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If you have sold or transferred all your shares in **EGL Holdings Company Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

MAJOR TRANSACTION –
CONSTRUCTIONS CONTRACT IN RELATION TO
THE CONSTRUCTION OF HOTEL IN OKINAWA, JAPAN

A letter from the Board is set out on pages 4 to 8 of this circular.

25 April 2019

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

| | |
|-------------------------|---|
| “Board” | the board of Directors |
| “close associates” | has the meaning ascribed to it under the Listing Rules |
| “Company” | EGL Holdings Company Limited (stock code: 6882), a company established under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Construction Contract” | the construction contract dated 12 March 2019 entered into between East Global and the Contractor in relation to, among other things, the construction works of the Construction Project |
| “Construction Project” | the construction of the Hotel in accordance with the terms and conditions of the Construction Contract |
| “Contractor” | Nakamoto Industry Co., Ltd.*, a company established under the laws of Japan with limited liability |
| “Contract Sum” | the aggregate sum of JPY3,750,000,000 (equivalent to approximately HK\$262,500,000), comprising the construction price of JPY3,472,222,223 (equivalent to approximately HK\$243,055,555) and the relevant consumption tax and local consumption tax relating to the Construction Contract |
| “Director(s)” | director(s) of the Company |
| “East Global” | East Global Limited, a company established under the laws of Japan with limited liability, being an indirect wholly-owned subsidiary of the Company |

DEFINITIONS

| | |
|---------------------------|---|
| “Evergloss” | Evergloss Management Group Company Limited, a company incorporated in the British Virgin Islands, being a substantial shareholder of the Company as at the Latest Practicable Date |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Hotel” | a hotel to be constructed at the Land Parcels in accordance with the terms and conditions of the Construction Contract |
| “JPY” | Japanese Yen, the lawful currency of Japan |
| “Kwok Lai” | Kwok Lai Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is directly wholly-owned by Mr. Huen |
| “Land Parcels” | six land parcels situated at 3-346, 3-348-1, 3-350, 3-353-6, 3-353-7 and 3-361-11, Makishi, Naha City, Okinawa, Japan |
| “Latest Practicable Date” | 18 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Likang” | Likang Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Fiducia Suisse SA which is the trustee of a discretionary trust set up by Mr. Yuen whose discretionary objects are Ms. Lee and Ms. Yuen Ho Yee, wife and daughter of Mr. Yuen respectively |

DEFINITIONS

| | |
|---------------------------|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Huen” | Mr. Huen Kwok Chuen, an executive Director |
| “Mr. Leung” | Mr. Leung Shing Chiu, an executive Director |
| “Mr. Yuen” | Mr. Yuen Man Ying, the Chairman and an executive Director |
| “Ms. Lee” | Ms. Lee Po Fun, an executive Director |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) of HK\$0.1 each in the capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “sq. m.” | square meter(s) |
| “substantial shareholder” | has the meaning as ascribed to it under the Listing Rules |
| “%” | per cent. |

Unless otherwise specified, for the purpose of this circular, the translation of JYP into HK\$ is based on the approximate exchange rate of JYP1.00 = HK\$0.07. Such translation should not be construed as a representation that the amount in question have been, could have been or could be converted at any particular rate or at all.

** For identification purposes only*

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6882)

Executive Directors:

Mr. Yuen Man Ying (*Chairman*)
Mr. Huen Kwok Chuen
Mr. Leung Shing Chiu
Ms. Lee Po Fun

Registered Office:

P.O. Box 1350
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Independent Non-executive Directors:

Mr. Chan Kim Fai
Mr. Tang Koon Hung Eric
Ms. Wong Lai Ming

*Head office and principal place of
business in Hong Kong:*

15/F, EGL Tower
83 Hung To Road
Kwun Tong, Kowloon
Hong Kong

25 April 2019

To the Shareholders

Dear Sir/Madam

MAJOR TRANSACTION – CONSTRUCTIONS CONTRACT IN RELATION TO THE CONSTRUCTION OF HOTEL IN OKINAWA, JAPAN

INTRODUCTION

Reference is made to the announcement of the Company dated 12 March 2019 in relation to the Construction Contract pursuant to which East Global (an indirect wholly-owned subsidiary of the Company) and the Contractor entered into the Construction Contract in relation to the Construction Project, which involves the construction of the Hotel, being a 12-storey hotel (with one floor of dungeon and 11 floors of aboveground premises) with a total floor area of approximately 6,350.68 sq. m. situated at the Land Parcels. As disclosed in the interim report of the Company for the six months ended 30 June 2018, the Group completed the acquisition of the Land Parcels located in Okinawa, Japan in 2018.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information on the Construction Contract and other information as required under the Listing Rules.

CONSTRUCTION CONTRACT

Set out below are the principal terms of the Construction Contract:

Date

12 March 2019 (after trading hours)

Parties

- (i) East Global, being the registered owner of the Land Parcels; and
- (ii) Nakamoto Industry Co., Ltd.* (a local construction company located in Okinawa Prefecture), being the Contractor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Construction Contract, (i) the Contractor and its ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons; and (ii) the Contractor is principally engaged in property development and construction.

Subject Matter and Contract Sum

Pursuant to the Construction Contract, East Global has engaged the Contractor to construct the Hotel on the Land Parcels at the Contract Sum, subject to adjustments in connection with changes (if any) in the construction works of the Construction Project.

The Contract Sum of JPY3,750,000,000 (equivalent to approximately HK\$262,500,000) comprises the construction price of JPY3,472,222,223 (equivalent to approximately HK\$243,055,555) and the relevant consumption tax and local consumption tax relating to the Construction Contract. The Construction Contract was awarded through invitation for quotations and among the quotations received by the Group, the lowest is from the Contractor. Based on the information publicly available, (i) the Contractor is a Japan-based contractor with a history of more than 50 years and has expertise and a track record of carrying out building construction works in Japan, which includes the building of public and private (including residential properties) construction works; and (ii) the Contractor holds a construction license covering a wide range of different types of construction works which it is permitted to be engaged in, including the general building, general civil engineering, steel structure, scaffolding, earthwork and concrete, roofing, painting, water and sewerage facilities and interior finishing.

LETTER FROM THE BOARD

The Group has engaged a Japanese designer firm as an independent project supervisor in relation to the Construction Project (“**Project Supervisor**”). Having taken into account the advice and recommendation of the Project Supervisor, who upon an overall evaluation of the price quotations with reference to the local market conditions with regard to the manpower capacity of the local contractors, the costs of material and labour costs with regard to the scope and complexity of the construction works and the construction materials used for resisting strong typhoon which hits Okinawa often and the size of the Construction Project, and the credentials of the Contractor, the Board considered the Contract Sum to be fair and reasonable and the Contractor would be suitable for carrying out the construction works of the Hotel.

Payment terms

The Contract Sum has been and will be paid to the Contractor by cash according to the following schedule:

| | Percentage of the Contract Sum | Payment Amount | |
|---|--------------------------------------|----------------|--|
| | | JPY | Equivalent to HK\$ (approximately) |
| (i) Payment upon commencement of the Construction Project (on 29 March 2019, as scheduled) | 20% | 750,000,000 | 52,500,000 |
| (ii) Payment upon completion of placement of dungeon floor framework (expected in September 2019) | 30% | 1,125,000,000 | 78,750,000 |
| (iii) Payment upon completion of placement of 9/F framework (expected in May 2020) | 30% | 1,125,000,000 | 78,750,000 |
| (iv) Final payment upon completion of the Construction Project (expected in October 2020) | 20% | 750,000,000 | 52,500,000 |

LETTER FROM THE BOARD

Construction Period

The construction works under the Construction Contract has commenced on 20 March 2019 and is expected to be completed and delivered by the Contractor on 30 September 2020.

REASONS FOR, AND BENEFITS OF, THE ENTERING INTO THE CONSTRUCTION CONTRACT

The Group is primarily engaged in provision of package tours, free independent travellers (“FIT”) packages, individual travel elements and ancillary travel related products and services as well as the ownership, development and management of hotel business. The Board expects the Construction Project will bring synergy effect from hotel operation business to create enhanced value and synergy to pursue long-term sustainable growth and increase profitability for the Group.

The Hotel, upon completion of the Construction Project, will be located in a central business district with close proximity to public transport. As construction of the second runway of Naha Airport in Okinawa is estimated to be completed in 2020, the expected increase in air traffic volume to Okinawa is anticipated to boost and benefit the tourism industry and thereby resulting in strong demand for hotel accommodation in Okinawa. Upon completion of the construction works and commencement of the operation of the Hotel, which is expected to be in the second half of 2020, the Hotel will be utilised primarily to fulfil the accommodation needs of the Group’s package tours and demand from the Group’s FIT products bounding to Okinawa, whilst surplus guest rooms will be rented to other customers at the prevailing market price for hotels of similar location and quality. Accordingly, the Board considers the Construction Project will not only bring synergy effects to the existing package tour and FIT business of the Group, but will also provide an additional source of income for the Group through the operation of Hotel, which is in line with the Group’s long-term strategy.

In view of the above, the Board considers that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and the entering into of the Construction Contract is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE CONSTRUCTION CONTRACT ON THE GROUP

The Contract Sum has been and will be funded by the Group’s bank borrowing of JPY3,000,000,000 (equivalent to approximately HK\$210,000,000) and internal resources. Accordingly, the construction work as contemplated under the Construction Contract will increase both the Group’s total assets and liabilities.

While there will not be any immediate material impact on earnings of the Group, the Directors believe that the Construction Contract would lead to the enhancement of the Group’s income stream upon the commencement of the Hotel’s operations.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Construction Project is more than 25% but less than 100%, the entering into of the Construction Contract constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Construction Contract and the transactions contemplated thereunder, thus no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction Contract and the transactions contemplated thereunder.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, shareholders' written approval has been obtained on the date of the Construction Contract from Evergloss, which as at the date of the Construction Contract, held 375,000,000 Shares, representing approximately 74.63% of the Shares in issue, approving the Construction Contract and the transactions contemplated thereunder. As such, the Company is not required to convene an extraordinary general meeting for this purpose.

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

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Details of the consolidated financial information of the Group for the years ended 31 December 2015, 2016, 2017 and 2018 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at http://www.egltours.com/travel/pages/investor_relations/#eng, which are incorporated by reference into this circular.

- annual report of the Company for the year ended 31 December 2015 (pages 71 to 148)
- annual report of the Company for the year ended 31 December 2016 (pages 64 to 156)
- annual report of the Company for the year ended 31 December 2017 (pages 74 to 174)
- results announcement of the Company for the year ended 31 December 2018

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2019, being the latest practicable date of the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following bank borrowings:

| Bank Borrowings – secured, repayable: | <i>HK\$ million</i> |
|--|---------------------|
| Within one year | 32.7 |
| Over one year, but within two years | 28.8 |
| Over two years, but within five years | 84.2 |
| Over five years | <u>114.0</u> |
| | <u><u>259.7</u></u> |

As at 28 February 2019, the Group as lessee had lease liabilities of approximately HK\$92.0 million.

Note 1: The bank borrowings of approximately HK\$259.7 million were secured by charges over certain property, plant and equipment of the Group with aggregate carrying amounts of approximately HK\$283.1 million as at 28 February 2019. In addition, among these bank borrowings, an amount of approximately HK\$6.2 million is also secured by a property of a non-controlling shareholder of a subsidiary in Japan.

Note 2: The lease liabilities arose from the leased premises and travel buses of the Group upon the adoption of Hong Kong Financial Reporting Standard 16 Leases from 1 January 2019.

Note 3: The items included in the statement of indebtedness are presented on a basis consistent with the accounting policies normally adopted by the Group.

As at 28 February 2019, the Group accepted facilities letters issued by banks in Hong Kong and Macau offering for grant of guarantee, general banking facilities, foreign exchange facility and corporate credit cards in an aggregate amount of approximately HK\$142.4 million, none of which has been drawn down as at 28 February 2019. Such facilities were secured by:

- corporate guarantees provided by the Company;
- personal guarantee provided by Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee;
- a charge over bank deposits owned by the Group of approximately HK\$5.6 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, at the close of business on 28 February 2019, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 28 February 2019.

Subsequent to 28 February 2019, the Group had accepted a total loan facility of JPY3,000,000,000 (equivalent to approximately HK\$210,000,000) from Sumitomo Mitsui Banking Corporation to finance the Construction Project, of which a principal amount of JPY694,000,000 (equivalent to approximately HK\$48,580,000) has been drawn on 29 March 2019. The first instalment repayment of the principal will be made at the end of March 2021.

Save as disclosed, the Directors confirmed that there has been no material changes in the indebtedness and contingent liabilities from the Group from 28 February 2019 up to the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Group were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources presently available to the Group and also the effect of the Construction Contract, in the absence of unforeseeable circumstance, the Group has sufficient working capital for its present requirements that is for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS

The Group principally engages in the provision of package tours, FIT products and ancillary travel related products and services as well as the ownership, development and management of hotel business.

Japan is the main destination for the Group's package tours and FIT products and also the principal place of the Group's hotel business. As disclosed in the annual results announcement of the Company for the year ended 31 December 2018, Japan-bound package tours contributed to 52.2% (2017: 59.8%) to the Group's total revenue during 2018, the decrease in Japan-bound package tours' proportion to total revenue was attributable mainly to well-diversified business mix with the commencement of hotel operation business since November 2017, of which hotel operation business contributed to 3.8% (2017: 0.2%) to the Group's total revenue during 2018. It is expected that the Japan-bound package tours will continue to be the major source of the Group's revenue, and the demand for Japan-bound package tours, FIT products to Japan as well as the hotel accommodation in Japan will continue to rise.

The Group's first brand hotel Osaka Hinode Hotel and Hinode Deep-water Hot Spring have commenced its business since November 2017 and early April 2019 respectively. While private lodging accommodation in Japan has become an alternative choice for travellers in recent years, following the implementation of Japan's new Private Lodging Business Act in June 2018, which aims to scrutinize the provision of accommodation service by private lodging operators, it is expected that the non-qualified private lodging business will shrink and thereby create business opportunities for the hotel operators. Taking into account of the anticipated decrease in supply of private lodging accommodation, and expecting that the second runway in Okinawa to be completed in 2020 and other factors such as the forthcoming Olympics, World Expo and G20 Summit to be held in Japan which will boost demand for hotel accommodation to increase, the Group acquired four parcels of land with an aggregate site area of approximately 2,103 sq.m. located at the prime location of Okinawa in January 2018 for construction of the Hotel after the opening of Osaka Hinode Hotel, at a total consideration of approximately HK\$67.3 million. In July 2018, the Group further acquired two parcels of land with an aggregate site area of about 225 sq.m., which are adjacent to the land above-mentioned, at a total consideration of approximately HK\$3.3 million, to expand the development scale of the Hotel for meeting the growing demand for accommodation needs of tourists in the future.

As disclosed in the announcement of the Company dated 12 March 2019, the Construction Project has been carried out in March 2019 on the Land Parcels as expected. The Group expects the Construction Project to be completed in the third quarter of 2020 and to commence operation in the fourth quarter of 2020. Upon completion of the construction of the Hotel, it will bring synergy to the Group's existing travel businesses by extending and improving its service capabilities and will generate an additional income stream to the Group from the hotel operation. The Board considers that the construction of the Hotel will be beneficial to the Group and the Shareholders in the future.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Mode Code**”) were as follows:

Interests in shares of the associated corporation of the Company

| Name of Directors | Name of Associated Corporation | Nature of Interest | Total number of Shares held in the Associated Corporation | Approximate % of interest in the Associated Corporation |
|-------------------|--------------------------------|---|---|---|
| Mr. Yuen | Evergloss | Founder of a discretionary trust (Note 1) | 8,850 (L) | 26.70 |
| Mr. Huen | Evergloss | Interest of a controlled corporation (Note 2) | 7,650 (L) | 23.08 |
| Mr. Leung | Evergloss | Beneficial owner | 3,300 (L) | 9.95 |
| Ms. Lee | Evergloss | Beneficiary of a trust & beneficial owner (Notes 1 & 3) | 9,150 (L) | 27.60 |

(L) Long position

Notes:

- (1) The 8,850 shares in Evergloss were held by Likang, a wholly-owned subsidiary of Fiducia Suisse SA which is the trustee of The Yuen Family 2014 Trust, which is a discretionary trust set up by Mr. Yuen whose discretionary objects are Ms. Lee and Ms. Yuen Ho Yee, wife and daughter of Mr. Yuen respectively and both an associate of Mr. Yuen.
- (2) The 7,650 shares in Evergloss were held by Kwok Lai, which is directly wholly-owned by Mr. Huen.
- (3) Out of the 9,150 shares in Evergloss, 8,850 shares were held by Likang, a wholly-owned subsidiary of Fiducia Suisse SA which is the trustee of The Yuen Family 2014 Trust. Ms. Lee is one of the beneficiaries of the trust. The remaining 300 shares in Evergloss were held by Ms. Lee as the beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its associated corporation (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

| Name of Shareholders | Nature of Interest | Total number of Shares held | Approximate % of the issued share capital |
|---------------------------------|--|--------------------------------|---|
| Evergloss | Beneficial owner capacity | 375,000,000 (L) | 74.63 |
| Fiducia Suisse SA | Trustee (Note 1) | 375,000,000 (L) | 74.63 |
| HILL David Henry Christopher | Interest of a controlled corporation (Note 2) | 375,000,000 (L) | 74.63 |
| HILL Rebecca Ann | Interest of spouse (Note 3) | 375,000,000 (L) | 74.63 |

(L) Long position

Notes:

- (1) 375,000,000 Shares were held by Evergloss. Evergloss was owned as to approximately 26.70% by Likang and 26.24% by Yohki Ryokoh Limited (“**Yohki**”). Both Likang and Yohki are wholly-owned subsidiaries of Fiducia Suisse SA, which is the trustee of two discretionary family trusts, namely (i) The Yuen Family 2014 Trust, which is a discretionary trust set up by Mr. Yuen whose discretionary objects are Ms. Lee and Ms. Yuen Ho Yee, wife and daughter of Mr. Yuen respectively and both an associate of Mr. Yuen; (ii) Happyau Family Trust, which is a discretionary trust set up by Mr. Yau Shui Fung whose discretionary objects are Ms. Li Siu King, wife and an associate of Mr. Yau Shui Fung, and Tung Wah Group of Hospitals. Each of Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee is a director of Evergloss.
- (2) Fiducia Suisse SA was held by Mr. HILL David Henry Christopher who has a deemed interest of 375,000,000 Shares.
- (3) Ms. HILL Rebecca Ann is a spouse of Mr. HILL David Henry Christopher who has a deemed interest of 375,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, no other substantial shareholder or person had an interest or short position in the Shares or underlying shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates had interests in businesses, other than being a director of the Group and their respective close associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, the following agreements, which were significant in relation to the business of the Group, subsisted between the Group and Great Port Limited (“**Great Port**”), a majority-controlled company of the executive Directors:

- (a) the tenancy agreement dated 30 October 2017 entered into between EGL Tours Company Limited (“**EGL Tours**”) and Great Port in respect of the lease of Units A and C on 10/F, the whole of 12/F, the whole of 15/F, the whole of 16/F, Car Parking Spaces Nos. P15, P18 to P23 on 2/F and Signage Areas, EGL Tower, No.83 Hung To Road, Kowloon, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$937,320 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;
- (b) the tenancy agreement dated 30 October 2017 entered into between EGL Tours and Great Port in respect of the lease of Unit B on 10/F, EGL Tower, No.83 Hung To Road, Kowloon, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$46,000 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;
- (c) the tenancy agreement dated 30 October 2017 entered into between EGL Tours and Great Port in respect of the lease of Units Nos.1, 2, 3, 4, 5 and 6 on 5/F, Chevalier House, Nos.45-51 Chatham Road South, Kowloon, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$171,882 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;

- (d) the tenancy agreement dated 30 October 2017 entered into between EGL Tours (Macau) Company Limited and Great Port in respect of the lease of Units M and N on 10/F, Nos.730-804 Avenida da Praia Grande, Nos.2-6B Avenida de D Joao IV, Macau for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of MOP78,050 (equivalent to approximately HK\$75,709) (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017; and
 - (e) the tenancy agreement dated 30 October 2017 entered into between EGL Tours (Macau) Company Limited and Great Port in respect of the lease of Shop B, G/F, Nos.730-804 Avenida da Praia Grande, Nos.2-6B Avenida de D Joao IV, Macau for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of MOP89,707 (equivalent to approximately HK\$87,016) (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017,
- (collectively, “**Tenancy Agreements**”).

By virtue of being a shareholder of Great Port, each of Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee, being all of the executive Directors were deemed to have a material interest in the Tenancy Agreements. Annual cap amounting to HK\$16,700,000 was set for the Tenancy Agreements for the year ending 31 December 2019 in respect of all the leased premises contemplated under the Tenancy Agreements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

6. INTEREST IN ASSETS

Save as the tenancy agreements as set out in sub-paragraphs (a) to (e) under the paragraph headed “5. Interests in Contracts or Arrangement” in this Appendix, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2018 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement dated 23 October 2017 entered into between Ebisu Growth Limited (as purchaser), a wholly-owned subsidiary of the Company, and Daikyo Incorporated (as vendor) in relation to the acquisition of land parcels located at Okinawa, Japan at the aggregate consideration of JPY970,000,000 (equivalent to approximately HK\$67,308,000), further details of which are disclosed in the announcement of the Company dated 23 October 2017 (as varied and supplemented by a supplemental agreement dated 29 November 2017 entered into between the parties, further details of which are disclosed in the announcement of the Company dated 29 November 2017);
- (b) the tenancy agreement dated 30 October 2017 entered into between EGL Tours and Great Port in respect of the lease of Units A and C on 10/F, the whole of 12/F, the whole of 15/F, the whole of 16/F, Car Parking Spaces Nos. P15, P18 to P23 on 2/F and Signage Areas, EGL Tower, No.83 Hung To Road, Kowloon, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$937,320 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;

- (c) the tenancy agreement dated 30 October 2017 entered into between EGL Tours and Great Port in respect of the lease of Unit B on 10/F, EGL Tower, No.83 Hung To Road, Kowloon, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$46,000 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;
- (d) the tenancy agreement dated 30 October 2017 entered into between EGL Tours and Great Port in respect of the lease of Units Nos.1, 2, 3, 4, 5 and 6 on 5/F, Chevalier House, Nos.45-51 Chatham Road South, Kowloon, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$171,882 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;
- (e) the tenancy agreement dated 30 October 2017 entered into between EGL Tours and Great Port in respect of the lease of Units 2101 and 2102 on 21/F, Silver Fortune Plaza, No.1 Wellington Street, Central, Hong Kong for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of HK\$67,960 (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017 (as termination by a notice of termination served by Great Port, further details of which are set out in the announcement of the Company dated 29 March 2019);
- (f) the tenancy agreement dated 30 October 2017 entered into between EGL Tours (Macau) Company Limited and Great Port in respect of the lease of Units M and N on 10/F, Nos.730-804 Avenida da Praia Grande, Nos.2-6B Avenida de D Joao IV, Macau for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of MOP78,050 (equivalent to Approximately HK\$75,709) (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;

- (g) the tenancy agreement dated 30 October 2017 entered into between EGL Tours (Macau) Company Limited and Great Port in respect of the lease of Shop B, G/F, Nos.730-804 Avenida da Praia Grande, Nos.2-6B Avenida de D Joao IV, Macau for a term commencing from 1 November 2017 to 31 December 2019 (both days inclusive) at a monthly rental of MOP89,707 (equivalent to approximately HK\$87,016) (exclusive of rates, government rent, management charges and other outgoings), further details of which are set out in the announcement of the Company dated 30 October 2017;
- (h) a series of purchase contracts entered into between Ebisu Investment Company Limited (as purchaser), a wholly-owned subsidiary of the Company, and Hush Home Hong Kong Limited (as seller) in the aggregate sum of approximately HK\$3,160,193 for the purchase of certain bedding products and beds, further details of which are set out in the announcement of the Company dated 26 January 2018;
- (i) a construction contract dated 23 April 2018 entered into between Ebisu Growth Limited and Okumura Corporation, as contractor, in relation to the construction of a hot spring bath building situated at Osaka-Fu, Japan at the construction price of approximately JPY698,000,000 (equivalent to approximately HK\$48,860,000), further details of which are set out in the announcement of the Company dated 23 April 2018; and
- (j) the Construction Contract.

9. GENERAL

- (a) The secretary of the Company is Wong Cheuk Yee Kathy who is a Certified Public Accountants (Practising) in Hong Kong and a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at 15/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (c) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In the event of any inconsistency, the English text of the circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at 15/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2016 and 2017 and the results announcement of the Company for the year ended 31 December 2018;
- (c) the material contracts referred to in the paragraph headed “8. Material Contracts” in this appendix; and
- (d) this circular.