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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)

**CONNECTED TRANSACTIONS
IN RELATION TO
RENEWAL OF TENANCY AGREEMENTS**

CONNECTED TRANSACTIONS

Reference is made to the Announcement in relation to, among other matters, the Existing Tenancy Agreements. Given each of the Existing Tenancy Agreements will expire on 31 December 2021, on 26 November 2021, the Group entered into the 2022 Tenancy Agreements with Great Port to renew the existing tenancies for the period from 1 January 2022 to 31 December 2022 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Group will recognise the value of the right-of-use assets in its consolidated statement of financial position in connection with the lease of the Premises under the 2022 Tenancy Agreements. Accordingly, the Transactions will be regarded as acquisitions of assets by the Group under the respective definition of “transaction” as set out in Chapter 14 and Chapter 14A of the Listing Rules.

Great Port is a majority-controlled company owned by Mr. Yuen Man Ying as to approximately 26.70%, Mr. Huen Kwok Chuen as to approximately 23.08%, Mr. Leung Shing Chiu as to approximately 9.95% and Ms. Lee Po Fun as to approximately 0.90%, all being the executive Directors. The above-mentioned executive Directors together controlled approximately 60.63% voting power of Great Port, and therefore Great Port is an associate of the said executive Directors and thus a connected person of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transactions (on an aggregated basis) contemplated under the 2022 Tenancy Agreements based on the aggregated value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 exceeds 0.1% but is less than 5%, while the Transactions (on an aggregated basis) do not constitute any notifiable transaction under Chapter 14 of the Listing Rules, the Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules but exempt from the independent shareholders' approval requirements.

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Existing Tenancy Agreements. Given each of the Existing Tenancy Agreements will expire on 31 December 2021, on 26 November 2021, the Group entered into the 2022 Tenancy Agreements with Great Port to renew the existing tenancies for the period from 1 January 2022 to 31 December 2022 (both days inclusive).

2022 TENANCY AGREEMENTS

Pursuant to the 2022 Tenancy Agreements, Great Port (as landlord) agreed to lease to the members of the Group (as tenant) to occupy or use certain premises, car parking spaces and advertising areas for a term commencing from 1 January 2022 to 31 December 2022 (both days inclusive). Principal terms of the 2022 Tenancy Agreements and other information in relation thereto are set out below:

	Parties to the relevant 2022 Tenancy Agreements		Premises	Approximate GFA (<i>sq.ft.</i>)	Monthly Rental (<i>Note</i>)	Intended Use
	Landlord	Tenant				
1.	Great Port	EGL Tours	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	45,816 (excluding car parking spaces and signage areas)	HK\$563,000	Head office, car park spaces and for rental of signage areas for advertising
2.	Great Port	EGL Tours	Unit B on 10/F, EGL Tower, No.83 Hung To Road, Kowloon, Hong Kong	2,300	HK\$27,000	Head office

3.	Great Port	EGL Tours	Unit Nos.1, 2, 3, 4, 5 and 6 on 5/F, Chevalier House, Nos.45-51 Chatham Road South, Kowloon, Hong Kong	5,531	HK\$87,000	Branch office and/or multi-function room
4.	Great Port	EGL Tours	Unit No.6A on 5/F, Chevalier House, Nos.45-51 Chatham Road South, Kowloon, Hong Kong	835	HK\$13,000	Branch office
5.	Great Port	EGL Tours (Macau)	Unit M, 10/F, Nos.730-804 Avenida da Praia Grande, Nos.2-6B Avenida de D Joao IV, Macau	3,460	MOP38,800 (equivalent to approximately HK\$37,597)	Macau office and call centre

Note: Exclusive of rates, government rent, management charges and other outgoings.

Basis for determination of the rentals

The terms of the 2022 Tenancy Agreements have been agreed by the parties after arm's length negotiations and are on normal commercial terms. The monthly rental for each of the 2022 Tenancy Agreements represents a discount to the prevailing market rent of other premises with conditions comparable to those under the 2022 Tenancy Agreements as assessed by an independent valuer and with reference to the then prevailing market conditions.

The aggregate value of the rental payable by the Company under the 2022 Tenancy Agreements is approximately HK\$8,731,000, which is expected to be financed by the internal resources of the Group and loans granted by Great Port.

The aggregated value of the right-of-use assets to be recognised by the Company under the 2022 Tenancy Agreements is approximately HK\$8,332,000.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE 2022 TENANCY AGREEMENTS

The Group has been leasing those premises or areas from Great Port as office, parking and advertising areas under the Existing Tenancy Agreements, which will expire on 31 December 2021. The Directors are of the view that it is beneficial for the Group to enter into new tenancies with Great Port at discounted rates and in view of the prime location of such premises being suitable to conduct business of the kind for the Group and the saving of relocation costs.

In addition, the Directors (including the independent non-executive Directors) considered that the Transactions have been entered into in the ordinary and usual course of the Group's business on normal commercial terms, and the terms of the 2022 Tenancy Agreements (including the rentals) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 "Leases", the Group will recognise the value of the right-of-use assets in its consolidated statement of financial position in connection with the lease of the Premises under the 2022 Tenancy Agreements. Accordingly, the Transactions will be regarded as acquisitions of assets by the Group under the respective definition of "transaction" as set out in Chapter 14 and Chapter 14A of the Listing Rules.

As at the date of the 2022 Tenancy Agreements, (i) Great Port is a majority-controlled company owned by Mr. Yuen Man Ying as to approximately 26.70%, Mr. Huen Kwok Chuen as to approximately 23.08%, Mr. Leung Shing Chiu as to approximately 9.95% and Ms. Lee Po Fun as to approximately 0.90%, all being the executive Directors. The above-mentioned executive Directors together controlled approximately 60.63% voting power of Great Port, and therefore Great Port is an associate of the said executive Directors and thus a connected person of the Company; and (ii) the remaining shareholding of approximately 39.37% of Great Port is owned as to:

- (a) approximately 26.24% by Yohki Ryokoh Limited, its sole shareholder of which is Fiducia Suisse S.A. ("**Fiducia Suisse**"), being the trustee of the Happyyau Family Trust ("**Happyyau Trust**"). Fiducia Suisse is owned as to 100% by Mr. David Henry Christopher Hill. The Happyyau Trust 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. Mr. Yau Shui Fung is the settlor of the Happyyau Trust while Ms. Li Siu King is the protector of the Happyyau Trust;
- (b) approximately 4.98% by Mr. Lam Wai Man;
- (c) approximately 4.98% by Mr. Lui Lok Pun; and
- (d) approximately 3.17% by Mr. Chong Cheung Po.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Transactions (on an aggregated basis) contemplated under the 2022 Tenancy Agreements based on the aggregated value of the right-of-use assets recognised by the Group pursuant to HKFRS 16 exceeds 0.1% but is less than 5%, while the Transactions (on an aggregated basis) do not constitute any notifiable transaction under Chapter 14 of the Listing Rules, the Transactions constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules but exempt from the independent shareholders' approval requirements.

The above-mentioned executive Directors (namely, Mr. Yuen Man Ying, Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu and Ms. Lee Po Fun) are considered to have a material interest in the Transactions by virtue of their interests in Great Port and have abstained from voting on the resolutions of the Board in respect of the 2022 Tenancy Agreements and the Transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the Transactions contemplated under the 2022 Tenancy Agreements and was required to abstain from voting on the relevant Board resolution approving the 2022 Tenancy Agreements and the Transactions contemplated thereunder.

DEFINITIONS

Capitalised terms used in this announcement shall, unless the context requires otherwise, have the following meanings:

“Announcement”	the announcement of the Company dated 23 December 2020 in connection with, among others, the entering into of the Existing Tenancy Agreements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	EGL Holdings Company Limited (Stock Code: 6882), a company incorporated in the Cayman Islands as an exempted company 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
“Director(s)”	the director(s) of the Company

“EGL Tours”	EGL Tours Company Limited (東瀛遊旅行社有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company, which is principally engaged in the provision of package tours, free independent travellers packages, individual travel elements and ancillary travel related products and services
“EGL Tours (Macau)”	EGL Tours (Macau) Company Limited (東瀛遊旅行社(澳門)有限公司), a company incorporated in Macau with limited liability, an indirect wholly-owned subsidiary of the Company, which is principally engaged in the provision of package tours, free independent travellers packages, individual travel elements and ancillary travel related products and services
“Existing Tenancy Agreements”	the five tenancy agreements all dated 23 December 2020 entered into between the Group and Great Port in relation to the granting of tenancies to the Group for the use of certain premises, car park spaces and advertising areas each for a term commencing from 1 January 2021 to 31 December 2021, details of which are set out in the Announcement
“GFA”	gross floor area
“Great Port”	Great Port Limited (大寶行有限公司), a company incorporated in Hong Kong with limited liability on 15 October 1996 and is primarily engaged in investment holding and property investments
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOP”	Macau Pataca, the lawful currency of Macau
“Premises”	those premises and areas being the subject matter of the 2022 Tenancy Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.ft.”	square feet
“Transactions”	collectively, the leasing of the Premises by the Group under the terms set out in the 2022 Tenancy Agreements
“2022 Tenancy Agreements”	the five tenancy agreements all dated 26 November 2021 entered into between the Group and Great Port in relation to the granting of tenancies to the Group for the use of certain premises, car park spaces and advertising areas, details of which are set out in this announcement
“%”	per cent.

For illustration purpose, amounts in MOP in this announcement have been translated into HK\$ at an exchange rate of MOP1.00 = HK\$0.969.

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

Hong Kong, 26 November 2021

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.