*Principal Place of Business in
Hong Kong:*

31st Floor, 148 Electric Road
North Point Hong Kong

28 June 2021

To the Independent Shareholders:

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF
TOMORROW EDUCATION TECHNOLOGY LIMITED TO ACQUIRE ALL
THE ISSUED SHARES OF CTEH INC. (OTHER THAN THOSE OWNED
AND/OR AGREED TO BE ACQUIRED BY TOMORROW EDUCATION
TECHNOLOGY LIMITED AND PARTIES ACTING
IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Share Offer.

Sale and Purchase Agreement

On 5 June 2021, the Company was informed by the First Vendor, the Second Vendor and the Third Vendor that the Offeror as the Purchaser, has entered into the Sale and Purchase Agreement with, among others, the Vendors as the Vendors, pursuant to which the Offeror agreed to acquire 270,000,000 Shares from the First Vendor, 90,000,000 Shares from the Second Vendor, and 540,000,000 Shares from the Third Vendor, representing a total of 900,000,000 Shares (equivalent to 75.0% of the total issued share capital of the Company as at the date of the Joint Announcement) for a consideration of an aggregated amount of HK\$205 million, equivalent to approximately HK\$0.2278 per Sale Share, which was agreed between the Offeror and the Vendors after arm's length negotiations. There is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendors, their respective ultimate beneficial owners and/or any parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares, save for the consideration to be paid by the Offeror to the Vendors.

Completion under the Sale and Purchase Agreement took place on 10 June 2021. Immediately after the Acquisitions and as at the Latest Practicable Date, the Offeror was interested in 900,000,000 Shares, representing 75.0% of the total issued share capital of the Company. The Offeror is therefore required to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code.

Independent Board Committee and Independent Financial Adviser

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee was formed in accordance with Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders in respect of the Share Offer, as to whether the Share Offer is fair and reasonable and as to the acceptance of the Share Offer. Given that Dr. Kwok Chun Dennis Chu, the non-executive Director, who wholly-owns the Second Vendor and he is considered to have conflict of interest, the Independent Board Committee comprises of all the independent non-executive Directors, being Dr. Michael Edward Ricco, Mrs. Kitty Yuk Yee Yeung, and Mr. Sik Yuen Lau.

As disclosed in the Joint Announcement, Octal Capital Limited has been appointed, with approval of the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee on the Share Offer.

Further details of the Share Offer are set out in the "Letter from CCBI" and Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance and Transfer.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among other things, information relating to the Company and the Share Offer, the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Share Offer and as to the acceptance of the Share Offer, and the advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Share Offer.

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from CCBI”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document and the accompanying Form of Acceptance and Transfer and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Share Offer.

THE SHARE OFFER

Principal terms of the Share Offer

CCBI is making the Share Offer for and on behalf of the Offeror, to acquire the Offer Shares on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$ 0.2278 in cash

The Share Offer is not conditional upon any minimum level of acceptance of the Share Offer and is unconditional in all aspects. The Share Offer will close on Monday, 19 July 2021 unless the Offeror revises or extends the Share Offer in accordance with the Takeovers Code.

The Share Offer Price of HK\$0.2278 for each Offer Share is the same as the price paid for each Sale Share by the Offeror to the Vendors pursuant to the Sale and Purchase Agreement.

Based on the Share Offer Price of HK\$0.2278 for each Offer Share and 1,200,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$273,340,000.

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made, being the date of despatch of this Composite Document, other than those Shares already held by the Offeror and persons acting in concert with it.

As at the Latest Practicable Date, there were 1,200,000,000 Shares in issue and the Offeror and parties acting in concert with it held in aggregate 900,000,000 Shares, representing 75.0% of the total issued share capital of the Company, and the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. The Company does not have any dividend and/or other distribution and/or other return of capital that is announced, declared or paid in respect of the

Shares as at the date of the despatch of the Composite Document. The Company also has no plan to make any distribution or declare dividends before the close of the Share Offer. The Offer is unconditional in all aspects. Acceptance of the Share Offer would be irrevocable and would not be capable of being withdrawn, subject to the provision of the Takeovers Code.

Your attention is drawn to the further details of the Share Offer, including the procedures for acceptance of the offer, settlement and acceptance period, as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance and Transfer.

INFORMATION OF THE COMPANY AND THE GROUP

The Company was incorporated in Ontario, Canada and continued in the Cayman Islands with limited liability and its issued shares have been listed on Main Board of the Stock Exchange since 28 June 2018.

The principal activity of the Company is investment holding. The Group is engaged in air ticket distribution, travel business process management and travel products and services in Canada and the United States.

Financial information of the Group

Set out below is a summary of the audited financial information of the Group for each of the two financial years ended 31 December 2019 and 2020 as extracted from the annual report of the Company for the year ended 31 December 2020:

	For the year ended	
	31 December	
	2019	2020
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	112,141	51,605
Profit/(loss) before taxation	15,515	(54,116)
Profit/(loss) for the year	10,747	(48,061)
	As at 31 December	
	2019	2020
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	252,574	139,460
Total liabilities	85,428	25,595
Net assets	167,146	113,865

Your attention is drawn to the further financial information of the Group set out in Appendix II to this Composite Document as required under the Takeovers Code.

Shareholding structure of the Company before and after the Completion

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$9,000,000 divided into 90,000,000,000 ordinary shares, and there are 1,200,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or convertible rights affecting the Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or convertible rights.

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

Shareholders	Nature of Interest	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
		No. of Shares	Approximate %	No. of Shares	Approximate %
The Offeror	Beneficial owner	—	—	900,000,000	75.0%
The First Vendor (Note 1)	Beneficial owner	270,000,000	22.5%	—	—
Ms. Tsu (Note 1)	Interest of a controlled corporation	270,000,000	22.5%	—	—
The Second Vendor (Note 2)	Beneficial owner	90,000,000	7.5%	—	—
Dr. Chu (Note 2)	Interest of a controlled corporation	90,000,000	7.5%	—	—
The Third Vendor (Note 3)	Beneficial owner	540,000,000	45.0%	—	—
Mrs. Tsang (Note 3)	Beneficial owner	540,000,000	45.0%	—	—
Public Shareholders	Beneficial owner	300,000,000	25.0%	300,000,000	25.0%
Total		1,200,000,000	100.0%	1,200,000,000	100.0%

Notes:

Note 1: The First Vendor is indirectly wholly-owned by Ms. Annie Shuk Fong Tsu (“Ms. Tsu”). By virtue of the SFO, Ms. Tsu is deemed to be interested in the Shares held by the First Vendor.

Note 2: The Second Vendor is indirectly wholly-owned by Dr. Kwok Chun Dennis Chu (“Dr. Chu”). By virtue of the SFO, Dr. Chu is deemed to be interested in the Shares held by the Second Vendor.

Note 3: The Third Vendor is beneficially and wholly-owned by Rita Tsang Group Holdings Inc., which is in turn controlled by Mrs. Rita Pik Fong Tsang (“Mrs. Tsang”), where Mrs. Tsang is entitled to exercise 90.9% of its voting rights. By virtue of the SFO, Mrs. Tsang is deemed to be interested in the Shares held by the Third Vendor.

For further details of the financial and general information of the Group, please refer to Appendix II and Appendix III to this Composite Document. You are advised to read the “Letter from the Independent Financial Adviser” in this Composite Document in relation to the implications of the Share Offer.

INFORMATION OF THE OFFEROR AND ITS INTENTIONS REGARDING THE GROUP

Your attention is drawn to the paragraphs headed “Information on the Offeror” and “Intention of the Offeror in relation to the Group” in the “Letter from CCBI” as set out on page 12 of this Composite Document. The Board is aware of the intentions of the Offeror regarding the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Independent Shareholders as a whole. The Board is aware that: 1) the Offeror intends to continue the existing business of the Company and has no intention to dispose of the Company’s businesses immediately after completion of the Share Offer but it will, following the closing of the Share Offer, conduct a detailed review of the operations of the existing business and asset base and broaden its income stream; 2) during the Offer Period, each of the Company and the Offeror has no intention and no anticipation to further expand and/or divest the existing businesses of the Company should appropriate opportunities arise; and 3) as of the Latest Practicable Date, the Offeror has no plan of injecting any of its assets into the Company (but any proposed injection of assets in the future will be made in compliance with the Listing Rules) or redeploying the employees and fixed assets of the Company other than in the ordinary course of business. However, the Board is also aware that the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimise the value of the Group.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, if, at the closing of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25.0% of the issued share capital of the Company, are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon closing of the Share Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. Each of the directors of the Offeror and the new directors to be appointed to the Board will joint and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Share Offer. The Board noted from the “Letter from CCBI” in this Composite Document that the Offeror intends the Company to remain listed on the Stock Exchange after the closing of the Share Offer. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors, being Dr. Michael Edward Ricco, Mrs. Kitty Yuk Yee Yeung, and Mr. Sik Yuen Lau has been formed to advise the Independent Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer.

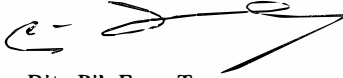
Your attention is drawn to the (i) “Letter from the Independent Board Committee” as set out on pages 26 to 27 of this Composite Document; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 28 to 46 of this Composite Document containing their respective advice and recommendation in respect of the Share Offer and principal factors considered by them in arriving at their advice and recommendation. The Independent Shareholders are recommended to read these letters carefully before taking any action in respect of the Share Offer.

In considering what actions to take in connection with the Share Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your own professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document which form part of this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document together with the accompanying Form of Acceptance and Transfer for further details in respect of the procedures for acceptance of the Share Offer.

Yours faithfully,
For and on behalf of the Board of
CTEH INC.
加達控股有限公司



Mrs. Rita Pik Fong Tsang
Chairperson and executive Director