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**EGL Holdings Company Limited**

**東瀛遊控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6882)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Six months ended 30 June		Change in %
	2024 HK\$'000	2023 HK\$'000	
Revenue	<b>759,308</b>	540,081	40.6%
Gross profit	<b>180,249</b>	136,846	31.7%
Profit attributable to owners of the Company	<b>34,120</b>	20,690	64.9%
Earnings per share			
Basic and diluted (HK cents)	<b>6.79</b>	4.12	
Profit margin			
Gross profit margin	<b>23.7%</b>	25.3%	
Operating profit margin	<b>6.9%</b>	6.9%	
Net profit margin	<b>4.5%</b>	3.8%	
Return on equity attributable to owners of the Company	<b>55.6%</b>	70.1%	
	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>	
Gearing ratio			
Total borrowings over total assets	<b>51.1%</b>	57.8%	
Net debts over equity	<b>357.6%</b>	684.0%	

The board (the “**Board**”) of directors (the “**Directors**”) of EGL Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with comparative figures for the corresponding period in 2023 as follows:

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	5	<b>759,308</b>	540,081
Cost of sales		<b>(579,059)</b>	(403,235)
<b>Gross profit</b>		<b>180,249</b>	136,846
Other income, gains and losses, net	5	<b>(2,856)</b>	7,013
Selling expenses		<b>(41,375)</b>	(32,556)
Administrative expenses		<b>(84,543)</b>	(74,199)
Share of results of associates		<b>794</b>	216
Finance costs	6	<b>(7,294)</b>	(12,730)
<b>Profit before income tax</b>	6	<b>44,975</b>	24,590
Income tax expense	7	<b>(10,714)</b>	(3,751)
<b>Profit for the period</b>		<b>34,261</b>	20,839
<b>Other comprehensive income, that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		<b>(20,010)</b>	(14,164)
Share of exchange differences on translation of foreign associates		–	(1)
Effect on cash flow hedge, net of tax		–	99
<b>Other comprehensive income, that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of provision of long service payments		<b>143</b>	–

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income for the period, net of tax</b>		<u>(19,867)</u>	<u>(14,066)</u>
<b>Total comprehensive income for the period, net of tax</b>		<u><b>14,394</b></u>	<u><b>6,773</b></u>
<b>Profit for the period attributable to:</b>			
Owners of the Company		34,120	20,690
Non-controlling interests		<u>141</u>	<u>149</u>
		<u><b>34,261</b></u>	<u><b>20,839</b></u>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		13,991	6,399
Non-controlling interests		<u>403</u>	<u>374</u>
		<u><b>14,394</b></u>	<u><b>6,773</b></u>
<b>Earnings per share for profit attributable to owners of the Company</b>			
– Basic and diluted ( <i>HK cents</i> )	9	<u><b>6.79</b></u>	<u><b>4.12</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 JUNE 2024*

	<i>Notes</i>	As at <b>30 June 2024</b> <i>(Unaudited)</i> <b>HK\$'000</b>	As at 31 December 2023 <i>(Audited)</i> <b>HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>360,017</b>	416,503
Right-of-use assets		<b>16,264</b>	25,497
Interests in associates		<b>10,798</b>	10,688
Deferred tax assets		<b>68,656</b>	82,924
Deposits and prepayments	<i>11</i>	<b>1,669</b>	1,835
		<hr/> <b>457,404</b>	<hr/> 537,447
<b>Current assets</b>			
Inventories		<b>826</b>	1,313
Trade receivables	<i>10</i>	<b>9,408</b>	10,235
Deposits, prepayments and other receivables	<i>11</i>	<b>88,132</b>	75,250
Amount due from an associate		<b>5,013</b>	3,816
Pledged bank deposits		<b>10,100</b>	10,240
Cash at banks and on hand		<b>228,328</b>	219,940
		<hr/> <b>341,807</b>	<hr/> 320,794
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>39,840</b>	37,540
Accruals and other payables	<i>13</i>	<b>43,813</b>	55,207
Dividend payable	<i>8</i>	–	35,172
Contract liabilities		<b>196,173</b>	127,987
Amounts due to associates		<b>743</b>	2,323
Lease liabilities		<b>32,660</b>	39,508
Provision for taxation		<b>5,213</b>	4,397
Bank borrowings	<i>14</i>	<b>29,739</b>	31,108
		<hr/> <b>348,181</b>	<hr/> 333,242
<b>Net current liabilities</b>		<hr/> <b>(6,374)</b>	<hr/> (12,448)
<b>Total assets less current liabilities</b>		<hr/> <b>451,030</b>	<hr/> 524,999

	<i>Notes</i>	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	<b>As at 31 December 2023 (Audited) HK\$'000</b>
<b>Non-current liabilities</b>			
Provision		528	602
Provision of long service payments		5,448	5,653
Bank borrowings	14	229,817	281,901
Lease liabilities		6,840	8,957
Loans from a related company		<u>148,858</u>	<u>182,741</u>
		<u>391,491</u>	<u>479,854</u>
<b>Net assets</b>		<u><b>59,539</b></u>	<u><b>45,145</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	15	50,245	50,245
Reserves		<u>11,154</u>	<u>(2,837)</u>
		61,399	47,408
<b>Non-controlling interests</b>		<u>(1,860)</u>	<u>(2,263)</u>
<b>Total equity</b>		<u><b>59,539</b></u>	<u><b>45,145</b></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 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**”) since 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.

## 2. BASIS OF PREPARATION AND PRESENTATION

The interim condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial information has been prepared with the same accounting policies adopted in the 2023 annual financial statements, except for those relate to amendments to standards and revised interpretations effective for the first time for periods beginning on or after 1 January 2024. Details of any changes in accounting policies are set out in note 3.

The preparation of the interim condensed consolidated financial information in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim condensed consolidated financial information is presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. The interim condensed consolidated financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The interim condensed consolidated financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2023 annual financial statements.

The interim condensed consolidated financial information is unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

### 3. ADOPTION OF HKFRSs

The Group has applied the following amendments to HKFRSs and revised Interpretation issued by the HKICPA for the Group's financial statements in the period:

- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- HK Interpretation 5 (Revised), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments to HKFRSs and revised Interpretation that effective from 1 January 2024 did not have any significant impact on the Group's accounting policies.

### 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.

The Group has three operating 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 operating segments:

- Travel and travel related services business (“**Travel Related Business**”)
- Sale of merchandises (“**Sale of Merchandises Business**”)
- Hotel room rental and ancillary services (“**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, 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 accrued expenses and other payables, which are not directly attributable to the business activities of any operating segments and not allocated to segments.

(a) **Business segments**

	<b>Travel Related Business</b> <i>(Note 4(f))</i> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>Hotel Business</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>Elimination</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>Total</b> <b>(Unaudited)</b> <b>HK\$'000</b>
<b>For six months ended</b>				
<b>30 June 2024:</b>				
<b>Revenue</b>				
Reportable segment revenue	702,095	64,380	(7,167)	759,308
Inter-segment revenue	–	(7,167)	7,167	–
	<u>702,095</u>	<u>57,213</u>	<u>–</u>	<u>759,308</u>
<b>From external customers</b>	<b>702,095</b>	<b>57,213</b>	<b>–</b>	<b>759,308</b>
	<u>702,095</u>	<u>57,213</u>	<u>–</u>	<u>759,308</u>
<b>Reportable segment profit</b>	<b>47,108</b>	<b>17,371</b>	<b>–</b>	<b>64,479</b>
	<u>47,108</u>	<u>17,371</u>	<u>–</u>	<u>64,479</u>
Depreciation on property, plant and equipment	(1,633)	(7,610)	–	(9,243)
Depreciation on right-of-use assets	(9,454)	–	–	(9,454)
Share of results of associates	794	–	–	794
Finance costs	(797)	(1,598)	–	(2,395)
Income tax expense	(5,629)	(4,989)	–	(10,618)
	<u>(5,629)</u>	<u>(4,989)</u>	<u>–</u>	<u>(10,618)</u>



	Travel Related Business (Unaudited) <i>HK\$'000</i>	Sale of Merchandises Business (Unaudited) <i>HK\$'000</i>	Hotel Business (Unaudited) <i>HK\$'000</i>	Elimination (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>For six months ended</b>					
<b>30 June 2023:</b>					
<b>Revenue</b>					
Reportable segment revenue	490,661	4,485	52,608	(7,673)	540,081
Inter-segment revenue	–	–	(7,673)	7,673	–
	<u>490,661</u>	<u>4,485</u>	<u>44,935</u>	<u>–</u>	<u>540,081</u>
<b>From external customers</b>	<b>490,661</b>	<b>4,485</b>	<b>44,935</b>	<b>–</b>	<b>540,081</b>
	<u>490,661</u>	<u>4,485</u>	<u>44,935</u>	<u>–</u>	<u>540,081</u>
<b>Reportable segment profit/(loss)</b>	<b>49,880</b>	<b>(2,642)</b>	<b>(1,695)</b>	<b>–</b>	<b>45,543</b>
	<u>49,880</u>	<u>(2,642)</u>	<u>(1,695)</u>	<u>–</u>	<u>45,543</u>
Depreciation on property, plant and equipment	(890)	(182)	(15,358)	–	(16,430)
Depreciation on right-of-use assets	(8,671)	(323)	–	–	(8,994)
Share of results of associates	474	(258)	–	–	216
Finance costs	(947)	–	(1,878)	–	(2,825)
Income tax (expense)/credit	(5,655)	220	1,767	–	(3,668)
	<u>(5,655)</u>	<u>220</u>	<u>1,767</u>	<u>–</u>	<u>(3,668)</u>

	Travel Related Business (Note 4(f)) <i>HK\$'000</i>	Sale of Merchandises Business (Note 4(f)) <i>HK\$'000</i>	Hotel Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2024 (Unaudited):</b>				
<b>Reportable segment assets</b>	<b>351,016</b>	<b>–</b>	<b>432,925</b>	<b>783,941</b>
<b>Reportable segment liabilities</b>	<b>306,620</b>	<b>–</b>	<b>276,454</b>	<b>583,074</b>
Additions to non-current assets	2,825	–	–	2,825
Share of net assets of associates	10,798	–	–	10,798
	<u>10,798</u>	<u>–</u>	<u>–</u>	<u>10,798</u>
<b>As at 31 December 2023 (Audited):</b>				
<b>Reportable segment assets</b>	<b>338,848</b>	<b>6,141</b>	<b>498,217</b>	<b>843,206</b>
<b>Reportable segment liabilities</b>	<b>252,234</b>	<b>793</b>	<b>333,069</b>	<b>586,096</b>
Additions to non-current assets	22,474	133	3,188	25,795
Share of net assets of associates	10,688	–	–	10,688
	<u>10,688</u>	<u>–</u>	<u>–</u>	<u>10,688</u>

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Reportable segment revenue	<u>759,308</u>	<u>540,081</u>
Consolidated revenue	<u><b>759,308</b></u>	<u><b>540,081</b></u>
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit before income tax</b>		
Reportable segment profit	64,479	45,543
Unallocated corporate expenses	<u>(19,504)</u>	<u>(20,953)</u>
Consolidated profit before income tax	<u><b>44,975</b></u>	<u><b>24,590</b></u>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>		
Reportable segment assets	783,941	843,206
Unallocated corporate assets	<u>15,270</u>	<u>15,035</u>
Consolidated total assets	<u><b>799,211</b></u>	<u><b>858,241</b></u>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Liabilities</b>		
Reportable segment liabilities	583,074	586,096
Unallocated corporate liabilities	<u>156,598</u>	<u>227,000</u>
Consolidated total liabilities	<u><b>739,672</b></u>	<u><b>813,096</b></u>

(c) **Geographical 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)	
	Six months ended 30 June 2024	2023	As at 30 June 2024	As at 31 December 2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Hong Kong and Macau (place of domicile)	698,851	492,310	23,659	32,397
Japan	60,457	47,771	352,409	409,565
Others	—	—	11,011	10,726
	<u>759,308</u>	<u>540,081</u>	<u>387,079</u>	<u>452,688</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 six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

(e) **Disaggregation of revenue**

	Travel Related Business		Sale of Merchandises Business		Hotel Business		Total	
	Six months ended 30 June 2024	2023	Six months ended 30 June 2024	2023	Six months ended 30 June 2024	2023	Six months ended 30 June 2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Primary geographical markets</b>								
Hong Kong and Macau (place of domicile)	698,851	487,825	—	4,485	—	—	698,851	492,310
Japan	3,244	2,836	—	—	57,213	44,935	60,457	47,771
	<u>702,095</u>	<u>490,661</u>	<u>—</u>	<u>4,485</u>	<u>57,213</u>	<u>44,935</u>	<u>759,308</u>	<u>540,081</u>
<b>Timing of revenue recognition</b>								
At a point in time	39,295	40,146	—	4,485	—	—	39,295	44,631
Transferred over time	662,800	450,515	—	—	57,213	44,935	720,013	495,450
	<u>702,095</u>	<u>490,661</u>	<u>—</u>	<u>4,485</u>	<u>57,213</u>	<u>44,935</u>	<u>759,308</u>	<u>540,081</u>

(f) In October 2023, the management of the Group decided to consolidate its resources and refocus on its core segments "Travel Related Business" and "Hotel Business". As a result, the Group proceeded to scale down the Sale of Merchandises Business segment. During the six months ended 30 June 2024, the result in the segment of Sale of Merchandise Business had become immaterial and revenue and results from this segment are grouped into "Travel Related Business".

## 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 period are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Revenue</b>		
Package tours	<b>662,800</b>	450,515
FIT Products ( <i>note</i> )	<b>13,283</b>	10,523
Ancillary travel related products and services ( <i>note</i> )	<b>25,617</b>	29,623
Sale of merchandises	<b>395</b>	4,485
Hotel room rental and ancillary services	<b>57,213</b>	44,935
	<b><u>759,308</u></b>	<b><u>540,081</u></b>

*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 is recorded on a net basis. The gross proceeds received and receivable are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Gross proceeds received and receivable	<b><u>151,571</u></b>	<b><u>144,140</u></b>

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

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Trade receivables ( <i>note 10</i> )	<b>9,408</b>	10,235
Contract liabilities	<b><u>196,173</u></b>	<b><u>127,987</u></b>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other income, gains and losses, net</b>		
Exchange loss, net	(3,030)	(3,539)
Handling income	58	144
Interest income on bank deposits	535	1,060
Loss on modification of a related party loan	(2,125)	(991)
Gain on modification of bank borrowings	–	47
Reversal of write off of prepayments	–	9,520
Gain on termination of lease agreements	–	619
Government subsidies	1,550	–
Sundry income	156	153
	<u>(2,856)</u>	<u>7,013</u>

## 6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories recognised as expenses	1,130	2,991
Depreciation on property, plant and equipment	9,243	16,430
Depreciation on right-of-use assets	9,454	8,994
Finance costs:		
– Interest expense incurred on lease liabilities	793	738
– Interest expense incurred on derivative financial instruments	–	108
– Interest expense incurred on loans from a related company	4,899	9,905
– Interest expense incurred on bank borrowings	1,602	1,979
	<u>7,294</u>	<u>12,730</u>
Employee costs (including directors' emoluments):		
– Salaries and other benefits in kind	79,590	60,410
– Retirement scheme contributions	2,822	2,218
– Long service payments	551	402
	<u>82,963</u>	<u>63,030</u>

## 7. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
– Tax for the period	<b>691</b>	320
– Under-provision in respect of prior year	<b>6</b>	–
	<b>697</b>	320
<b>Current tax – Japan Profits Tax</b>		
– Tax for the period	<b>2,656</b>	300
<b>Deferred tax</b>		
– Charge to profit or loss for the period	<b>7,361</b>	3,131
	<b>10,714</b>	3,751

The group entities incorporated in the Cayman Islands and the British Virgin Islands (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 both periods. The profit of group entities not qualifying for the two-tiered profits tax rates regime continued to be taxed at 16.5% for both periods.

Macau Complementary Tax is calculated at 12% on the estimated assessable profits of a subsidiary operating in Macau for both periods. There were no estimated assessable profits derived from the subsidiary operating in Macau for both periods.

Enterprise Income Tax of the People’s Republic of China (“**PRC**”) is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC for both periods. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for both periods.

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% (six months ended 30 June 2023: approximately 30.6% to approximately 34.6%) for the six months ended 30 June 2024 based on the existing legislation, interpretations and practices in respect thereof. The Group has estimated assessable profit arising from the subsidiaries operating in Japan for both periods.

## 8. DIVIDENDS

At the Board meeting held on 23 August 2024, the Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (interim dividend for 2023: Nil).

On 14 December 2023, the Board declared a special dividend of 7 Hong Kong cents per share of the Company totalling approximately HK\$35,172,000 for the year ended 31 December 2023. The dividends have been distributed on 18 January 2024.

## 9. EARNINGS PER SHARE

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company	<u><u>34,120</u></u>	<u><u>20,690</u></u>
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>'000</b>	'000
<b>Number of shares</b>		
Number of ordinary shares	<u><u>502,450</u></u>	<u><u>502,450</u></u>

Diluted earnings per share were the same as the basic earnings per share as the Company had no dilutive potential ordinary shares during the current and the corresponding interim periods.

## 10. TRADE RECEIVABLES

	As at <b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Trade receivables	9,743	10,570
Less: loss allowance	<u>(335)</u>	<u>(335)</u>
Net carrying amount	<u><b>9,408</b></u>	<u><b>10,235</b></u>

The ageing analysis of the Group's trade receivables (net of loss allowance) as at the end of the reporting period, based on invoice date, is as follows:

	As at <b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
0 – 90 days	9,052	9,284
91 – 180 days	39	4
181 – 365 days	–	947
Over 365 days	<u>317</u>	<u>–</u>
	<u><b>9,408</b></u>	<u><b>10,235</b></u>



## 11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>Non-current assets</b>		
Deposits	1,371	1,301
Prepayments	298	534
	<u>1,669</u>	<u>1,835</u>
<b>Current assets</b>		
Other receivables	11,928	11,923
Deposits ( <i>note</i> )	5,132	5,331
Prepayments	71,072	57,996
	<u>88,132</u>	<u>75,250</u>

*Note:* The amount included rental deposits paid to a related company, Great Port Limited (“Great Port”), of approximately HK\$1,803,000 (as at 31 December 2023: HK\$1,803,000). 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:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
0 – 90 days	37,907	36,096
91 – 180 days	1,132	1,071
181 – 365 days	677	247
Over 365 days	124	126
	<u>39,840</u>	<u>37,540</u>

### 13. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Accrued expenses	17,444	21,185
Other payables	<u>26,369</u>	<u>34,022</u>
	<b><u>43,813</u></b>	<b><u>55,207</u></b>

### 14. BANK BORROWINGS

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>Current</b>		
Bank borrowings, secured	29,739	31,108
<b>Non-current</b>		
Bank borrowings, secured	<u>229,817</u>	<u>281,901</u>
	<b><u>259,556</u></b>	<b><u>313,009</u></b>

As at 30 June 2024, the bank borrowings of approximately HK\$259,556,000 (as at 31 December 2023: HK\$313,009,000) were secured by charges over certain property, plant and equipment and pledged bank deposits with aggregate carrying amounts of approximately HK\$346,219,000 (as at 31 December 2023: HK\$397,464,000) and approximately HK\$1,703,000 (as at 31 December 2023: HK\$1,909,000) respectively. In addition, bank borrowings secured by a property of a former non-controlling shareholder of a subsidiary in Japan were fully repaid during the period. As such there was no asset pledged in this regard (as at 31 December 2023: HK\$2,787,000). 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, using effective interest rate ranging from 0.81% to 1.67% (as at 31 December 2023: 0.79% to 1.67%) per annum.

**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 31 December 2023 and 30 June 2024	<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 31 December 2023 and 30 June 2024	<u>502,450</u>	<u>50,245</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROUP OVERVIEW

In 2024, the resumption of international flights, coupled with continuous improvements in the global tourism infrastructure, has led to the revival of the tourism industry. Japan has long been a favoured destination for Hong Kong residents and as a company specialising in travel products to Japan, the Group capitalised on opportunities presented by the current thriving travel market. At the same time, the Group achieved satisfactory growth in other destinations. Furthermore, the continued weakness of the Japanese yen has encouraged growth in tourist flow to Japan, including visitors from Hong Kong. Consequently, the Group experienced growth in its Travel Related Business and Hotel Business in the first half of 2024.

During the Period, revenue of the Group amounted to approximately HK\$759.3 million (six months ended 30 June 2023: HK\$540.1 million), representing an increase of 40.6%. Gross profit amounted to approximately HK\$180.2 million (six months ended 30 June 2023: HK\$136.8 million), representing an increase of 31.7%. Profit attributable to owners of the Company amounted to approximately HK\$34.1 million (six months ended 30 June 2023: HK\$20.7 million), representing an increase of 64.9%.

Basic earnings per share for profit attributable to owners of the Company for the first half of 2024 was HK6.79 cents (six months ended 30 June 2023: HK4.12 cents), representing an increase of 64.8%.

### 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 from various business categories for the periods are set out as follows:

	Six months ended 30 June					
	2024			2023		
	Revenue <i>HK\$'000</i>	Gross profit <i>HK\$'000</i>	Gross profit margin %	Revenue <i>HK\$'000</i>	Gross profit <i>HK\$'000</i>	Gross profit margin %
Package tours	662,800	111,490	16.8	450,515	87,458	19.4
FIT Products and ancillary travel related products and services	38,900	29,129	74.9	40,146	25,133	62.6
Sale of merchandises	395	144	36.5	4,485	1,494	33.3
Hotel room rental and ancillary services	64,380	39,486	61.3	52,608	22,761	43.3
Elimination*	(7,167)	–	–	(7,673)	–	–
<b>Total</b>	<b>759,308</b>	<b>180,249</b>	<b>23.7</b>	<b>540,081</b>	<b>136,846</b>	<b>25.3</b>

\* Elimination refers to inter-segment revenue of hotel business.

## **PACKAGE TOURS**

Revenue from package tours primarily comprises tour fees received from customers for outbound package tours. During the first half of 2024, an increasing demand for diverse travel experiences has driven prolonged growth in Hong Kong's outbound travel market. The Group's package tour business has achieved satisfactory result in accordance with that growth.

Revenue amounted to approximately HK\$662.8 million (six months ended 30 June 2023: HK\$450.5 million), representing an increase of 47.1% and contributing 87.3% to the Group's total revenue (six months ended 30 June 2023: 83.4%). Gross profit amounted to approximately HK\$111.5 million (six months ended 30 June 2023: HK\$87.5 million), representing an increase of 27.5%.

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

Although the revenue of FIT Products resulted in a growth, the sales of public transportation tickets and theme park admission tickets decreased because of market competitions. As a result, revenue amounted to approximately HK\$38.9 million (six months ended 30 June 2023: HK\$40.1 million), representing a decrease of 3.1% and contributing 5.1% to the Group's total revenue (six months ended 30 June 2023: 7.4%). However, the gross profit amounted to approximately HK\$29.1 million (six months ended 30 June 2023: HK\$25.1 million), representing an increase of 15.9%.

## **SALE OF MERCHANDISES**

At the end of October 2023, the Group executed a strategic decision to shut down all physical retail shops of “**EGL Market**”. This move allowed the Group to consolidate its resources and refocus on its core segments: Travel Related Business and Hotel Business.

Revenue amounted to approximately HK\$0.4 million (six months ended 30 June 2023: HK\$4.5 million), representing a decrease of 91.2% and contributing 0.1% of the Group’s total revenue (six months ended 30 June 2023: 0.8%). Gross profit amounted to approximately HK\$0.1 million (six months ended 30 June 2023: HK\$1.5 million), representing a decrease of 90.4%.

During the Period, the results of this segment was grouped into Travel Related Business for the purpose of the segment reporting in the interim condensed consolidated financial information.

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

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 average occupancy rate for the Period was 85.0% (six months ended 30 June 2023: 78.9%).

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 average occupancy rate for the Period was 92.2% (six months ended 30 June 2023: 73.5%).

Revenue from hotel operation mainly represents income generated from letting the hotel rooms. During the Period, the revenue amounted to approximately HK\$64.4 million (six months ended 30 June 2023: HK\$52.6 million), representing an increase of 22.4%. Revenue from external customers, which was net of inter-segment revenue, amounted to approximately HK\$57.2 million (six months ended 30 June 2023: HK\$44.9 million) and contributing 7.5% to the Group’s total revenue (six months ended 30 June 2023: 8.3%). Gross profit amounted to approximately HK\$39.5 million (six months ended 30 June 2023: HK\$22.8 million), representing an increase of 73.5%.

## FINANCIAL REVIEW

### KEY FINANCIAL RATIOS

	Six months ended 30 June	
	2024	2023
Gross profit margin	23.7%	25.3%
Operating profit margin <sup>(1)</sup>	6.9%	6.9%
Net profit margin <sup>(2)</sup>	4.5%	3.8%
Interest coverage ratio <sup>(1)</sup>	7.2 times	2.9 times
Return on total assets <sup>(2)</sup>	4.3%	2.2%
Return on equity attributable to owners of the Company <sup>(2)</sup>	55.6%	70.1%
	As at	As at
	30 June	31 December
	2024	2023
Current ratio	1.0 time	1.0 time
Gearing ratio		
Total borrowings over total assets	51.1%	57.8%
Net debts over equity	357.6%	684.0%

(1) Profit in calculation refers to the profit before finance costs and taxation.

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

### REVENUE AND GROSS PROFIT

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

### SELLING EXPENSES

Frontline staff costs contributed the majority of selling expenses of the Group. Selling expenses amounted to approximately HK\$41.4 million (six months ended 30 June 2023: HK\$32.6 million), representing an increase of 27.1%. Such increase was primarily attributed to the increase in staff costs arising from hiring additional frontline staff to handle the growth in package tours and the new brick and mortar branches opened in the second half of 2023.

## **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\$84.5 million (six months ended 30 June 2023: HK\$74.2 million), representing an increase of 13.9%. Such increase was attributed primarily to higher staff costs resulting from the factors mentioned above.

## **FINANCE COSTS**

Finance costs of approximately HK\$1.6 million (six months ended 30 June 2023: HK\$2.0 million) were incurred for the Period 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 the Travel Related Business.

Based on discounted cash flows of the loans from a related company, Great Port, finance costs of approximately HK\$4.9 million (six months ended 30 June 2023: HK\$9.9 million) were incurred for the Period. The decrease in finance costs was attributed to series of early repayments to these loans which commenced in April 2023.

Finance costs on the lease liabilities of the Group of approximately HK\$0.8 million (six months ended 30 June 2023: HK\$0.7 million) were incurred for the Period in accordance with HKFRS 16 "Leases".

## **INCOME TAX EXPENSES**

Income tax expenses for the Period amounted to approximately HK\$10.7 million (six months ended 30 June 2023: HK\$3.8 million). The increase was mainly due to higher assessable profits from Hong Kong and Japan for the Period as well as an increase of deferred tax expense resulting from utilising tax losses from previous years.

## **DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (interim dividend for 2023: HK\$Nil).

On 14 December 2023, the Board declared a special dividend of 7 Hong Kong cents per share of the Company totalling approximately HK\$35,172,000 for the year ended 31 December 2023. The dividends have been distributed on 18 January 2024.



## **INTEREST COVERAGE RATIO**

Interest coverage ratio of the Group for the Period was recorded at 7.2 times (six months ended 30 June 2023: 2.9 times). The increase was mainly contributed by the increase in profit before finance costs and taxation, which resulted from the growth of the travel market and hotel business, and the decrease in finance costs incurred on loans from a related company for the reasons mentioned above.

Interest coverage ratio is defined to be dividing profit 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 30 June 2024, the Group's current ratio remained stable at 1.0 time (as at 31 December 2023: 1.0 time).

## GEARING RATIO

	As at 30 June 2024 <i>HK'000</i>	As at 31 December 2023 <i>HK'000</i>	Increase/ (Decrease) <i>HK'000</i>
<b>Gearing ratio – Total borrowings over total assets</b>			
Bank borrowings	259,556	313,009	(53,453)
Loans from a related company	148,858	182,741	(33,883)
Total borrowings ( <i>note a</i> )	<u>408,414</u>	<u>495,750</u>	<u>(87,336)</u>
Total assets	<u>799,211</u>	<u>858,241</u>	<u>(59,030)</u>
Gearing ratio	51.1%	57.8%	(6.7) percentage points
<b>Gearing ratio – Net debts over equity</b>			
Total borrowings ( <i>note a</i> )	408,414	495,750	(87,336)
Lease liabilities	39,500	48,465	(8,965)
Total debts ( <i>note b</i> )	447,914	544,215	(96,301)
Less: Cash at banks and on hand	(228,328)	(219,940)	(8,388)
	<u>219,586</u>	<u>324,275</u>	<u>(104,689)</u>
Equity ( <i>note c</i> )	<u>61,399</u>	<u>47,408</u>	<u>13,991</u>
Gearing ratio	357.6%	684.0%	(326.4) 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 slight decrease in gearing ratio – total borrowings over total assets was due to the decrease in total borrowings resulting from early repayments of loans from a related company, Great Port, and the installment repayments of bank borrowings offset by the decrease in total assets.

The decrease in gearing ratio – net debts over equity was mainly attributable to the decrease in total debts resulting from early repayments of loans from a related company, Great Port, and the installment repayments of bank borrowings.

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

Return on total assets and return on equity attributable to owners of the Company during the Period were 4.3% (six months ended 30 June 2023: 2.2%) and 55.6% (six months ended 30 June 2023: 70.1%) respectively.

The increase in return on total assets was mainly due to the increase in profit attributable to owners of the Company resulted from the growth of the travel market and hotel business, and the decrease in non-current assets.

The decrease in return on equity was mainly due to the increment in profit attributable to owners of the Company being less than the increment in the 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 30 June 2024 amounted to approximately Japanese Yen (“JPY”) 2,487.2 million (equivalent to approximately HK\$119.6 million) (as at 31 December 2023: JPY2,663.6 million (equivalent to approximately HK\$146.0 million)). The repayment term is payable in 12 years.

For the construction of the hot spring bath building in Osaka completed in March 2019, the carrying amount of the bank borrowings as at 30 June 2024 amounted to approximately JPY397.9 million (equivalent to approximately HK\$19.1 million) (as at 31 December 2023: JPY422.5 million (equivalent to approximately HK\$23.2 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 30 June 2024 amounted to approximately JPY2,515.6 million (equivalent to approximately HK\$120.9 million) (as at 31 December 2023: JPY2,572.7 million (equivalent to approximately HK\$141.0 million)). The repayment term is payable in 26 years.

With regard the acquisition of five travel buses in 2017, the bank borrowings were fully repaid during the Period and no outstanding balance remained as at 30 June 2024 (as at 31 December 2023: JPY50.9 million (equivalent to approximately HK\$2.8 million)).

Regarding the loans from a related company, Great Port, the Group made early repayments of a total principal amount of HK\$40.0 million during the Period. The carrying amount of the outstanding loans amounted to approximately HK\$148.9 million as at 30 June 2024 (as at 31 December 2023: HK\$182.7 million). All these loans are unsecured and repayable on 1 January 2026.

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 30 June 2024 amounted to approximately HK\$61.4 million (as at 31 December 2023: HK\$47.4 million). As at 30 June 2024, the Group's cash at banks and on hand amounted to approximately HK\$228.3 million (as at 31 December 2023: HK\$219.9 million). Cash at banks and on hand were mainly denominated in Hong Kong Dollar accounting for approximately 54.7% (as at 31 December 2023: 62.1%), Japanese Yen accounting for approximately 17.7% (as at 31 December 2023: 20.1%), Euro accounting for approximately 3.4% (as at 31 December 2023: 1.6%), and Macau Pataca accounting for approximately 13.6% (as at 31 December 2023: 8.4%).

## **PLEDGE OF ASSETS**

As at 30 June 2024, property, plant and equipment of Okinawa Hinode Resort & Hot Spring Hotel and Osaka Hinode Hotel together with the hot spring bath building and certain pledged bank balances in Japan of approximately HK\$347.9 million in total (as at 31 December 2023: HK\$399.4 million including travel buses) 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 30 June 2024, the Group had pledged bank deposits of approximately HK\$10.1 million (as at 31 December 2023: HK\$10.2 million). Excluding those pledged bank balances in Japan mentioned above, majority of the pledged bank deposits were pledged to certain licensed banks in Hong Kong and Macau to secure letters of guarantees issued to certain third parties on behalf of the Group. Together with corporate guarantee provided by the Company and undertakings provided by the certain executive Directors to maintain the control over the management and business of the Group, the Group's total guarantees amounted to approximately HK\$10.0 million (as at 31 December 2023: HK\$10.4 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 pledge of assets as at 30 June 2024 (as at 31 December 2023: Nil).

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

As at 30 June 2024, the Group had capital commitment of approximately HK\$0.9 million (as at 31 December 2023: HK\$0.9 million) to acquire property, plant and equipment for its Travel Related Business.

The Group currently intends to finance future capital expenditures by utilising internal resources.

## **CONTINGENT LIABILITIES**

The Directors considered that there were no material contingent liabilities as at 30 June 2024 (as at 31 December 2023: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the Period, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Group.

During the six months ended 30 June 2023, the Group subscribed 40% equity interest in Nissay Shoji (HK) Company Limited (“Nissay”) by a cash consideration of HK\$0.4 million. In addition, the Group advanced interest-bearing loans to Nissay of HK\$0.4 million in June 2023 and another HK\$0.4 million in August 2023. Nissay’s primary businesses are (a) importing, wholesaling and retailing of food, personal care and beauty products; and (b) food processing. The Group initially expected that the investment in Nissay would facilitate the Sale of Merchandises Business. In October 2023, the Group scaled down the Sale of Merchandises Business segment as mentioned above. The initial reason for acquiring this investment was no longer relevant. Also, the operation result did not perform as expected. The Group fully wrote off the investment and the loans. Save as disclosed above, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures of the Group during the six months ended 30 June 2023.

## **SIGNIFICANT INVESTMENTS**

During the Period, there was no significant investment held by the Group (six months ended 30 June 2023: 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 2023, the Group's previous 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 was matured. 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 the 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 the operational staff to follow. The Group will review the procedures from time to time and make appropriate changes when necessary. Other than the transactional foreign currency exchange risk, assets and liabilities of the group entities are mainly denominated in its respective functional currency. The Group's treasury management policy is to place surplus cash into bank deposits with licensed banks mainly in Hong Kong, Macau and Japan. Also, working capital are centrally managed to ensure proper and efficient collection and deployment of funds, and sufficient funds to settle liabilities when they fall due. Net exchange loss of approximately HK\$3.0 million was recorded during the Period (six months ended 30 June 2023: HK\$3.5 million).

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

As at 30 June 2024, the Group had a total workforce of 452 employees (as at 31 December 2023: 419), of which 139 (as at 31 December 2023: 123) 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 best quality personnel for the Group's business development, a new share option scheme has been adopted on 31 May 2024 (the "**New Share Option Scheme**") for the replacement of the share option scheme adopted on 13 November 2014 (the "**Old Share Option Scheme**"). Pursuant to the New Share Option Scheme, share options may be granted to eligible employees and give them incentives and motivations to contribute to the Group's continued growth and success, and to promote the long term financial success of the Group by aligning their interests to the ones of shareholders. During the Period, no share options were granted, cancelled, lapsed or exercised under the Old Share Option Scheme and the New Share Option Scheme (six months ended 30 June 2023: Nil). Save as disclosed above, there was no significant change in the remuneration policies, bonus, share option scheme and training scheme of the Group during the Period (six months ended 30 June 2023: Nil).

## **STRATEGIES AND OUTLOOK**

The Group holds a positive outlook on the travel market and expects a sustained growth in outbound travel demand in 2024. The management of the Group remains cautiously optimistic about Hong Kong's vibrant economy, despite market fluctuations.

Aside from Japan, which is still the major destination for the Group's travel products, the Group continues to introduce a wide range of high-quality international special package tours and FIT Packages of other destinations in order to meet the ever-changing customer demands. Notably, the trend of "tripping north" has gained popularity among Hong Kong residents and, as such, the Group has been expanding its tour package products in the direction of in-depth travel tours in China. Regardless, the Group will continue to explore new opportunities and experiment with different approaches to gain insights and competitiveness in the evolving travel market.

As part of the Group's efforts to improve tour schedule flexibility and secure flight availability, the Group will continue to arrange charter flights and cruises to facilitate sales and reinforce its brand image.

To strengthen the Group's competitiveness, the Group will lay out a variety of promotional activities and establish a customer loyalty program to expand its customer base. The Group will also make use of social media platforms and digital channels to enhance brand awareness, and promote the variety of trending products.

Since September 2023, the Group has been operating 8 branches in Hong Kong and 1 branch in Macau, but in order to streamline frontline staff utilisation, the branch in Tseung Kwan O is temporarily closed in August 2024. The continuation of this branch is being assessed by the Group and is under negotiation with the landlord simultaneously. To pursue productivity optimization, the Group will continue to explore and look for opportunities of branch network expansion and restructuring.

In view of the financial performance for the Period, the Group anticipates there will be sufficient working capital to fund its future operations but will remain cautious on the cash position. Cash in excess of working capital will be utilised to reduce the Group's gearing. The Group will explore additional sources of income to expedite the process.

The Group is well positioned in the market to provide high-quality services and products. The Group is confident in Hong Kong's economy and is committed to regaining momentum and strengthening itself gradually. With a dedicated professional team and management, the Group is well positioned to overcome the challenges ahead and maintain its leading market position while creating long-term value for shareholders, customers, and business partners.

## **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 six months ended 30 June 2024, the Board is of opinion that the Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix C1 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 C3 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 six months ended 30 June 2024.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **REVIEW BY AUDIT COMMITTEE AND AUDITOR**

The interim results for the six months ended 30 June 2024 have been reviewed by the audit committee of the Board which comprises three independent non-executive Directors namely, Mr. Chan Kim Fai, Mr. Lo Kam Cheung Patrick and Ms. Wong Lai Ming. The interim financial information of the Group for the six months ended 30 June 2024 has been reviewed by the Company's independent auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$Nil).

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 interim report of the Company will be despatched to the shareholders of the Company and published on the above websites in September 2024.

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

Hong Kong, 23 August 2024

*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. Lo Kam Cheung Patrick and Ms. Wong Lai Ming.*