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# EGL Holdings Company Limited
# 東瀛遊控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6882)**

# ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

## GROUP FINANCIAL HIGHLIGHTS

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2021** | 2020 (Restated) | Change in % |
| | ***HK$'000*** | *HK$'000* | |
| Revenue | **44,578** | 249,771 | -82.2% |
| Gross loss[(1)] | **(29,177)** | (12,795) | 128.0% |
| Loss attributable to owners of the Company | **(155,635)** | (108,760) | 43.1% |
| Loss per share | | | |
| Basic and diluted *(HK cents)* | **(30.98)** | (21.65) | |
| Profit margin | | | |
| Gross profit margin[(2)] | **-65.5%** | -5.1% | |
| Operating profit margin | **-413.8%** | -57.1% | |
| Net profit margin | **-349.1%** | -43.5% | |
| Return on equity attributable to owners of the Company | **-125.6%** | -43.1% | |
| Gearing ratio | | | |
| Total borrowings over total assets | **76.6%** | 64.2% | |
| Net debts over equity | **493.0%** | 252.3% | |

(1) *Comparative figure has been reclassified to conform to the presentation of the current year.*

(2) *Certain comparative figure has been reclassified to conform to the presentation of the current year and the corresponding ratio was re-calculated accordingly.*

The board (the "Board") of directors (the "Directors") of EGL Holdings Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Year") together with comparative figures of 2020 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2021*

| | Notes | 2021 HK$'000 | 2020 (Restated, *Note 17*) HK$'000 |
|---|---|---|---|
| **Revenue** | *5* | **44,578** | 249,771 |
| Cost of sales | | **(73,755)** | (262,566) |
| **Gross loss** | | **(29,177)** | (12,795) |
| Other income, gains and losses, net | *5* | **11,313** | 14,452 |
| Selling expenses | | **(29,081)** | (38,625) |
| Administrative expenses | | **(103,569)** | (103,309) |
| Other operating expenses | *6* | **(33,452)** | (1,277) |
| Share of results of associates | | **(513)** | (1,053) |
| Finance costs | *6* | **(14,854)** | (6,992) |
| **Loss before income tax** | *6* | **(199,333)** | (149,599) |
| Income tax credit | *7* | **42,908** | 39,925 |
| **Loss for the year** | | **(156,425)** | (109,674) |
| **Other comprehensive income, that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | | **(24,574)** | 10,171 |
| Share of exchange differences on translation of foreign associates | | **(2,977)** | 674 |
| Reclassification of exchange difference on deregistration of foreign operation | | **–** | (789) |
| Effect on cash flow hedge, net of tax | | **753** | 459 |
| Other comprehensive income for the year, net of tax | | **(26,798)** | 10,515 |
| **Total comprehensive income for the year, net of tax** | | **(183,223)** | (99,159) |

| | Notes | **2021** HK$'000 | 2020 HK$'000 |
|---|---|---|---|
| **Loss for the year attributable to:** | | | |
| Owners of the Company | | **(155,635)** | (108,760) |
| Non-controlling interests | | **(790)** | (914) |
| | | **(156,425)** | (109,674) |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **(182,571)** | (97,994) |
| Non-controlling interests | | **(652)** | (1,165) |
| | | **(183,223)** | (99,159) |
| **Loss per share for loss attributable to owners of the Company** | | | |
| – Basic and diluted (HK cents) | *8* | **(30.98)** | (21.65) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 DECEMBER 2021*

| | Notes | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **580,238** | 704,150 |
| Right-of-use assets | | **26,860** | 41,201 |
| Interests in associates | | **9,900** | 11,993 |
| Deferred tax assets | | **92,700** | 54,331 |
| Derivative financial instruments | | **533** | – |
| Deposits | 11 | **1,963** | 2,301 |
| | | **712,194** | 813,976 |
| **Current assets** | | | |
| Inventories | | **2,582** | 1,331 |
| Trade receivables | 10 | **3,210** | 1,709 |
| Deposits, prepayments and other receivables | 11 | **42,158** | 120,659 |
| Amount due from an associate | | **6,290** | 7,022 |
| Tax recoverable | | **222** | 1,449 |
| Pledged bank deposits | | **8,326** | 8,578 |
| Cash at banks and on hand | | **130,133** | 98,787 |
| | | **192,921** | 239,535 |
| **Current liabilities** | | | |
| Trade payables | 12 | **5,220** | 4,950 |
| Accruals and other payables | 13 | **23,506** | 40,703 |
| Contract liabilities | | **12,161** | 18,215 |
| Amount due to an associate | | **12** | 79 |
| Loans from a related company | | **–** | 200,000 |
| Lease liabilities | | **40,071** | 41,137 |
| Provision for taxation | | **290** | 385 |
| Bank borrowings | 14 | **239,677** | 50,362 |
| | | **320,937** | 355,831 |
| **Net current liabilities** | | **(128,016)** | (116,296) |
| **Total assets less current liabilities** | | **584,178** | 697,680 |
| **Non-current liabilities** | | | |
| Provision | | **738** | 820 |
| Bank borrowings | 14 | **180,441** | 426,434 |
| Lease liabilities | | **7,831** | 18,151 |
| Loans from a related company | | **272,874** | – |
| Derivative financial instruments | | **–** | 642 |
| | | **461,884** | 446,047 |
| **Net assets** | | **122,294** | 251,633 |
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | 15 | **50,245** | 50,245 |
| Reserves | | **73,652** | 202,338 |
| | | **123,897** | 252,583 |
| **Non-controlling interests** | | **(1,603)** | (950) |
| **Total equity** | | **122,294** | 251,633 |

# NOTES TO THE FINANCIAL INFORMATION

*FOR THE YEAR ENDED 31 DECEMBER 2021*

## 1. GENERAL

EGL Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 24 July 2014 as an exempted company with limited liability. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 15/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 November 2014.

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are provision of package tours, free independent travellers ("FIT") packages, individual travel elements (together with FIT packages referred to as "FIT Products") and ancillary travel related products and services and sale of merchandises as well as the ownership, development and management of hotel business.

The Company's immediate and ultimate holding company is Evergloss Management Group Company Limited, incorporated in the British Virgin Islands (the "BVI").

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial information also includes the applicable disclosure requirements of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

### (b) Basis of measurement and going concern assumption

The financial information has been prepared under historical cost basis, except for a derivative financial instrument, which is measured at fair value as explained in the accounting policies set out below.

The coronavirus disease 2019 ("COVID-19") pandemic began in early 2020 still has a profound negative impact on the Group's financial performance and financial position for the year, in particular for the quarantine requirement implemented by Japan government for visitors and Hong Kong government for people entering Hong Kong from overseas.

The Group incurred a loss of approximately HK$156,425,000 for the year ended 31 December 2021 and as of that date, its current liabilities exceeded its current assets by approximately HK$128,016,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In the opinion of the Board, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering a period up to 30 June 2023 (the "Forecast Period") after taking into the following considerations:

(a) The management of the Group has been endeavoring to improve the Group's operating cash flows through implementing various cost control measures, including restructuring of workforce, implementing salary reduction for employees and the directors of the Company, arrangements of unpaid leaves, seeking rent concession from landlords on the lease of certain branches;

(b) The management of the Group has been negotiating with a bank in Japan to defer the quarterly payments of the principal instalment of approximately HK$6.8 million per quarter of a loan for the year 2022;

(c) As at the date of approval of the consolidated financial statements, Great Port Limited ("Great Port"), a related company, agreed to provide an additional credit facilities of not less than HK$100 million to the Group during the Forecast Period;

(d) The expected mild revival of the travel business is based on the latest developments of the pandemic and of travel restrictions worldwide, especially in Japan, and quarantine policy implemented by Hong Kong government. In the view of the continuous suspension of outbound package tours, the Group has diversified its business to sales of merchandises during the current year; and

(e) The management of the Group keeps endeavoring to seek additional sources of finance.

Notwithstanding the above, significant uncertainties exist as to whether the Board will be able to achieve its plans and measures as described above, including whether the Group is able to successfully implement various control measures, arrange the additional credit facilities from the related company and source additional sources of finance when it is needed. The Board is satisfied that it is appropriate to prepare the financial information on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not been reflected in the financial information.

**(c) Functional and presentation currency**

The financial information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

## 3. ADOPTION OF HKFRSs

### (a) Adoption of new or amended HKFRSs – effective 1 January 2021

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA to the Group's financial statements for the annual period beginning on or after 1 January 2021:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

- Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

Except for the early adoption of the amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021, the Group has not early adopted any other new standards and interpretations that are not yet effective for the current accounting period.

***Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021***

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 December 2020, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

On 9 April 2021, the HKICPA issued another amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted including the financial statements not authorised for issue at 9 April 2021. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment COVID-19-Related Rent Concessions. The Group has early adopted the amendment COVID-19-Related Rent Concessions beyond 30 June 2021 in the current annual financial statements.

The transition provisions of the extension to the practical expedient require retrospective application, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

The Group had negotiated several rent concessions with lessors during the year ended 31 December 2020 and none of these rent concessions affect payments originally due after 30 June 2021 but before 30 June 2022. Accordingly, there is no impact on the opening balance of equity at 1 January 2021. During the year ended 31 December 2021, the Group has entered into additional rent concessions that satisfy the criteria for the application of the extended practical expedient and the Group has applied the practical expedient to these rent concessions.

***Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2***

The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures.

The application of the amendments had no impact on the Group's consolidated financial statements as none of the relevant contracts has been transferred to the relevant replacement rates during the year ended 31 December 2021. The Group expects no impact on the Group's designated hedged items/assessment of hedge effectiveness resulting from the reform on application of the amendments.

**(b) New or amended HKFRSs that have been issued but are not yet effective**

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

- Annual Improvements to HKFRSs 2018-2020[1]
- Amendments to HKAS 16, Proceeds before Intended Use[1]
- Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract[1]
- Amendments to HKFRS 3, Reference to the Conceptual Framework[2]

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

- Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies[3]

- Amendments to HKAS 8, Definition of Accounting Estimates[3]

- Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]

- Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2022.*
[2] *Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.*
[3] *Effective for annual periods beginning on or after 1 January 2023.*
[4] *The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.*

***Annual Improvements to HKFRSs 2018-2020***

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permits a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarifies the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amends Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which removes the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

***Amendments to HKAS 16, Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

***Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling a contract' comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

***Amendments to HKFRS 3, Reference to the Conceptual Framework***

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

***Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

***Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies***

The HKICPA amended HKAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is “material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed, if it is disclosed, it should not obscure material accounting information.

To support this amendment, the HKICPA also amended HKFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

***Amendments to HKAS 8, Definition of Accounting Estimates***

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

***Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occurs on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities; and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings/ accumulated losses, or another component of equity, as appropriate.

HKAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

***Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

## 4. SEGMENT REPORTING

The Group has identified its operating segments based on the regular internal financial information reported to the chief operating decision-makers about allocation of resources to assess the performance of the Group's business.

During the year ended 31 December 2021, the Group changed its identification of reportable segments. The Group separates "Sale of Merchandises Business" from "Travel Related Business". In the opinion of the Board, the revised basis of segment identification provides a more appropriate presentation of the segment information. Prior year segment information is restated for comparative purpose.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Travel and travel related services business ("Travel Related Business")
- Sale of merchandises ("Sale of Merchandises Business")
- Hotel operation ("Hotel Business")

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenue, cost of sales, other income, gains and losses, selling expenses, administrative expenses, other operating expenses, share of results of associates and finance costs directly attributable to each operating segment. Central administrative costs are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the chief operating decision-makers for assessment of segment performance.

Segment assets include all assets with exception of corporate assets, including cash at banks and on hand, tax recoverable and certain prepayments and other receivables which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis. Likewise, segment liabilities exclude loans from a related company and corporate liabilities, such as certain accruals and other payables, which are not directly attributable to the business activities of any operating segments and not allocated to segments.

### (a) Business segments

| | Travel Related Business *HK$'000* | Sale of Merchandises Business *HK$'000* | Hotel Business *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **For the year ended 31 December 2021:** | | | | |
| **Revenue** | | | | |
| From external customers | 12,968 | 17,504 | 14,106 | 44,578 |
| **Reportable segment revenue** | 12,968 | 17,504 | 14,106 | 44,578 |
| **Reportable segment (loss)/profit** | (116,613) | 1,418 | (69,392) | (184,587) |
| Depreciation on property, plant and equipment | (6,755) | (43) | (51,700) | (58,498) |
| Depreciation on right-of-use assets | (23,737) | – | – | (23,737) |
| Share of results of associates | (513) | – | – | (513) |
| Finance costs | (2,162) | – | (4,845) | (7,007) |
| Income tax credit | 20,559 | – | 22,349 | 42,908 |
| **Reportable segment assets** | 175,633 | 7,478 | 649,912 | 833,023 |
| **Reportable segment liabilities** | 88,321 | 2,925 | 417,273 | 508,519 |
| Additions to non-current assets | 11,567 | 426 | 687 | 12,680 |
| Share of net assets of associates | 9,900 | – | – | 9,900 |

| | Travel Related Business (Restated) *HK$'000* | Sale of Merchandises Business (Restated) *HK$'000* | Hotel Business *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **For the year ended 31 December 2020:** | | | | |
| **Revenue** | | | | |
| From external customers | 236,080 | 7,418 | 6,273 | 249,771 |
| Inter-segment revenue | (3,133) | – | 3,133 | – |
| **Reportable segment revenue** | 232,947 | 7,418 | 9,406 | 249,771 |
| **Reportable segment (loss)/profit** | (90,705) | 748 | (57,702) | (147,659) |
| Depreciation on property, plant and equipment | (9,198) | (1) | (45,339) | (54,538) |
| Depreciation on right-of-use assets | (53,176) | – | – | (53,176) |
| Share of results of associates | (1,053) | – | – | (1,053) |
| Finance costs | (3,329) | – | (3,663) | (6,992) |
| Income tax credit | 20,455 | – | 19,527 | 39,982 |
| **Reportable segment assets** | 280,800 | 2,034 | 767,424 | 1,050,258 |
| **Reportable segment liabilities** | 125,361 | 391 | 473,210 | 598,962 |
| Additions to non-current assets | 29,569 | 11 | 140,205 | 169,785 |
| Share of net assets of associates | 11,993 | – | – | 11,993 |

**(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

| | 2021<br>*HK$'000* | 2020<br>*HK$'000* |
|---|---|---|
| **Revenue** | | |
| Reportable segment revenue | **44,578** | 249,771 |
| Consolidated revenue | **44,578** | 249,771 |

| | 2021<br>*HK$'000* | 2020<br>*HK$'000* |
|---|---|---|
| **Loss before income tax** | | |
| Reportable segment loss | **(184,587)** | (147,659) |
| Other gain/loss, net | **1,327** | 1,307 |
| Finance costs | **(7,847)** | – |
| Unallocated corporate expenses | **(8,226)** | (3,247) |
| Consolidated loss before income tax | **(199,333)** | (149,599) |

| | 2021<br>*HK$'000* | 2020<br>*HK$'000* |
|---|---|---|
| **Assets** | | |
| Reportable segment assets | **833,023** | 1,050,258 |
| Unallocated corporate assets | **72,092** | 3,253 |
| Consolidated total assets | **905,115** | 1,053,511 |

| | 2021<br>*HK$'000* | 2020<br>*HK$'000* |
|---|---|---|
| **Liabilities** | | |
| Reportable segment liabilities | **508,519** | 598,962 |
| Unallocated corporate liabilities | **274,302** | 202,916 |
| Consolidated total liabilities | **782,821** | 801,878 |

**(c) Geographic information**

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial assets and deferred tax assets ("Specified non-current assets"):

| | **Revenue from external customers (by customer location)** | | **Specified non-current assets (by physical location)** | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hong Kong and Macau (place of domicile) | **29,394** | 238,254 | **31,301** | 46,775 |
| Japan | **15,184** | 11,340 | **575,844** | 698,594 |
| Others | **–** | 177 | **9,853** | 11,975 |
| | **44,578** | 249,771 | **616,998** | 757,344 |

The place of domicile is determined by referring to the place the Group regards as its hometown, has the majority of operation and centre of management.

**(d) Information about a major customer**

The Group did not have any single customer contributed more than 10% of the Group's revenue during the year ended 31 December 2021 (2020: Nil).

**(e) Disaggregation of revenue**

| | **Travel Related Business** | | **Sale of Merchandises Business** | | **Hotel Business** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | 2020 (Restated) | **2021** | 2020 (Restated) | **2021** | 2020 | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Primary geographical markets** | | | | | | | | |
| Hong Kong and Macau (place of domicile) | **11,890** | 230,836 | **17,504** | 7,418 | **–** | – | **29,394** | 238,254 |
| Japan | **1,078** | 1,934 | **–** | – | **14,106** | 9,406 | **15,184** | 11,340 |
| Others | **–** | 177 | **–** | – | **–** | – | **–** | 177 |
| | **12,968** | 232,947 | **17,504** | 7,418 | **14,106** | 9,406 | **44,578** | 249,771 |
| **Timing of revenue recognition** | | | | | | | | |
| At a point in time | **5,234** | 16,701 | **17,504** | 7,418 | **–** | – | **22,738** | 24,119 |
| Transferred over time | **7,734** | 216,246 | **–** | – | **14,106** | 9,406 | **21,840** | 225,652 |
| | **12,968** | 232,947 | **17,504** | 7,418 | **14,106** | 9,406 | **44,578** | 249,771 |

## 5. REVENUE AND OTHER INCOME, GAINS AND LOSSES, NET

Revenue includes the net invoiced value of package tours, ancillary travel related products, and hotel room rental and ancillary services; the net proceeds from FIT Products and ancillary travel related services; and sale of merchandise. The amounts of each significant category of revenue recognised during the year are as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Package tours | **7,734** | 216,246 |
| FIT Products *(note)* | **2,755** | 3,064 |
| Ancillary travel related products and services *(note)* | **2,479** | 13,637 |
| Sale of merchandises | **17,504** | 7,418 |
| Hotel room rental and ancillary services | **14,106** | 9,406 |
| | **44,578** | 249,771 |

*Note:* The Group's revenue from FIT Products and certain ancillary travel related services is considered as cash collected on behalf of principals as an agent, and thus recorded on a net basis. The gross proceeds received and receivable are as follows:

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Gross proceeds received and receivable | **19,808** | 29,834 |

The following table provides information about trade receivables and contract liabilities from contracts with customers:

| | As at 31 December 2021 | As at 31 December 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables *(note 10)* | **3,210** | 1,709 |
| Contract liabilities | **12,161** | 18,215 |

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Other income, gains and losses, net** | | |
| Exchange (loss)/gain, net | **(2,703)** | 5,155 |
| Handling income | **305** | 502 |
| Interest income on bank deposits | **18** | 108 |
| Sundry income | **2,175** | 1,041 |
| Gain on rental concession of lease | **3,070** | 4,007 |
| Government sponsor income | **8,139** | 3,094 |
| Gain on modification of loan payment | **309** | 252 |
| Gain on deregistration of a subsidiary | **–** | 293 |
| | **11,313** | 14,452 |

## 6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Auditors' remuneration | **1,592** | 1,618 |
| Written off of prepayments and other receivables* | **33,558** | 770 |
| Bad debts written off in respect of trade receivables* | **–** | 556 |
| Cost of inventories recognised as expenses | **13,531** | 2,817 |
| Depreciation on property, plant and equipment | **58,498** | 54,538 |
| Depreciation on right-of-use assets | **23,737** | 53,176 |
| (Gain)/loss on disposal of property, plant and equipment, net* | **(69)** | 17 |
| Gain on termination of lease* | **(37)** | (66) |
| Finance costs | | |
| – Interest expense incurred on lease liabilities | **1,940** | 2,575 |
| – Interest expense incurred on derivative financial instruments | **352** | 419 |
| – Interest expense incurred on loans from a related company | **7,847** | – |
| – Interest expense incurred on bank borrowings | **4,715** | 4,951 |
| – Less: Imputed interest capitalised into construction in progress *(note 14)* | **–** | (953) |
| | **14,854** | 6,992 |
| Employee costs (including directors' emoluments): | | |
| – Salaries and other benefits in kind | **57,731** | 66,485 |
| – Retirement scheme contributions | **2,575** | 4,289 |
| | **60,306** | 70,774 |

* All these expenses are recorded as "other operating expenses".

## 7. INCOME TAX CREDIT

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Current tax – Hong Kong Profits Tax** | | |
| – Tax for the year | **50** | 31 |
| – Under/(over)-provision in respect of prior year | **80** | (30) |
| | **130** | 1 |
| **Current tax – Japan Profits Tax** | | |
| – Under-provision in respect of prior year | **–** | 60 |
| | **–** | 60 |
| **Deferred tax** | | |
| – Credit to profit or loss for the year | **(43,038)** | (39,986) |
| | **(42,908)** | (39,925) |

The group entities incorporated in the Cayman Islands and the BVI are tax-exempted as no business is carried out in the Cayman Islands and the BVI under the laws of the Cayman Islands and the BVI respectively.

Hong Kong Profits Tax is calculated at 8.25% on the first HK$2.0 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK$2.0 million for the years ended 31 December 2021 and 2020. The profit of group entities not qualifying for the two-tiered profits tax rates regime continued to be taxed at 16.5% for both years.

Macau Complementary Tax is calculated at 12% (2020: 12%) on the estimated assessable profit of a subsidiary operating in Macau for the year ended 31 December 2021. The Group has no estimated assessable profit arising from the subsidiary operating in Macau for the year ended 31 December 2021 (2020: Nil).

PRC Enterprise Income Tax is calculated at 25% (2020: 25%) on the estimated assessable profit of a subsidiary operating in the PRC for the year. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for the year ended 31 December 2021 (2020: Nil).

Subsidiaries operating in Japan are subject to corporate income tax, prefectural and municipal inhabitant taxes and business tax (hereinafter collectively referred to as "Japan Profits Tax") in Japan, which, in aggregate, resulted in effective statutory income tax rates ranging from approximately 30.6% to approximately 34.6% (2020: approximately 30.6% to approximately 34.6%) for the year ended 31 December 2021 based on the existing legislation, interpretations and practices in respect thereof. The Group has no estimated assessable profit arising from the subsidiaries operating in Japan for the year ended 31 December 2021 (2020: Nil).

## 8. LOSS PER SHARE

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Loss** | | |
| Loss attributable to owners of the Company | **(155,635)** | (108,760) |

| | **2021** | 2020 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Number of ordinary shares | **502,450** | 502,450 |

Diluted loss per share was the same as the basic loss per share as the Company had no dilutive potential shares during the years ended 31 December 2021 and 2020.

## 9. DIVIDENDS

The directors do not recommend payment of any dividend for the year ended 31 December 2021 (2020: Nil).

## 10. TRADE RECEIVABLES

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **3,210** | 1,709 |

The ageing analysis of the Group's gross trade receivables as at the end of the reporting period, based on invoice date, is as follows:

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 90 days | **2,431** | 1,359 |
| 91 – 180 days | **91** | 331 |
| 181 – 365 days | **68** | 19 |
| Over 365 days | **620** | – |
| | **3,210** | 1,709 |

The Group has a policy of granting trade customers with credit terms of generally 10 days to 90 days. The ageing analysis of the Group's gross trade receivables, based on due date, is as follows:

| | 2021 | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Not yet past due | **1,699** | 9 |
| Past due within three months | **801** | 1,565 |
| Past due more than three months but within six months | **50** | 116 |
| Past due more than six months but within one year | **660** | 19 |
| | **3,210** | 1,709 |

The maximum exposure to credit risk as at 31 December 2021 was the carrying amount mentioned above. Trade receivables that not yet past due related to a large number of independent customers that had a good track record of credit with the Group. In general, the Group does not hold any collateral or other credit enhancements over these balances.

The Group applies the simplified approach to provide for expected credit losses ("ECLs") prescribed by HKFRS 9, which permits the use of lifetime ECL provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward-looking information. As at 31 December 2021, the directors of the Company consider ECLs against the gross amounts of trade receivables are immaterial.

## 11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Non-current asset** | | |
| Deposits | **1,963** | 2,301 |
| **Current assets** | | |
| Other receivables | **8,082** | 37,845 |
| Deposits *(note)* | **6,546** | 7,160 |
| Prepayments | **27,530** | 75,654 |
| | **42,158** | 120,659 |

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above. The Group does not hold any collateral as security.

*Note:* The amount included rental deposits paid to a related company, Great Port, of approximately HK$1,455,000 (2020: HK$2,117,000). The amount due is unsecured, interest-free and repayable at the end of the rental periods.

## 12. TRADE PAYABLES

The credit terms of trade payables vary according to the terms agreed with different suppliers, which normally range from 1 day to 30 days. Based on the receipts of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of the reporting period is as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 90 days | **3,070** | 1,447 |
| 91 – 180 days | **30** | 51 |
| 181 – 365 days | **83** | 1,320 |
| Over 365 days | **2,037** | 2,132 |
| | **5,220** | 4,950 |

## 13. ACCRUALS AND OTHER PAYABLES

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accrued expenses | **11,853** | 11,586 |
| Other payables | **11,653** | 29,117 |
| | **23,506** | 40,703 |

## 14. BANK BORROWINGS

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Current** | | |
| Bank borrowings, secured | **239,677** | 50,362 |
| **Non-current** | | |
| Bank borrowings, secured | **180,441** | 426,434 |
| | **420,118** | 476,796 |

As at 31 December 2021, the bank borrowings of approximately HK$420,118,000 (2020: HK$476,796,000) were secured by charges over certain property, plant and equipment and pledged bank deposits with aggregate carrying amounts of approximately HK$497,975,000 (2020: HK$563,319,000) and approximately HK$4,630,000 (2020: HK$4,889,000) respectively. In addition, among these bank borrowings, an amount of approximately HK$3,486,000 (2020: HK$3,870,000) was also secured by a property of a former non-controlling shareholder of a subsidiary in Japan.

Some of the Group's facilities letters are subjected to covenant clauses, whereby the Group is required to meet certain key financial ratios and covenants. The Group did not fulfill the financial covenants as required in the contracts with the banks for the outstanding loan amounts of approximately HK$228,554,000 as at 31 December 2021 (as at 31 December 2020: HK$10,000,000). Due to this breach of the covenant clause, the banks are contractually entitled to request for immediate repayment of the outstanding loan amounts. The outstanding balances were presented as a current liability as at 31 December 2021 and 31 December 2020.

On 21 February 2022, the Group obtained a waiver of compliance with the covenant requirement from the bank for the outstanding loan amounts of approximately HK$220,554,000. The loans were classified as non-current liabilities from 21 February 2022 onward.

The terms of the outstanding bank loan in the amount of HK$8,000,000 were subsequently revised and a renewed facilities letter was signed on 11 March 2022 which has the next renewal date as at 31 December 2022.

The bank borrowings are initially measured at fair value, net of directly attributable costs incurred and subsequently measured at amortised cost using the effective interest method.

The bank borrowings are subsequently measured at amortised cost using effective interest rate of 0.79% to 1.67% (2020: 0.81% to 2.94%) per annum and imputed interest of approximately HK$Nil (2020: HK$953,000) was capitalised into the construction in progress during the year.

At the end of each reporting period, total bank borrowings were scheduled to repay as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Analysed into** *(note)***:** | | |
| Within one year or on demand | **239,677** | 50,362 |
| Over one year, but within two years | **7,655** | 40,588 |
| Over two years, but within five years | **23,062** | 116,087 |
| Over five years | **149,724** | 269,759 |
| | **420,118** | 476,796 |

*Note:* The amounts due shown in the repayment schedule are based on the scheduled repayment dates set out in the loan agreements.

Details of the bank borrowings as at 31 December 2021 are stated below:

| | **Principal amount** *HK$'000* | **Interest rate** | **Repayment terms** |
|---|---|---|---|
| Loan denominated in Japanese Yen ("JPY") | **220,554** | **3-month Tokyo Interbank Offered Rate + 1.0% per annum** | **Payable within 12 years** |
| Loan denominated in JPY | **3,486** | **Fixed rate 1.2% per annum** | **Payable within 5 years** |
| Loan denominated in JPY | **188,078** | **3-month Tokyo Interbank Offered Rate + 0.5% per annum** | **Payable within 26 years** |
| Loan denominated in HK$ | **8,000** | **1-month HIBOR + 1.5% per annum** | **Payable within 90 days** |

Details of the bank borrowings as at 31 December 2020 are stated below:

| | Principal amount *HK$'000* | Interest rate | Repayment terms |
|---|---|---|---|
| Loan denominated in JPY | 245,255 | 3-month Tokyo Interbank Offered Rate + 1.0% per annum | Payable within 12 years |
| Loan denominated in JPY | 3,870 | Fixed rate 1.2% per annum | Payable within 5 years |
| Loan denominated in JPY | 217,671 | 3-month Tokyo Interbank Offered Rate + 0.5% per annum | Payable within 26 years |
| Loan denominated in HK$ | 10,000 | 1-month HIBOR + 1.5% per annum | Payable within 90 days |

## 15. SHARE CAPITAL

| | Number | Amount |
|---|---|---|
| | *'000* | *HK$'000* |
| **Authorised** | | |
| *Ordinary shares of HK$0.1 each* | | |
| At 1 January 2020, 31 December 2020 and 2021 | 1,000,000 | 100,000 |

| | Number | Amount |
|---|---|---|
| | *'000* | *HK$'000* |
| **Ordinary shares, issued and fully paid** | | |
| At 1 January 2020, 31 December 2020 and 2021 | 502,450 | 50,245 |

## 16. EVENTS AFTER THE REPORTING DATE AND EFFECT OF THE COVID-19 PANDEMIC

(a) From 1 January to 25 March 2022, the Group agreed to additional rent concessions with lessors relating to rental in Hong Kong. These rent concessions resulted in a total reduction in lease liabilities of approximately HK$86,000.

(b) The directors of the Company are continuing to assess the implications of the COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur impairments on its assets in 2022. However, the exact impact of the COVID-19 pandemic in the remainder of 2022 and thereafter cannot be predicted.

## 17. COMPARATIVE FIGURES

The following comparative figures in consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current year's presentation of the Group:

- Reclassification of administrative expenses regarding the depreciation of hotel rooms in amount of approximately HK$43,133,000 to cost of sales to fairly present the nature of costs incurred.

- Reclassification of administrative expenses disclosed in note 6 in amount of approximately HK$1,277,000 to other operating expenses.

In the opinion of the Board, the reclassification made to the comparative figures has insignificant impact on the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP OVERVIEW

Under the adverse impact of the COVID-19 pandemic, most of the Group's main businesses have been halted since mid-March 2020. During the Year, revenue of the Group decreased to approximately HK$44.6 million (2020: HK$249.8 million), representing a decrease of 82.2%. Gross loss was approximately HK$29.2 million (2020: HK$12.8 million), representing an increase of 128.0%. Loss attributable to owners of the Company was approximately HK$155.6 million (2020: HK$108.8 million).

Basic loss per share for loss attributable to owners of the Company for 2021 was HK30.98 cents (2020: HK21.65 cents).

## BUSINESS OVERVIEW

The principal activities of the Group comprise provision of package tours, FIT Products, ancillary travel related products and services and sale of merchandises as well as the ownership, development and management of hotel business.

Revenue and gross (loss)/profit from various business categories for the years are set out as follows:

| | **2021** | | | 2020 (Restated) | | |
|---|---|---|---|---|---|---|
| | **Revenue** | **Gross (loss)/ profit** | **Gross profit margin** | Revenue | Gross (loss)/ profit | Gross profit margin |
| | ***HK$'000*** | ***HK$'000*** | ***%*** | *HK$'000* | *HK$'000* | *%* |
| Package tours | **7,734** | **1,549** | **20.0** | 216,246 | 13,583 | 6.3 |
| FIT Products and ancillary travel related products and services[1] | **5,234** | **3,386** | **64.7** | 16,701 | 10,341 | 61.9 |
| Sale of merchandises[1] | **17,504** | **3,973** | **22.7** | 7,418 | 1,541 | 20.8 |
| Hotel operation[2] | **14,106** | **(38,085)** | **-270.0** | 9,406 | (38,260) | -406.8 |
| **Total**[2] | **44,578** | **(29,177)** | **-65.5** | 249,771 | (12,795) | -5.1 |

(1) *Comparative figures have been reclassified to conform to the presentation of the current year and the corresponding ratios were re-calculated accordingly.*

(2) *In calculating gross profit/loss, cost of sales is re-defined to include an appropriate portion of depreciation of property, plant and equipment derived from hotel operation.*

### ***PACKAGE TOURS***

Under the adverse impact of the COVID-19 pandemic, most package tours have been suspended since mid-March 2020. During the Year, package tours consisted of local tours in Hong Kong and outbound tours departing from Macau to Mainland China. Revenue amounted to approximately HK$7.7 million (2020: HK$216.2 million), representing a decrease of 96.4% and contributing 17.3% to the Group's total revenue (2020: 86.6%). Gross profit amounted to approximately HK$1.5 million (2020: HK$13.6 million), representing a decrease of 88.6%.

### ***FIT PRODUCTS AND ANCILLARY TRAVEL RELATED PRODUCTS AND SERVICES***

Revenue from FIT Products and ancillary travel related products and services mainly represents income from sale of air tickets, hotel accommodation, public transportation tickets, theme park admission tickets, commission income from travel insurance services and handling fees from remittance services provided to souvenir and merchandise suppliers in Japan.

The sale of merchandises business, composed of the online shopping platform "EGL Market", was grouped into this category in the 2020 annual report. During the Year, this business line was detached and classified as a separate category, namely "sale of merchandises". As a result of re-classification during the Year, comparative figures were therefore adjusted accordingly.

During the Year, most sales of FIT Products and ancillary travel related products and services were brought to a stop because of travel restrictions and border measures imposed by many countries. Revenue amounted to approximately HK$5.2 million (2020: HK$16.7 million), representing a decrease of 68.7% and contributing to 11.7% to the Group's total revenue (2020: 6.7%). Gross profit amounted to approximately HK$3.4 million (2020: HK$10.3 million), representing a decrease of 67.3%.

### ***SALE OF MERCHANDISES***

To cope with adverse circumstances, the Group launched a brand-new online shopping platform, "EGL Market", in 2020 where souvenir product items around the world are available for customer self-pickup and delivery services. During the Year, a brick-and-mortar retail shop in Tsuen Wan and a pop-up store in Mongkok and another in Kwai Fong respectively were opened. As sale of merchandises business was detached and classified as a separate segment during the Year, comparative figures were therefore adjusted accordingly.

During the Year, revenue amounted to approximately HK$17.5 million (2020: HK$7.4 million), representing an increase of 136.0% and contributing 39.3% to the Group's total revenue (2020: 3.0%). Gross profit amounted to approximately HK$4.0 million (2020: HK$1.5 million), representing an increase of 157.8%.

***HOTEL OPERATION***

Osaka Hinode Hotel, the Group's first hotel, provides quality hospitality services for guests from all over the world. The hotel has a capacity of 354 rooms for 691 guests with a hot spring bath building adjacent to it. Impacted by outbreak of the COVID-19 pandemic, its operation has almost been suspended since mid-March 2020. The hotel's occupancy rate for the Year further dropped to 1.0% (2020: 8.0%).

Okinawa Hinode Resort & Hot Spring Hotel, the Group's second hotel, started its operation in December 2020. It provides quality hospitality services for guests from all over the world and has a capacity of 201 rooms for 480 guests with the facilities ranging from outdoor hot spring to swimming pool. Also impacted by outbreak of the COVID-19 pandemic, the hotel room occupancy rate for the Year was 23.2%.

Revenue from hotel operation mainly represents income generated from letting the hotel rooms. During the Year, the revenue amounted to approximately HK$14.1 million (2020: HK$9.4 million), representing an increase of 50.0% and contributing to 31.6% to the Group's total revenue (2020: 3.8%). Gross loss amounted to approximately HK$38.1 million (2020: HK$38.3 million), representing a decrease of 0.5%.

Gross profit/loss of hotel operation is re-defined to include an appropriate portion of depreciation of property, plant and equipment derived from hotel operation. Comparative figure and comparative gross profit margin were therefore adjusted accordingly.

## FINANCIAL REVIEW

### *KEY FINANCIAL RATIOS*

| | **2021** | 2020 |
|---|---|---|
| Gross profit margin[(1)] | **-65.5%** | -5.1% |
| Operating profit margin | **-413.8%** | -57.1% |
| Net profit margin[(2)] | **-349.1%** | -43.5% |
| Interest coverage ratio | **-12.4 times** | -20.4 times |
| Return on total assets[(2)] | **-17.2%** | -10.3% |
| Return on equity attributable to owners of the Company[(2)] | **-125.6%** | -43.1% |
| Current ratio | **0.6 time** | 0.7 time |
| Gearing ratio | | |
| Total borrowings over total assets | **76.6%** | 64.2% |
| Net debts over equity | **493.0%** | 252.3% |

(1) *Certain comparative figure has been reclassified to conform to the presentation of the current year and the corresponding ratio was re-calculated accordingly.*

(2) *Profit/loss in calculation refers to the profit/loss attributable to owners of the Company.*

### *REVENUE AND GROSS PROFIT*

Please refer to the discussion on the Group's revenue and gross profit in the sub-section headed "Management Discussion and Analysis – Business Overview" above.

### *SELLING EXPENSES*

Frontline employee costs contributed the majority of selling expenses of the Group. Selling expenses amounted to approximately HK$29.1 million (2020: HK$38.6 million), representing a decrease of 24.7%. Although the hotel in Okinawa started its operation in December 2020, such expenses decreased because of our Group's cost-saving actions, including no-pay leaves, salary reductions and manpower re-structuring.

### *ADMINISTRATIVE EXPENSES*

Employee costs, directors' remuneration, rent, rates and management fee and depreciation on property, plant and equipment contributed the majority of administrative expenses of the Group. During the Year, administrative expenses are re-defined to exclude an appropriate portion of depreciation of property, plant and equipment derived from hotel operation. Comparative figure was therefore adjusted accordingly. Also, administrative expenses of approximately HK$1.3 million in year 2020 as disclosed in note 6 in the financial information are re-defined to be other operating expenses in order to confirm with current year presentation.

Administrative expenses amounted to approximately HK$103.6 million (2020: HK$103.3 million), representing an increase of 0.3%. Although our Group has implemented various cost-saving actions, such expenses slightly increased because the hotel in Okinawa started its operation in December 2020.

### ***OTHER OPERATING EXPENSES***

Other operating expenses amounted to approximately HK$33.5 million (2020: 1.3 million). The increase of approximately HK$32.2 million was mainly due to the written off of prepayments for booking aircraft seats with an airline in the amount of approximately HK$33.5 million in the Year.

### ***FINANCE COSTS***

For the year ended 31 December 2020, imputed interests of approximately HK$1.0 million (equivalent to approximately JPY13.3 million), incurred on the bank borrowings for construction of Okinawa Hinode Resort and Hot Spring Hotel, were capitalised into construction in progress. Upon the completion of the hotel building in October 2020, these imputed interests were transferred thereupon to property, plant and equipment. No imputed interests were recorded during the Year.

Finance costs of approximately HK$4.7 million (2020: HK$4.0 million after capitalisation of the above-mentioned imputed interests) was incurred on the bank borrowings which were used to finance the construction and decoration of hotel buildings and hot spring bath building, acquisition of travel buses and daily operations of travel related business.

As at 31 December 2020, three loans of HK$200.0 million in total from a related company, Great Port, which were unsecured, interest-free and repayable on demand, were classified as current liabilities. On 18 March 2021, Great Port issued three waiver letters with respect to the demand clause in each of the loan agreement. As such these loans became payable on 1 January 2026 and were reclassified as non-current liabilities. The third loan of the three loans was changed to interest bearing in accordance with a supplemental agreement on 1 April 2021. Furthermore, two additional unsecured and interest-bearing loans of HK$40.0 million and HK$80.0 million were obtained from Great Port in April 2021 and in November 2021 respectively. These two loans are also repayable on 1 January 2026. Based on discounted cash flows, finance costs of approximately HK$7.8 million (2020: Nil) were incurred by these five loans during the Year.

Following the adoption of HKFRS 16 “Leases” by the Group on 1 January 2019, finance costs incurred on lease liabilities during the Year amounted to approximately HK$1.9 million (2020: HK$2.6 million).

### *INCOME TAX CREDIT*

The income tax credit of the Group during the Year amounted to approximately HK$42.9 million (2020: HK$39.9 million). Its increase of approximately HK$3.0 million was mainly resulted from the increase in deferred tax credit.

### *INTEREST COVERAGE RATIO*

Interest coverage ratio of the Group for the Year was recorded at -12.4 times (2020: -20.4 times). The decrease in negative interest coverage ratio was mainly resulted from the increase in operating loss before finance costs and taxation being greater than the increase in finance costs.

Interest coverage ratio is defined to be dividing profit/loss before finance costs and taxation by finance costs.

### *GROSS PROFIT MARGIN, OPERATING PROFIT MARGIN AND NET PROFIT MARGIN*

For the changes in gross profit margin, operating profit margin and net profit margin, please refer to the factors already discussed in the sub-section headed "Management Discussion and Analysis – Business Overview" above.

In calculating gross profit/loss, cost of sales is re-defined to include an appropriate portion of depreciation of property, plant and equipment derived from hotel operation. Comparative figure of gross profit margin was therefore re-calculated accordingly.

Operating profit/loss is defined to be profit/loss before finance costs and taxation for calculating operating profit margin.

### *CURRENT RATIO*

As at 31 December 2021, the Group's current ratio was 0.6 time (as at 31 December 2020: 0.7 time). Although there was a decrease in loans from a related company of HK$200.0 million because such loans have been re-classified to non-current liabilities in the Year, the effect was offset by an increase in short term portion of bank borrowings and a decrease in deposit, prepayments and other receivables.

## *GEARING RATIO*

| | 2021<br>*HK$'000* | 2020<br>*HK$'000* | Increase/<br>(Decrease)<br>*HK$'000* |
|---|---|---|---|
| **Gearing ratio – Total borrowings over total assets** | | | |
| Bank borrowings | **420,118** | 476,796 | (56,678) |
| Loans from a related company | **272,874** | 200,000 | 72,874 |
| Total borrowings *(note a)* | **692,992** | 676,796 | 16,196 |
| Total assets | **905,115** | 1,053,511 | (148,396) |
| Gearing ratio | **76.6%** | 64.2% | 12.4 percentage points |
| **Gearing ratio – Net debts over equity** | | | |
| Total borrowings *(note a)* | **692,992** | 676,796 | 16,196 |
| Lease liabilities | **47,902** | 59,288 | (11,386) |
| Total debts *(note b)* | **740,894** | 736,084 | 4,810 |
| Less: Cash at banks and on hand | **(130,133)** | (98,787) | (31,346) |
| | **610,761** | 637,297 | (26,536) |
| Equity *(note c)* | **123,897** | 252,583 | (128,686) |
| Gearing ratio | **493.0%** | 252.3% | 240.7 percentage points |

*Notes:*

(a) Total borrowings comprise bank borrowings and loans from a related company.

(b) Total debts comprise bank borrowings, loans from a related company and lease liabilities.

(c) Equity comprises all capital and reserves attributable to owners of the Company.

The increase in gearing ratio – total borrowings over total assets was mainly attributable to the decrease in deposits, prepayment and other receivables of approximately HK$78.8 million and the decrease in property, plant and equipment of approximately HK$123.9 million because of depreciation and lower exchange rate for conversion as at current year end.

The increase in gearing ratio – net debts over equity was mainly attributable to the decrease in equity of approximately HK$128.7 million.

## *RETURN ON TOTAL ASSETS AND RETURN ON EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY*

Return on total assets and return on equity attributable to owners of the Company during the Year were -17.2% (2020: -10.3%) and -125.6% (2020: -43.1%) respectively. The increase in negative return on total assets and negative return on equity were mainly due to the fact that the Group suffered from a greater loss for the Year and the total assets and equity decreased accordingly.

## *CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES*

Regarding the construction of Osaka Hinode Hotel completed in October 2017, the carrying amount of the bank borrowings as at 31 December 2021 amounted to approximately JPY2,837.2 million (equivalent to approximately HK$190.5 million) (as at 31 December 2020: JPY2,836.5 million (equivalent to approximately HK$211.9 million)).

For the construction of hot spring bath building in Osaka completed in March 2019, the carrying amount of the bank borrowings as at 31 December 2021 amounted to JPY446.8 million (equivalent to approximately HK$30.0 million) (as at 31 December 2020: JPY446.7 million (equivalent to approximately HK$33.3 million)).

With respect to the construction of Okinawa Hinode Resort & Hot Spring Hotel completed in October 2020, the carrying amount of the bank borrowings as at 31 December 2021 amounted to approximately JPY2,800.4 million (equivalent to approximately HK$188.1 million) (as at 31 December 2020: JPY2,913.9 million (equivalent to approximately HK$217.7 million)).

With regard to the acquisition of five travel buses in 2017, the carrying amount of the bank borrowing as at 31 December 2021 amounted to approximately JPY51.9 million (equivalent to approximately HK$3.5 million) (as at 31 December 2020: JPY51.8 million (equivalent to approximately HK$3.9 million)).

In respect of the bank borrowing withdrawn to meet the needs of working capital for travel related business operation, the carrying amount as at 31 December 2021 amounted to HK$8.0 million (as at 31 December 2020: HK$10.0 million).

Three unsecured and interest-free loans of HK$200.0 million in total were obtained from the related company, Great Port, in 2020. With the repayment on demand clause in the loan agreements, these loans were classified as current liabilities as at 31 December 2020. On 18 March 2021, Great Port issued three waiver letters in respect of demand clauses and thus those loans have been reclassified as non-current liabilities thereafter. Among these three loans, the first and second loans remained as unsecured and interest-free and the carrying amount was approximately HK$132.1 million as at 31 December 2021 (as at 31 December 2020: HK$160.0 million). The third loan with supplemental agreement signed on 1 April 2021 became unsecured and interest-bearing. The carrying amount was approximately HK$35.1 million as at 31 December 2021 (as at 31 December 2020: HK$40.0 million).

Moreover, both the fourth loan of HK$40.0 million and the fifth loan of HK$80.0 million were granted by Great Port and withdrawn on 1 April 2021 and 29 November 2021 respectively. Both loans are unsecured, interest-bearing and repayable on 1 January 2026. The carrying amount of these two loans amounted to approximately HK$105.7 million in total as at 31 December 2021 (as at 31 December 2020: Nil).

Other than the above, the Group financed its operation with its own capital, with the total equity attributable to owners of the Company as at 31 December 2021 amounted to approximately HK$123.9 million (as at 31 December 2020: HK$252.6 million). As at 31 December 2021, the Group's cash at banks and on hand amounted to approximately HK$130.1 million (as at 31 December 2020: HK$98.8 million). Cash at banks and on hand were mainly denominated in Hong Kong dollar accounting for approximately 77.8% (as at 31 December 2020: 55.8%), JPY accounting for approximately 15.6% (as at 31 December 2020: 31.0%), United States dollar accounting for approximately 0.5% (as at 31 December 2020: 3.8%). Euro accounting for approximately 1.1% (as at 31 December 2020: 1.5%), and Renminbi accounting for approximately 0.6% (as at 31 December 2020: 2.1%).

***PLEDGE OF ASSETS***

As at 31 December 2021, property, plant and equipment of Okinawa Hinode Resort & Hot Spring Hotel, Osaka Hinode Hotel together with the hot spring bath building, and travel buses, and certain pledged bank balances in Japan of approximately HK$500.3 million in total (as at 31 December 2020: HK$565.9 million) were pledged for the bank borrowings in Japan as mentioned in the sub-section headed "Management Discussion and Analysis – Financial Review – Capital Structure, Liquidity and Finance Resources".

Also, as at 31 December 2021, the Group had pledged bank deposits of approximately HK$8.3 million (as at 31 December 2020: HK$8.6 million). Excluding those pledged bank balances in Japan mentioned above, majority of the pledged bank deposits were pledged to certain licensed banks in Hong Kong and Macau to secure letters of guarantees issued to certain third parties on behalf of the Group. Together with corporate guarantee provided by the Company and undertakings provided by the certain executive Directors to maintain the control over the management and business of the Group, the Group's total guarantees amounted to approximately HK$14.0 million (as at 31 December 2020: HK$16.9 million), which were mainly issued to the Group's suppliers, such as air transport association, airlines and hotels in order to guarantee the Group's trade payable balances due to the suppliers.

Save as disclosed above, the Group had no other pledge of assets as at 31 December 2021 (as at 31 December 2020: Nil).

### *CAPITAL COMMITMENTS AND FUTURE CAPITAL EXPENDITURES*

As at 31 December 2021, the Group had capital commitments of approximately HK$0.8 million (as at 31 December 2020: HK$1.0 million) to acquire property, plant and equipment for its travel related business.

For future capital expenditures other than above-mentioned, the Group currently intends to finance such expenses by existing internal resources.

### *CONTINGENT LIABILITIES*

The Directors considered that there were no material contingent liabilities as at 31 December 2021 (as at 31 December 2020: Nil).

### *FOREIGN CURRENCY EXCHANGE RISK AND TREASURY POLICIES*

Foreign currency exchange risk exposure is encountered by the Group to the extent that receipt from customers and payments to suppliers may not be reconciled, subject to prevailing foreign currency fluctuations. As at 31 December 2021, the Group had one floating to fixed interest rate swap contract with a bank in Japan to hedge its exposure to interest rate risk and cash flow changes of its floating-rate bank borrowings. Other than the aforesaid swap contract, the Group did not rely on hedging arrangements. The Group had implemented foreign exchange risk management procedures to closely monitor the risk exposure. The procedures were established to prevent carrying excessive cash balance in foreign currencies, of which the purchase amounts were limited to the corresponding costs of travel elements based on estimated sales amount for one week, to cover the foreign exchange risk exposure in connection. The objective of our foreign exchange risk management procedures is to cover the foreign exchange risk exposure in connection with those costs of travel elements denominated in foreign currencies to be incurred for one week. The procedures do not allow us to exercise any judgement over the future direction of foreign exchange fluctuation and are strict procedural steps for our operational staff to follow. The Group will review the procedures from time to time and make appropriate changes when necessary. Other than the transactional foreign currency exchange risk, assets and liabilities of the group entities are mainly denominated in its respective functional currency. The Group's treasury management policy is to place surplus cash into bank deposits with licensed banks mainly in Hong Kong, Macau and Japan. Also, working capital are centrally managed to ensure proper and efficient collection and deployment of funds, and sufficient funds to settle liabilities when they fall due. Net exchange loss of approximately HK$2.7 million was recorded during the Year (2020: net exchange gain HK$5.2 million).

***HUMAN RESOURCES AND EMPLOYEE'S REMUNERATION***

As at 31 December 2021, the Group had a total workforce of 254 employees (as at 31 December 2020: 482), of which 22 (as at 31 December 2020: 182) were full-time escort guides. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the remuneration committee of the Board after considering the Group's operating results, individual performance and comparing with market conditions. In addition to basic remuneration, the Group also provides medical insurance, provident funds and other benefits in kind to the employees. To intensify personnel training and development, the Group provides a series of employee training programmes, which aims to accelerate professional growth and identify competences and talents of diversified teams. High potential staff will be groomed and developed intensively according to the promotion plan towards the management level. To attract and retain the suitable personnel for the development of the Group, the Group has adopted a share option scheme since November 2014. Pursuant to the share option scheme, share options may be granted to eligible employees of the Group as a long-term incentive. No share options were granted, cancelled, lapsed or exercised during the Year (2020: Nil). During 2020 and the Year, due to the adverse impact of the COVID-19 pandemic, no-pay leaves and salary reductions have been arranged for employees. Manpower has been re-structured. Other than that, there was no significant change in the remuneration policies, bonus, share option scheme and training scheme of the Group (2020: Nil).

**OUTLOOK**

The management of the Group will continuously monitor the travel restrictions and traveller quarantine arrangements. It will continue to explore additional sources of income and to implement various cost control measures, including restructuring the workforce, enhancing staff cost saving measures and seeking rent concessions from landlords. Also, during 2020 and 2021, loans in total of HK$320.0 million have been withdrawn from the related company, Great Port. And Great Port agreed to arrange further credit facilities of not less than HK$100.0 million upon request by the Group until 30 June 2023. The Board is of the view that the Group will have sufficient working capital to finance its operations in 2022 and first half of 2023.

Depending on the duration of the COVID-19 pandemic and continuing negative impact on economic activities, the Group might experience further negative result and liquidity restraints and incur additional impairments on its assets in 2022. Nevertheless, the exact impact of the COVID-19 pandemic in 2022 and subsequent financial periods cannot be predicted.

We are well-positioned in the market on providing quality services and products. We are confident in Hong Kong's economic recovery and strengthen ourselves to regain our momentum step by step and to rekindle Hong Kong people's interest for the return of tourism after getting through this hard time.

## CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate transparency and accountability. The Company is committed to achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures. During the Year, the Board is of opinion that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## SCOPE OF WORK OF BDO LIMITED

The financial figures contained in this announcement in respect of the Group's results for the Year have been agreed by the Company's external auditor, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by BDO Limited on this announcement.

## REVIEW BY AUDIT COMMITTEE

The annual results of the Group for the Year have been reviewed by the audit committee of the Board.

## AUDIT OPINION

BDO Limited issued an opinion with an emphasis of matter on the consolidated financial statements of the Group for the Year. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" below.

## EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to note 2(b) to the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK$156,425,000 for the year ended 31 December 2021 and as of that date, its current liabilities exceeded its current assets by approximately HK$128,016,000. These conditions, together with the matters set forth in note 2(b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

## ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "AGM") will be held on Tuesday, 31 May 2022. For details of the AGM, please refer to the Notice of AGM which is expected to be published in late April 2022.

## CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed on the dates as set out below:

| | |
|---|---|
| Latest time to lodge transfer documents for registration with the Company's registrar | At 4:30 p.m. on Wednesday, 25 May 2022 |
| Closure of register of members of the Company | Thursday, 26 May 2022 to Tuesday, 31 May 2022 (both days inclusive) |

During the above closure period of the register of members of the Company, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than the aforementioned latest time.

## PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.egltours.com/travel/pages/investor_relations/#eng.

The annual report of the Company for the Year will be despatched to the shareholders of the Company and published on the above websites in late April 2022.

On behalf of the Board
**EGL Holdings Company Limited**
**Yuen Man Ying**
*Chairman and Executive Director*

Hong Kong, 25 March 2022

*As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. Yuen Man Ying (Chairman), Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu, Ms. Lee Po Fun, Ms. Yuen Ho Yee and Mr. Cheang Chuen Hon, and three Independent Non-executive Directors, namely Mr. Chan Kim Fai, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming.*