

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 2022**

	<b>For the year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>Change in</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Revenue	<b>196,479</b>	44,578	340.8%
Gross profit/(loss)	<b>38,881</b>	(29,177)	233.3%
Loss attributable to owners of the Company	<b>(74,299)</b>	(155,635)	-52.3%
Loss per share			
Basic and diluted ( <i>HK cents</i> )	<b>(14.79)</b>	(30.98)	
Profit margin			
Gross profit margin	<b>19.8%</b>	-65.5%	
Operating profit margin	<b>-35.4%</b>	-413.8%	
Net profit margin	<b>-37.8%</b>	-349.1%	
Return on equity attributable to owners of the Company	<b>-321.7%</b>	-125.6%	
Gearing ratio			
Total borrowings over total assets	<b>75.1%</b>	76.6%	
Net debts over equity	<b>2,234.2%</b>	493.0%	

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 2022 (the “Year”) together with comparative figures of 2021 as follows:

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

*FOR THE YEAR ENDED 31 DECEMBER 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Revenue</b>	5	<b>196,479</b>	44,578
Cost of sales		<u>(157,598)</u>	<u>(73,755)</u>
<b>Gross profit/(loss)</b>		<b>38,881</b>	(29,177)
Other income, gains and losses, net	5	<b>30,418</b>	11,313
Selling expenses		<b>(37,147)</b>	(29,081)
Administrative expenses		<b>(100,634)</b>	(103,569)
Other operating expenses	6	<b>(818)</b>	(33,452)
Share of results of associates		<b>(238)</b>	(513)
Finance costs	6	<u><b>(22,658)</b></u>	<u>(14,854)</u>
<b>Loss before income tax</b>	6	<b>(92,196)</b>	(199,333)
Income tax credit	7	<u><b>16,697</b></u>	<u>42,908</u>
<b>Loss for the year</b>		<u><b>(75,499)</b></u>	<u>(156,425)</u>
<b>Other comprehensive income, that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		<b>(25,887)</b>	(24,574)
Share of exchange differences on translation of foreign associates		<b>(893)</b>	(2,977)
Effect on cash flow hedge, net of tax		<u><b>454</b></u>	<u>753</u>
Other comprehensive income for the year, net of tax		<u><b>(26,326)</b></u>	<u>(26,798)</u>
<b>Total comprehensive income for the year, net of tax</b>		<u><b>(101,825)</b></u>	<u><b>(183,223)</b></u>

	<b>2022</b>	2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Loss for the year attributable to:</b>		
Owners of the Company	(74,299)	(155,635)
Non-controlling interests	(1,200)	(790)
	<u>(75,499)</u>	<u>(156,425)</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(100,802)	(182,571)
Non-controlling interests	(1,023)	(652)
	<u>(101,825)</u>	<u>(183,223)</u>
<b>Loss per share for loss attributable to owners of the Company</b>		
– Basic and diluted ( <i>HK cents</i> )	8 <u>(14.79)</u>	<u>(30.98)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		471,798	580,238
Right-of-use assets		18,361	26,860
Interests in associates		8,096	9,900
Deferred tax assets		102,502	92,700
Derivative financial instruments		1,154	533
Deposits and prepayments	<i>11</i>	2,028	1,963
		<u>603,939</u>	<u>712,194</u>
<b>Current assets</b>			
Inventories		1,733	2,582
Trade receivables	<i>10</i>	6,766	3,210
Deposits, prepayments and other receivables	<i>11</i>	74,510	42,158
Amount due from an associate		5,542	6,290
Tax recoverable		131	222
Pledged bank deposits		8,135	8,326
Cash at banks and on hand		204,300	130,133
		<u>301,117</u>	<u>192,921</u>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	15,582	5,220
Accruals and other payables	<i>13</i>	46,786	23,506
Contract liabilities		100,887	12,161
Amount due to an associate		20	12
Loans from a related company		30,000	–
Lease liabilities		38,193	40,071
Provision for taxation		382	290
Bank borrowings	<i>14</i>	213,601	239,677
		<u>445,451</u>	<u>320,937</u>
<b>Net current liabilities</b>		<u>(144,334)</u>	<u>(128,016)</u>
<b>Total assets less current liabilities</b>		<u>459,605</u>	<u>584,178</u>

	<i>Notes</i>	2022 <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Provision		648	738
Bank borrowings	<i>14</i>	151,765	180,441
Lease liabilities		2,805	7,831
Loans from a related company		<u>283,918</u>	<u>272,874</u>
		<u>439,136</u>	<u>461,884</u>
<b>Net assets</b>		<u><b>20,469</b></u>	<u>122,294</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>15</i>	50,245	50,245
Reserves		<u>(27,150)</u>	<u>73,652</u>
		23,095	123,897
<b>Non-controlling interests</b>		<u>(2,626)</u>	<u>(1,603)</u>
<b>Total equity</b>		<u><b>20,469</b></u>	<u>122,294</u>

# NOTES TO THE FINANCIAL INFORMATION

## FOR THE YEAR ENDED 31 DECEMBER 2022

### 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”), 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 entry restrictions, quarantine requirements, visa suspension implemented by different jurisdictions for visitors across the world. The Japanese Government resumed cross-border travel for tourists in early June 2022 and the Group eventually was able to organise Hong Kong’s first package tour to Japan on 22 June 2022. In the second half of 2022, the quarantine requirements imposed by the Hong Kong Government began to loosen up, as such revenue from the travel related business sector increased. However, the number of customers did not yet rebound to the level before the pandemic up to 31 December 2022. Subsequent to the year end, the Japanese Government has lifted up most of the COVID-19 related restrictions relevant to the tourism industry, including visa wavier, restriction removal of free independent visitors upon arrival to Japan, etc.

The Group incurred a loss of approximately HK\$75,499,000 for the year ended 31 December 2022 and as of that date, its current liabilities exceeded its current assets by approximately HK\$144,334,000. In addition, the Group had loans due to a related company of approximately HK\$313,918,000 and bank borrowings of approximately HK\$365,366,000, out of these balances HK\$243,601,000 was repayable within twelve months. As further disclosed in Note 14, the current portion of bank borrowings included an amount of HK\$203,808,000 for which the Group did not fulfill the financial covenants and the lender was entitled to demand immediate repayment. However, as at 31 December 2022, the balance of cash at banks and on hand was only approximately HK\$204,300,000.

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 2024 (the “Forecast Period”) after taking the followings into consideration:

- (a) As at the date of approval of the consolidated financial statements, Great Port Limited (“Great Port”), a related company, agreed to provide additional credit facilities of not less than HK\$100 million to the Group during the Forecast Period;
- (b) The operating results of travel related business would be improved based on the expected recovery of the tourism industry in Hong Kong and Japan. The management expected that the Group’s travel related business will gradually go back to the pre-COVID-19 level in the first quarter of 2024. Sensitivity analysis has been carried out on this assumption to test the resilience of the forecasted liquidity;
- (c) In respect of the bank borrowings of HK\$193,808,000, the Group obtained a waiver of compliance with the covenant requirement on 12 January 2023;
- (d) The Group continues to operate EGL Market Company Limited to diversify its business to sale of merchandises; 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 arrange the additional credit facilities from the related company and source additional sources of finance when it is needed, availability of necessary resources to ramp up operations once the Group expects to increase the scale of operations and whether the business operations would recover as expected. 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 2022

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 2022:

- Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKFRS 3 - Reference to the Conceptual Framework
- Amendments to HKAS 37 - Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to HKFRSs 2018-2020

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below.

#### ***Amendments to HKAS 16 - Property, Plant and Equipment: Proceeds before Intended Use***

The amendment to HKAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is testing whether the asset is functioning properly when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

#### ***Amendments to HKFRS 3 - Reference to the Conceptual Framework***

Minor amendments were made to HKFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and HK(IFRIC) Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

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

The amendment to HKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

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

The following improvements were finalised in May 2020:

- HKFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.



- HKFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same HKFRS 1 exemption.
- HKAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under HKAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

**(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:

- Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies<sup>1</sup>
- Amendments to HKAS 8, Definition of Accounting Estimates<sup>1</sup>
- Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>1</sup>
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback<sup>2</sup>
- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current (the “2020 Amendments”)<sup>2,4</sup>
- Amendments to HKAS 1, Non-current Liabilities with Covenants (the “2022 Amendments”)<sup>2</sup>
- Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2023.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2024.*

<sup>3</sup> *No mandatory effective date determined yet but available for adoption.*

<sup>4</sup> *As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.*

### ***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 16, Lease liability in a Sale and Leaseback***

The Amendments provide a requirement for the seller-lessee to determine “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

### ***Amendments to HKAS 1, Classification of Liabilities as Current or Non-current***

The amendments clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments:

- specify that an entity’s right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify the classification of liabilities that will or may be settled by issuing an entity’s own equity instruments.

### ***Amendments to HKAS 1, Non-current Liabilities with Covenants***

The amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. The Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the Amendments is permitted. The Amendments are not expected to have any significant impact on the Group’s financial statements.

### ***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.

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 <i>HK\$'000</i>	Sale of Merchandises Business <i>HK\$'000</i>	Hotel Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 December 2022:</b>				
<b>Revenue</b>				
From external customers	129,221	20,936	46,322	196,479
Inter-segment revenue	(1,531)	–	1,531	–
<b>Reportable segment revenue</b>	<b>127,690</b>	<b>20,936</b>	<b>47,853</b>	<b>196,479</b>
<b>Reportable segment (loss)/profit</b>	<b>(23,851)</b>	<b>269</b>	<b>(43,580)</b>	<b>(67,162)</b>
Depreciation on property, plant and equipment	(3,166)	(226)	(37,070)	(40,462)
Depreciation on right-of-use assets	(19,820)	–	–	(19,820)
Share of results of associates	(238)	–	–	(238)
Finance costs	(1,646)	–	(4,010)	(5,656)
Income tax credit	5,455	172	11,070	16,697
<b>Reportable segment assets</b>	<b>327,832</b>	<b>13,828</b>	<b>544,760</b>	<b>886,420</b>
<b>Reportable segment liabilities</b>	<b>226,352</b>	<b>3,486</b>	<b>368,737</b>	<b>598,575</b>
Additions to non-current assets	304	679	537	1,520
Share of net assets of associates	8,096	–	–	8,096

	Travel Related Business <i>HK\$'000</i>	Sale of Merchandises Business <i>HK\$'000</i>	Hotel Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended</b>				
<b>31 December 2021:</b>				
<b>Revenue</b>				
From external customers	12,968	17,504	14,106	44,578
<b>Reportable segment revenue</b>	<b>12,968</b>	<b>17,504</b>	<b>14,106</b>	<b>44,578</b>
<b>Reportable segment (loss)/profit</b>	<b>(116,613)</b>	<b>1,418</b>	<b>(69,392)</b>	<b>(184,587)</b>
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
<b>Reportable segment assets</b>	<b>175,633</b>	<b>7,478</b>	<b>649,912</b>	<b>833,023</b>
<b>Reportable segment liabilities</b>	<b>88,321</b>	<b>2,925</b>	<b>417,273</b>	<b>508,519</b>
Additions to non-current assets	11,567	426	687	12,680
Share of net assets of associates	9,900	–	–	9,900

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	<u>196,479</u>	<u>44,578</u>
Consolidated revenue	<u><u>196,479</u></u>	<u><u>44,578</u></u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss before income tax</b>		
Reportable segment loss	(67,162)	(184,587)
Other gain, net	115	1,327
Finance costs	(17,002)	(7,847)
Unallocated corporate expenses	<u>(8,147)</u>	<u>(8,226)</u>
Consolidated loss before income tax	<u><u>(92,196)</u></u>	<u><u>(199,333)</u></u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	886,420	833,023
Unallocated corporate assets	<u>18,636</u>	<u>72,092</u>
Consolidated total assets	<u><u>905,056</u></u>	<u><u>905,115</u></u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	598,575	508,519
Unallocated corporate liabilities	<u>286,012</u>	<u>274,302</u>
Consolidated total liabilities	<u><u>884,587</u></u>	<u><u>782,821</u></u>

(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)	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong and Macau (place of domicile)	145,865	29,394	21,860	31,301
Japan	50,614	15,184	468,226	575,844
Others	–	–	8,169	9,853
	<u>196,479</u>	<u>44,578</u>	<u>498,255</u>	<u>616,998</u>

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 2022 (2021: Nil).

(e) **Disaggregation of revenue**

	Sale of Merchandises							
	Travel Related Business		Business		Hotel Business		Total	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Primary geographical markets</b>								
Hong Kong and Macau (place of domicile)	124,929	11,890	20,936	17,504	–	–	145,865	29,394
Japan	2,761	1,078	–	–	47,853	14,106	50,614	15,184
	<u>127,690</u>	<u>12,968</u>	<u>20,936</u>	<u>17,504</u>	<u>47,853</u>	<u>14,106</u>	<u>196,479</u>	<u>44,578</u>
<b>Timing of revenue recognition</b>								
At a point in time	19,359	5,234	20,936	17,504	–	–	40,295	22,738
Transferred over time	108,331	7,734	–	–	47,853	14,106	156,184	21,840
	<u>127,690</u>	<u>12,968</u>	<u>20,936</u>	<u>17,504</u>	<u>47,853</u>	<u>14,106</u>	<u>196,479</u>	<u>44,578</u>



## 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 merchandises. The amounts of each significant category of revenue recognised during the year are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Package tours	108,331	7,734
FIT Products ( <i>note</i> )	6,340	2,755
Ancillary travel related products and services ( <i>note</i> )	13,019	2,479
Sale of merchandises	20,936	17,504
Hotel room rental and ancillary services	47,853	14,106
	<u>196,479</u>	<u>44,578</u>

*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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross proceeds received and receivable	<u>66,343</u>	<u>19,808</u>

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

	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
Trade receivables ( <i>note 10</i> )	6,766	3,210
Contract liabilities	<u>100,887</u>	<u>12,161</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other income, gains and losses, net</b>		
Exchange loss, net	(3,511)	(2,703)
Handling income	631	305
Interest income on bank deposits	279	18
Sundry income	659	2,175
Gain on rental concession of lease	1,844	3,070
Government sponsor income	5,789	8,139
Gain on modification of loan payment	229	309
Reversal of written off of prepayment	24,498	–
	<u>30,418</u>	<u>11,313</u>

## 6. LOSS BEFORE INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditors' remuneration	1,644	1,592
Written off of prepayments and other receivables*	–	33,558
Bad debts written off in respect of trade receivables*	105	–
Cost of inventories recognised as expenses	14,720	13,531
Depreciation on property, plant and equipment	40,462	58,498
Depreciation on right-of-use assets	19,820	23,737
Loss/(gain) on disposal of property, plant and equipment, net*	7	(69)
Loss/(gain) on termination of lease *	242	(37)

### Finance costs

– Interest expense incurred on lease liabilities	1,307	1,940
– Interest expense incurred on derivative financial instruments	263	352
– Interest expense incurred on loans from a related company	17,002	7,847
– Interest expense incurred on bank borrowings	4,086	4,715
	<u>22,658</u>	<u>14,854</u>

### Employee costs (including directors' emoluments):

– Salaries and other benefits in kind	62,755	57,731
– Retirement scheme contributions	2,307	2,575
	<u>65,062</u>	<u>60,306</u>

\* All these expenses are recorded as “other operating expenses”.

## 7. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
– Tax for the year	64	50
– (Over)/under-provision in respect of prior year	<u>(35)</u>	<u>80</u>
	<u>29</u>	<u>130</u>
<b>Deferred tax</b>		
– Credit to profit or loss for the year	<u>(16,726)</u>	<u>(43,038)</u>
	<u><u>(16,697)</u></u>	<u><u>(42,908)</u></u>

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 2022 and 2021. 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% (2021: 12%) on the estimated assessable profit of a subsidiary operating in Macau for the year ended 31 December 2022. The Group has no estimated assessable profit arising from the subsidiary operating in Macau for the year ended 31 December 2022 (2021: Nil).

Enterprise Income Tax of the People's Republic of China (the "PRC") is calculated at 25% (2021: 25%) on the estimated assessable profit of a subsidiary operating in the PRC for the year ended 31 December 2022. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for the year ended 31 December 2022 (2021: 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% (2021: approximately 30.6% to approximately 34.6%) for the year ended 31 December 2022 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 2022 (2021: Nil).

## 8. LOSS PER SHARE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to owners of the Company	<u>(74,299)</u>	<u>(155,635)</u>

	2022 <i>'000</i>	2021 <i>'000</i>
<b>Number of shares</b>		
Number of ordinary shares	<u>502,450</u>	<u>502,450</u>

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 2022 and 2021.

## 9. DIVIDENDS

The directors do not recommend payment of any dividend for the year ended 31 December 2022 (2021: Nil).

## 10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	<u>6,766</u>	<u>3,210</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 - 90 days	6,661	2,431
91 - 180 days	104	91
181 - 365 days	–	68
Over 365 days	<u>1</u>	<u>620</u>
	<u>6,766</u>	<u>3,210</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Not yet past due	4,625	1,699
Past due within three months	2,037	801
Past due more than three months but within six months	103	50
Past due more than six months but within one year	<u>1</u>	<u>660</u>
	<b><u>6,766</u></b>	<b><u>3,210</u></b>

The maximum exposure to credit risk as at 31 December 2022 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 2022, the directors of the Company consider ECLs against the gross amounts of trade receivables are immaterial.

#### 11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>		
Deposits	1,679	1,963
Prepayments	<u>349</u>	<u>–</u>
	<b><u>2,028</u></b>	<b><u>1,963</u></b>
<b>Current assets</b>		
Other receivables	8,560	8,082
Deposits ( <i>note</i> )	5,148	6,546
Prepayments	<u>60,802</u>	<u>27,530</u>
	<b><u>74,510</u></b>	<b><u>42,158</u></b>

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 (2021: HK\$1,455,000). 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 - 90 days	13,669	3,070
91 - 180 days	199	30
181 - 365 days	673	83
Over 365 days	1,041	2,037
	<u>15,582</u>	<u>5,220</u>

## 13. ACCRUALS AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accrued expenses	21,322	11,853
Other payables	25,464	11,653
	<u>46,786</u>	<u>23,506</u>

## 14. BANK BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current</b>		
Bank borrowings, secured	213,601	239,677
<b>Non-current</b>		
Bank borrowings, secured	151,765	180,441
	<u>365,366</u>	<u>420,118</u>

As at 31 December 2022, the bank borrowings of approximately HK\$365,366,000 (2021: HK\$420,118,000) were secured by charges over certain property, plant and equipment and pledged bank deposits with aggregate carrying amounts of approximately HK\$430,667,000 (2021: HK\$497,975,000) and approximately HK\$4,359,000 (2021: HK\$4,630,000) respectively. In addition, among these bank borrowings, an amount of approximately HK\$3,070,000 (2021: HK\$3,486,000) 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\$203,808,000 as at 31 December 2022 (as at 31 December 2021: HK\$228,554,000). 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 current liabilities as at 31 December 2022 and 31 December 2021.

On 12 January 2023, the Group obtained a waiver of compliance with the covenant requirement from the bank for the outstanding loan amounts of approximately HK\$193,808,000. The loans were classified as non-current liabilities from 12 January 2023 onward.

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% (2021: 0.79% to 1.67%) per annum.

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

<b>Analysed into (note):</b>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Within one year or on demand	<b>213,601</b>	239,677
Over one year, but within two years	<b>6,738</b>	7,655
Over two years, but within five years	<b>20,301</b>	23,062
Over five years	<b>124,726</b>	149,724
	<b><u>365,366</u></b>	<u>420,118</u>

*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 2022 are stated below:

	<b>Principal amount</b> <i>HK\$'000</i>	<b>Interest rate</b>	<b>Repayment terms</b>
Loan denominated in Japanese Yen (“JPY”)	<b>193,808</b>	<b>3-month Tokyo Interbank Offered Rate + 1.0% per annum</b>	<b>Payable within 12 years</b>
Loan denominated in JPY	<b>3,070</b>	<b>Fixed rate 1.2% per annum</b>	<b>Payable within 5 years</b>
Loan denominated in JPY	<b>158,488</b>	<b>3-month Tokyo Interbank Offered Rate + 0.5% per annum</b>	<b>Payable within 26 years</b>
Loan denominated in HK\$	<b>10,000</b>	<b>1-month HIBOR + 1.5% per annum</b>	<b>Payable within 30 days</b>

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

	<b>Principal amount</b> <i>HK\$'000</i>	<b>Interest rate</b>	<b>Repayment terms</b>
Loan denominated in JPY	<b>220,554</b>	<b>3-month Tokyo Interbank Offered Rate + 1.0% per annum</b>	<b>Payable within 12 years</b>
Loan denominated in JPY	<b>3,486</b>	<b>Fixed rate 1.2% per annum</b>	<b>Payable within 5 years</b>
Loan denominated in JPY	<b>188,078</b>	<b>3-month Tokyo Interbank Offered Rate + 0.5% per annum</b>	<b>Payable within 26 years</b>
Loan denominated in HK\$	<b>8,000</b>	<b>1-month HIBOR + 1.5% per annum</b>	<b>Payable within 90 days</b>



## 15. SHARE CAPITAL

	<b>Number</b> <i>'000</i>	<b>Amount</b> <i>HK\$'000</i>
<b>Authorised</b>		
<i>Ordinary shares of HK\$0.1 each</i>		
At 1 January 2021, 31 December 2021 and 2022	1,000,000	100,000
	<u>1,000,000</u>	<u>100,000</u>
	<b>Number</b> <i>'000</i>	<b>Amount</b> <i>HK\$'000</i>
<b>Ordinary shares, issued and fully paid</b>		
At 1 January 2021, 31 December 2021 and 2022	502,450	50,245
	<u>502,450</u>	<u>50,245</u>

## 16. CHANGE IN ACCOUNTING POLICIES

In prior years, the Group did not choose to not capitalise leases which are short-term leases. With effect from 1 January 2022, due to a change of lease models under business recovery from the pandemic, the Group adopted a new accounting policy for short-term leases of office equipment and travel buses, where the non-cancellable period of the lease is 12 months or less and do not contain a purchase option, the short-term lease exemption applies. The short-term lease exemption is applied consistently to all underlying assets relating to office equipment and travel buses only. As a result of the adoption of this accounting policy, the Group recognised HK\$5,843,000 of short term lease expenses in profit or loss during the year.

The new accounting policy has been adopted retrospectively, but there was no impact on the consolidated financial statements for the year ended 31 December 2021 and its opening balance as there were no short-term lease for office equipment and travel buses recognised as right-of-use assets and lease liabilities in prior year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROUP OVERVIEW

With the continued impact of the COVID-19 pandemic, most of the Group's travel related business and hotel business were halted, especially in the first half of 2022. Fortunately, the Group was able to organise Hong Kong's first package tour to Japan on 22 June 2022 after more than two years of the COVID-19 pandemic outbreak and since then the Group's travel related business gradually regained the momentum. In the second half of 2022, the quarantine requirements imposed by the Hong Kong Government began to loosen up, as such revenue from the travel related business sector increased, causing an improvement of the Group's financial performance. Moreover, the Japanese Government gradually reopened to inbound tourists in May 2022 and had further relaxed restrictions in the subsequent months. Such arrangements had favourable impacts on the Group's hotel business sector.

During the Year, revenue of the Group amounted to approximately HK\$196.5 million (2021: HK\$44.6 million), representing an increase of 340.8%. Gross profit amounted to approximately HK\$38.9 million (2021: gross loss HK\$29.2 million), representing a change of 233.3%. Loss attributable to owners of the Company amounted to approximately HK\$74.3 million (2021: HK\$155.6 million), representing a decrease of 52.3%.

Basic loss per share for loss attributable to owners of the Company for the year ended 31 December 2022 was HK14.79 cents (2021: HK30.98 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 profit/(loss) from various business categories for the years are set out as follows:

	2022			2021		
	Revenue <i>HK\$'000</i>	Gross profit/(loss) <i>HK\$'000</i>	Gross profit margin %	Revenue <i>HK\$'000</i>	Gross (loss)/profit <i>HK\$'000</i>	Gross profit margin %
Package tours	108,331	28,863	26.6	7,734	1,549	20.0
FIT Products and ancillary travel related products and services	19,359	8,951	46.2	5,234	3,386	64.7
Sale of merchandises	20,936	6,215	29.7	17,504	3,973	22.7
Hotel room rental and ancillary services	47,853	(5,148)	-10.8	14,106	(38,085)	-270.0
<b>Total</b>	<b>196,479</b>	<b>38,881</b>	<b>19.8</b>	<b>44,578</b>	<b>(29,177)</b>	<b>-65.5</b>

## ***PACKAGE TOURS***

Due to the relaxation of the quarantine requirements in Hong Kong and the gradual reopening of the Japan to tourists in the second half of 2022, financial performance of package tours has been significantly improved. Revenue for the Year amounted to approximately HK\$108.3 million (2021: HK\$7.7 million), representing an increase of 1,300.7% and contributing 55.1% to the Group's total revenue (2021: 17.3%). Gross profit amounted to approximately HK\$28.9 million (2021: HK\$1.5 million), representing an increase of 1,763.3%.

## ***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, overseas local tours and transportation rental services, and commission income from travel insurance services.

Benefited from Hong Kong's relaxed quarantine requirements and increasing number of countries and areas lifting travel restrictions and measures, financial performance of FIT Products and ancillary travel related products and services has been much improved. Revenue for the Year amounted to approximately HK\$19.4 million (2021: HK\$5.2 million), representing an increase of 269.9% and contributing 9.9% to the Group's total revenue (2021: 11.7%). Gross profit amounted to approximately HK\$9.0 million (2021: HK\$3.4 million), representing an increase of 164.4%.

## ***SALE OF MERCHANDISES***

In 2020, the Group launched a brand-new online shopping platform, "EGL market", where souvenir product items around the world are available for customer self-pickup and delivery services. In 2021 and 2022, brick-and-mortar retail shops were opened and pop-up shops had been operated. As at 31 December 2022, the Group had retail shops in Tsuen Wan, Causeway Bay and Tsim Sha Tsui for the sale of merchandises business.

Revenue for the Year amounted to approximately HK\$20.9 million (2021: HK\$17.5 million), representing an increase of 19.6% and contributing 10.7% to the Group's total revenue (2021: 39.3%). Gross profit amounted to approximately HK\$6.2 million (2021: HK\$4.0 million), representing an increase of 56.4%.

## ***HOTEL ROOM RENTAL AND ANCILLARY SERVICES***

The Japanese Government proceeded with the planned gradual reopening to inbound tourists in May 2022, and then allowed travellers from most areas, including Hong Kong, to visit Japan without visa in October 2022. Such reopening has favourable impacts on the Group's hotel business.

Osaka Hinode Hotel, the Group's first hotel, commenced its operation since November 2017. It provides quality hospitality services for guests from all over the world and has a capacity of 354 rooms for 691 guests with a hot spring bath building adjacent to it. The hotel's occupancy rate rose up to 87.8% for the month of December 2022 and the average occupancy rate for the Year was 33.1% (2021: 1.0%).

Okinawa Hinode Resort & Hot Spring Hotel, the Group's second hotel, commenced its operation since 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. The hotel's occupancy rate rose up to 69.2% for the month of December 2022 and the average occupancy rate for the Year was 46.4% (2021: 23.2%).

Revenue from hotel operation mainly represents income generated from the letting of hotel rooms. The revenue for the Year amounted to approximately HK\$47.9 million (2021: HK\$14.1 million), representing an increase of 239.2% and contributing 24.4% to the Group's total revenue (2021: 31.6%). Gross loss amounted to approximately HK\$5.1 million (2021: HK\$38.1 million), representing a decrease of 86.5%.

## FINANCIAL REVIEW

### KEY FINANCIAL RATIOS

	<b>2022</b>	2021
Gross profit margin	<b>19.8%</b>	-65.5%
Operating profit margin <sup>(1)</sup>	<b>-35.4%</b>	-413.8%
Net profit margin <sup>(2)</sup>	<b>-37.8%</b>	-349.1%
Interest coverage ratio <sup>(1)</sup>	<b>-3.1 times</b>	-12.4 times
Return on total assets <sup>(2)</sup>	<b>-8.2%</b>	-17.2%
Return on equity attributable to owners of the Company <sup>(2)</sup>	<b>-321.7%</b>	-125.6%
Current ratio	<b>0.7 time</b>	0.6 time
Gearing ratio		
Total borrowings over total assets	<b>75.1%</b>	76.6%
Net debts over equity	<b>2,234.2%</b>	493.0%

<sup>(1)</sup> Profit/loss in calculation refers to the profit/loss before finance costs and taxation.

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

<sup>(3)</sup> The Board does not recommend the payment of final dividend for the Year (2021: HK\$Nil).

## ***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 staff costs contributed the majority of selling expenses of the Group. Selling expenses amounted to approximately HK\$37.1 million (2021: HK\$29.1 million), representing an increase of 27.7%. The increase was mainly attributable to the increase in number and costs of frontline staff which was in line with the increase in revenue.

## ***ADMINISTRATIVE EXPENSES***

Employee costs, directors' remuneration, rent, rates and management fee, utilities expenses of hotels and depreciation on property, plant and equipment contributed the majority of administrative expenses of the Group. Administrative expenses amounted to approximately HK\$100.6 million (2021: HK\$103.6 million), representing a decrease of 2.8%. The decrease was primarily contributed by the Group's cost saving actions, including no-pay leaves, salary reductions and manpower re-structuring.

## ***OTHER OPERATING EXPENSES***

Other operating expenses for the Year amounted to approximately HK\$0.8 million. In 2021, these expenses amounted to approximately HK\$33.5 million which were mainly attributable to the written off of prepayments for booking aircraft seats with an airline. The reversal of written off of such prepayments in 2022 was recorded in "other income, gains and losses, net".

## ***FINANCE COSTS***

Finance costs of approximately HK\$4.1 million (2021: HK\$4.7 million) was incurred for the Year 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.

Based on discounted cash flows of the loans from a related company, Great Port, finance costs of approximately HK\$17.0 million (2021: HK\$7.8 million) were incurred for the Year. Such finance costs increased as the amount of loans and the effective interest rates increased.

Following the adoption of HKFRS 16 "Leases", finance costs of approximately HK\$1.3 million (2021: HK\$1.9 million) were incurred for the Year on lease liabilities.

### ***INCOME TAX CREDIT***

Income tax credit for the Year amounted to approximately HK\$16.7 million (2021: HK\$42.9 million). The decrease was mainly attributable to the decrease in deferred tax credit.

### ***INTEREST COVERAGE RATIO***

Interest coverage ratio for the Year was -3.1 times (2021: -12.4 times). The decrease in negative interest coverage ratio was mainly attributable to the decrease 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 above.

### ***CURRENT RATIO***

As at 31 December 2022, the Group's current ratio was 0.7 time (as at 31 December 2021: 0.6 time). The slight increase was mainly attributable to the percentage of increase in current assets being greater than the percentage of increase in current liabilities.

## GEARING RATIO

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Increase/ (Decrease) <i>HK\$'000</i>
<b>Gearing ratio – Total borrowings over total assets</b>			
Bank borrowings	365,366	420,118	(54,752)
Loans from a related company	<u>313,918</u>	<u>272,874</u>	<u>41,044</u>
Total borrowings ( <i>note a</i> )	<u><b>679,284</b></u>	<u><b>692,992</b></u>	<u><b>(13,708)</b></u>
Total assets	<u><b>905,056</b></u>	<u><b>905,115</b></u>	<u><b>(59)</b></u>
Gearing ratio	75.1%	76.6%	-1.5 percentage points
<b>Gearing ratio – Net debts over equity</b>			
Total borrowings ( <i>note a</i> )	679,284	692,992	(13,708)
Lease liabilities	<u>40,998</u>	<u>47,902</u>	<u>(6,904)</u>
Total debts ( <i>note b</i> )	720,282	740,894	(20,612)
Less: Cash at banks and on hand	<u>(204,300)</u>	<u>(130,133)</u>	<u>(74,167)</u>
	<u><b>515,982</b></u>	<u><b>610,761</b></u>	<u><b>(94,779)</b></u>
Equity ( <i>note c</i> )	<u><b>23,095</b></u>	<u><b>123,897</b></u>	<u><b>(100,802)</b></u>
Gearing ratio	2,234.2%	493.0%	1,741.2 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 decrease in gearing ratio – total borrowings over total assets was mainly attributable to the decrease in bank borrowings.

The increase in gearing ratio – net debts over equity was mainly attributable to the decrease in equity.

### ***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 for the Year were -8.2% (2021: -17.2%) and -321.7% (2021: -125.6%) respectively. The decrease in negative return on total assets was mainly due to the decrease in loss attributable to owners of the Company. The increase in negative return on equity was mainly due to the decrease in equity attributable to owners of the Company.

### ***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 2022 amounted to approximately JPY2,838.5 million (equivalent to approximately HK\$167.4 million) (as at 31 December 2021: JPY2,837.2 million (equivalent to approximately HK\$190.5 million)). The repayment term is payable in 12 years.

For the construction of hot spring bath building in Osaka which was completed in March 2019, the carrying amount of the bank borrowings as at 31 December 2022 amounted to approximately JPY447.0 million (equivalent to approximately HK\$26.4 million) (as at 31 December 2021: JPY446.8 million (equivalent to approximately HK\$30.0 million)). The repayment term is payable in 12 years.

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 2022 amounted to approximately JPY2,686.7 million (equivalent to approximately HK\$158.5 million) (as at 31 December 2021: JPY2,800.4 million (equivalent to approximately HK\$188.1 million)). The repayment term is payable in 26 years.



With regard to the acquisition of five travel buses in 2017, the carrying amount of the bank borrowings as at 31 December 2022 amounted to approximately JPY52.0 million (equivalent to approximately HK\$3.1 million) (as at 31 December 2021: JPY51.9 million (equivalent to approximately HK\$3.5 million)). The repayment term is payable in 5 years but the final repayment date has been postponed to 31 July 2023.

In respect of the bank borrowings withdrawn in Hong Kong to meet the needs of working capital for travel related business operation, the carrying amount as at 31 December 2022 amounted to HK\$10.0 million (as at 31 December 2021: HK\$8.0 million). The repayment term is payable within 30 days.

Regarding the financial support from the related company, Great Port, the carrying amount of five loans withdrawn within 2020 and 2021 amounted to approximately HK\$283.9 million as at 31 December 2022 (as at 31 December 2021: HK\$272.9 million). These loans are unsecured and repayable on 1 January 2026. In addition, one further loan of HK\$30.0 million was withdrawn on 2 June 2022 and outstanding as at 31 December 2022. This sixth loan is unsecured and repayable on 31 May 2023. It was classified as current liabilities in the financial information.

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 2022 amounted to approximately HK\$23.1 million (as at 31 December 2021: HK\$123.9 million). As at 31 December 2022, the Group's cash at banks and on hand amounted to approximately HK\$204.3 million (as at 31 December 2021: HK\$130.1 million). Cash at banks and on hand were mainly denominated in Hong Kong Dollar accounting for approximately 77.9% (as at 31 December 2021: 77.8%), Japanese Yen accounting for approximately 16.3% (as at 31 December 2021: 15.6%), Euro accounting for approximately 1.8% (as at 31 December 2021: 1.1%) and Macau Pataca accounting for approximately 1.2% (as at 31 December 2021: 0.8%).

### ***PLEDGE OF ASSETS***

As at 31 December 2022, property, plant and equipment of Okinawa Hinode Resort & Hot Spring Hotel, Osaka Hinode Hotel together with the hot spring bath building, travel buses, and certain pledged bank balances in Japan of approximately HK\$432.7 million in total (as at 31 December 2021: HK\$500.3 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 2022, the Group had pledged bank deposits of approximately HK\$8.1 million (as at 31 December 2021: HK\$8.3 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 the bank borrowings withdrawn in Hong Kong and 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\$7.3 million (as at 31 December 2021: HK\$14.0 million), which were mainly issued to the Group's branch shop landlords and 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 charge on assets as at 31 December 2022 (as at 31 December 2021: Nil).

### ***CAPITAL COMMITMENTS AND FUTURE CAPITAL EXPENDITURES***

As at 31 December 2022, the Group had capital commitments of approximately HK\$0.5 million (as at 31 December 2021: HK\$0.8 million) to acquire property, plant and equipment in Hong Kong.

For future capital expenditures, 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 2022 (as at 31 December 2021: Nil).

### ***MATERIAL ACQUISITIONS AND DISPOSALS***

During the Year, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Group (2021: Nil).

### ***SIGNIFICANT INVESTMENTS***

During the Year, there was no significant investment held by the Group (2021: 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 2022, 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 in mainly 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\$3.5 million was recorded for the Year (2021: HK\$2.7 million).

## ***HUMAN RESOURCES AND EMPLOYEES' REMUNERATION***

As at 31 December 2022, the Group had a total workforce of 294 employees (as at 31 December 2021: 254), of which 56 (as at 31 December 2021: 22) were full-time tour leaders and 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 (2021: Nil). During 2020, 2021 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 (2021: Nil).

## ***OUR STRATEGIES AND OUTLOOK***

During the peak of the epidemic, the Group kept more than 190 of its employees, which is more than 30% of its original total workforce. By organising local tours and staycation packages, the Group took this advantage to preserve travel agent branches and had shown its commitment to the travel industry. As a result, when the epidemic is gone, the Group will be a step ahead towards recovery.

Now, with the full resumption of cross-border travel, abolition of isolation orders and entry-exit quarantine measures between Hong Kong and the world, Hong Kong has entered into a new stage of post-epidemic era. The management of the Group will remain cautiously optimistic. The Group will seek new market opportunities and experiment different strategies, financial performance is anticipated to improve going forward. To carry out future plans, as at 31 December 2022, the Group had increased its workforce to a total of 294 employees, which is about 47% of the total personnel before the epidemic struck, and is expected to expand to more than 60% in 2023. Furthermore, the Group will open a travel agent branch in Kowloon Bay very soon and will have 6 branches in total in Hong Kong. As part of the Group's initiatives to improve flexibility of tour schedules and assure availability of flight seats, on 24 and 29 December 2022, the Group cooperated with Japan Airlines to secure special flights from Hong Kong to Sapporo, Hokkaido. The Group believed that these charter flight arrangements can enhance brand image and bring in more sales as such will continue to be utilized.

In terms of sale of merchandises business, the Group believed that accompanying "EGL Market" retail shops with travel agency branches will make use of resources in an effective manner and create synergies. On the date of this announcement, the Group has retail shops in Tsuen Wan, Causeway Bay, Tsim Sha Tsui and Mongkok, an additional retail shop will be available in Shatin. All of them are alongside with travel agency branches. The Group will continue to expand the sales network in the future.

The Group will monitor closely to evaluate the cash position and explore additional sources of income. With the continuous financial support from the related company, Great Port, the Board is of the view that the Group will have sufficient working capital to finance its operations in 2023 and first half of 2024.

We are well-positioned in the market to provide quality services and products. We are confident in Hong Kong's economic recovery and will strengthen ourselves to regain our momentum step by step. Together with the Group's dedicated professional team and management, supporting customers, business partners and stakeholders, the Group is confident in achieving performance improvement in the years ahead.

## **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 2022.

## **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 2022, 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 (“HKSA”) 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\$75,499,000 for the year ended 31 December 2022 and as of that date, its current liabilities exceeded its current assets by approximately HK\$144,334,000. These conditions, along with other matters as 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 2022 (2021: HK\$Nil).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “AGM”) will be held on Wednesday, 31 May 2023. For details of the AGM, please refer to the Notice of AGM which is expected to be published in late April 2023.

## **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, 24 May 2023

Closure of register of members of the Company . . . . . Thursday, 25 May 2023 to  
Wednesday, 31 May 2023  
(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 17/F, Far East Finance Centre, 16 Harcourt Road, 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](http://www.hkexnews.hk) and the website of the Company at [www.egltours.com/travel/pages/investor\\_relations/#eng](http://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 2023.

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

Hong Kong, 24 March 2023

*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.*