



EGL Holdings Company Limited

東瀛遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 6882



GLOBAL OFFERING

Sole Sponsor



Shenyin Wanguo Capital (H.K.) Limited

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



Shenyin Wanguo Capital (H.K.) Limited

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.



EGL Holdings Company Limited

東瀛遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

**Number of Offer Shares under the : 125,000,000 Shares (comprising 100,000,000
Global Offering new Shares and 25,000,000 Sale Shares
subject to adjustment and exercise of the
Over-allotment Option)**

**Number of Hong Kong Offer Shares : 12,500,000 Shares (subject to adjustment and
including 1,250,000 Employee Reserved
Shares)**

**Number of International Placing Shares : 112,500,000 Shares (subject to adjustment
and exercise of the Over-allotment Option)**

**Maximum Offer Price : HK\$1.48 per Offer Share, plus brokerage of
1%, SFC transaction levy of 0.0027% and
Stock Exchange trading fee of 0.005%
(payable in full on application in Hong Kong
dollars and subject to refund)**

**Nominal value : HK\$0.10 per Share
Stock code : 6882**

Sole Sponsor



Shenyin Wanguo Capital (H.K.) Limited

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



Shenyin Wanguo Capital (H.K.) Limited

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

A copy of this prospectus, having attached thereto the documents specified in "Appendix VI – Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares are being offered only outside of the United States in offshore transactions in reliance on Regulations S of the U.S. Securities Act.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (on behalf of itself and the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 21 November 2014 and, in any event, not later than Thursday, 27 November 2014. The Offer Price will be no more than HK\$1.48 per Offer Share and is currently expected to be no less than HK\$1.30 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 27 November 2014 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder), the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information contained in this prospectus, including the risk factors set forth in the section "Risk Factors".

The Sole Global Coordinator may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.egltours.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please see the section "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Employee Reserved Shares".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination".

18 November 2014

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in the South China Morning Post and in Chinese in the Hong Kong Economic Times and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company on www.egltours.com.

2014

Latest time for lodging PINK Application Forms at our Company's head office at 15th Floor, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong	12:00 noon on Thursday, 20 November
Latest time to complete electronic applications under HK eIPO White Form service through the designated website www.hkeipo.hk ⁽²⁾	11:30 a.m. on Friday, 21 November
Application lists of the Hong Kong Public Offering open ⁽³⁾	11:45 a.m. on Friday, 21 November
Latest time to lodge WHITE and YELLOW Application Forms	12:00 noon on Friday, 21 November
Latest time to give electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, 21 November
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 21 November
Application lists of the Hong Kong Public Offering close	12:00 noon on Friday, 21 November
Expected Price Determination Date ⁽⁵⁾	Friday, 21 November

(1) Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Hong Kong Public Offering and the Employee Preferential Offering; and
- the basis of allocation of the Hong Kong Offer Shares and Employee Reserved Shares

to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.egltours.com on or before⁽⁶⁾ Thursday, 27 November

EXPECTED TIMETABLE⁽¹⁾

(2) Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.egltours.com (Please see the section "How to Apply for Hong Kong Offer Shares and Employee Reserved Shares – 11. Publication of results") fromThursday, 27 November

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk⁽⁷⁾ and the Company's website at www.egltours.com⁽⁸⁾ fromThursday, 27 November

Results of allocations for the Hong Kong Public Offering and Employee Preferential Offering will be available at www.tricor.com.hk/ipo/result with a "search by ID" functionThursday, 27 November

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and Employee Preferential Offering on or before⁽⁶⁾Thursday, 27 November

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/ refund cheques on or before⁽⁹⁾Thursday, 27 November

Dealings in Shares on the Hong Kong Stock Exchange to commence onFriday, 28 November

Notes:

- (1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, 21 November 2014, the application lists will not open on that day. Please see the section "How to Apply for Hong Kong Offer Shares and Employee Reserved Shares – 10. Effect of bad weather on the opening of application lists".
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section "How to Apply for Hong Kong Offer Shares and Employee Reserved Shares – 6. Apply by giving **electronic application instructions** to HKSCC via CCASS".
- (5) The Price Determination Date is expected to be on or around Friday, 21 November 2014 and, in any event, not later than Thursday, 27 November 2014. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and our Company (on behalf of itself and the Selling Shareholder) by Thursday, 27 November 2014, the Global Offering will not proceed and will lapse.
- (6) **Share certificates are expected to be issued on Thursday, 27 November 2014 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Friday, 28 November 2014. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.**
- (7) The announcement will be available for viewing on the "Main Board – Allotment of Results" page on the Stock Exchange's website www.hkexnews.hk and our Company's website at www.egltours.com.

EXPECTED TIMETABLE⁽¹⁾

- (8) None of the website or any of the information contained on the website forms part of this prospectus.
- (9) **HK eIPO White Form e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.**

You should read carefully the sections “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares” for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund cheques and Share certificates.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholder, the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager and the Underwriters, any of our or their respective directors or advisers, or any other person or party involved in the Global Offering. Information contained in our website, located at www.egltours.com does not form part of this prospectus.

	<i>Page</i>
Expected timetable	i
Contents	iv
Summary and highlights	1
Definitions	14
Glossary of technical terms	27
Forward-looking statements	29
Information about this prospectus and Global Offering	30
Risk factors	35
Waivers from strict compliance with the Listing Rules	49
Directors and parties involved in the Global Offering	50
Corporate information	53
Industry overview	55

CONTENTS

Laws and regulations	65
History, Reorganisation and corporate structure	77
Business	87
Relationship with our Controlling Shareholders	121
Continuing connected transactions	126
Directors and senior management	133
Financial information	145
Future plans and use of proceeds	200
Substantial Shareholders	202
Share capital	203
Underwriting	206
Structure and conditions of the Global Offering	214
How to apply for Hong Kong Offer Shares and Employee Reserved Shares	222
Appendix I – Accountant’s report	I-1
Appendix II – Unaudited pro forma financial information	II-1
Appendix III – Profit forecast	III-1
Appendix IV – Summary of the constitution of the Company and Cayman Islands Companies Law	IV-1
Appendix V – Statutory and general information	V-1
Appendix VI – Documents delivered to the Registrar of Companies and available for inspection	VI-1

SUMMARY AND HIGHLIGHTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section "Risk Factors". You should read that section carefully before you decide to invest in our Offer Shares.

OVERVIEW

Founded in 1987, we are a leading travel company in Hong Kong and Macau with 9.3% market share and ranked third for outbound travel in 2013, and in particular, we have been the top travel company in the Japan-bound package tour market in Hong Kong with 32.5%, 29.6% and 31.6% market share based on revenue in 2011, 2012 and 2013, respectively, according to the Ipsos Report. We are principally engaged in the design, development and sale of package tours and FIT products. In 2011, 2012 and 2013, around 322,402, 318,123 and 354,434 customers, respectively, purchased our package tours and FIT products under our well-established and award-winning “ 東瀛遊 EGL Tours” brand to over 250 cities in over 60 countries. We believe we have a powerful brand image that our customers trust us to have their best interest at heart.

Mr. Yuen, our founder, Mr. Huen, our brand spokesperson, Mr. Leung and Ms. Lee, who are our Executive Directors, possess over 30 years of experience in the travel industry. Mr. Yuen, our Chairman, has been appointed as sightseeing ambassador (觀光大使) of ten prefectures and cities in Japan, and recognised as the Capital Outstanding Leader of 2013 (資本傑出領袖2013) by the “Capital” magazine. Mr. Huen is the honorary advisor of the Advisory Committee of Promoting Korea Tourism of Korea National Tourism Organization Hong Kong Office. As we enter into the 28th year of our operation under the leadership of our Executive Directors, we believe we have successfully established our Group under our “ 東瀛遊 EGL Tours” brand, with (i) revenue of over HK\$1.6 billion and 29% of repeat customers in 2013, and (ii) 679 employees as at the Latest Practicable Date.

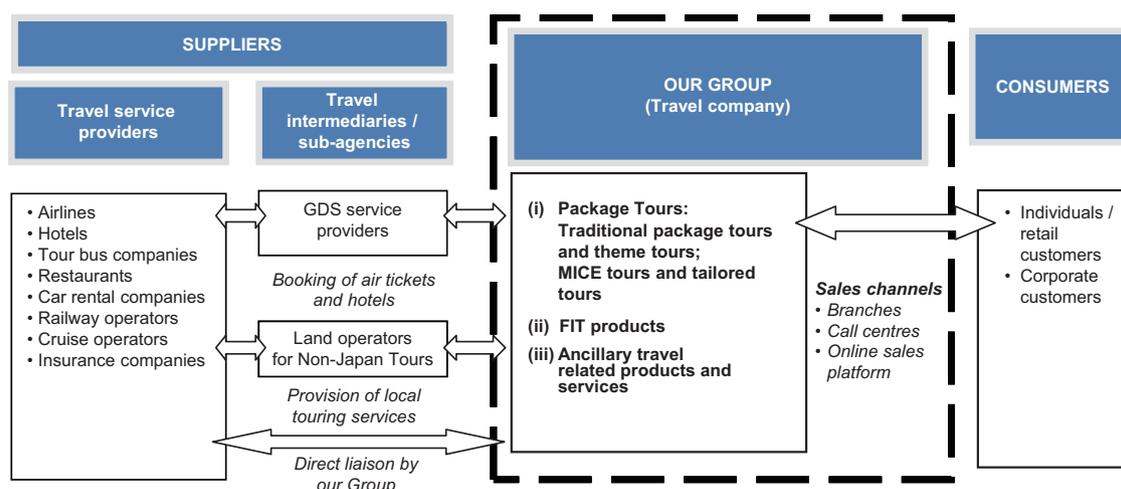
In recognition of our achievements in the travel industry, we have received numerous awards and recognitions. We received the “JNTO Chairman Award (JNTO 理事長表揚獎)” from Japan National Tourist Organization in 2014, “2013 Hong Kong Premier Service Brand (2013 香港卓越服務品牌)” from The Chinese Manufacturers’ Association of Hong Kong and Hong Kong Brand Development Council, the “2013 Best Travel Agency Service Award (2013 最佳旅行社服務大獎)” from Sing Tao Daily, and the “Best Travel Agency Hong Kong” from TTG, a worldwide travel publication group, in 2011.

Leveraging on our extensive experience and strong brand, we have diversified our product offerings from our original focus on Japan Tours under our Chinese name “東瀛遊” to a wide array of traditional outbound package tours, theme tours (such as gourmet, pre-wedding, study and sports tours), MICE tours and FIT products for worldwide destinations and travel-related services (such as car rental services in Japan for self-driving travel) to cater for the diverse interests and requirements of our customers. We strive to deliver consistent quality tours and travel products and services that leave a pleasant impression with our customers as epitomised by “EGL – Everything Good and Long-lasting”.

SUMMARY AND HIGHLIGHTS

OUR BUSINESS MODEL

We are principally engaged in the design, development and sale of package tours and FIT products, as well as in the provision of ancillary travel related products and services. Our package tours comprise principally traditional package tours, theme tours, as well as MICE and tailored tours for corporate customers and individual customers with specific requirements. Our FIT product segment designs and offers FIT products, which include flight-only booking, hotel-only booking, and flight-plus-hotel packages. In addition, we offer ancillary travel-related products and services, such as travel visa application service, travel insurance agency service, and retail of gifts and souvenirs to inbound tour participants. We promote and sell our products and services through our various sales channels comprising our seven branches in Hong Kong, one branch in Macau, our call centres and online sales platform.



The following table sets out a breakdown of our revenue by business segment for the periods indicated:

Revenue	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Package tours	1,154,513	92.6	1,252,821	91.8	1,498,836	91.0	661,184	91.1	702,283	90.9
FIT products ⁽¹⁾	44,728	3.6	56,701	4.2	75,725	4.6	33,391	4.6	33,513	4.3
Ancillary travel related products and services	47,448	3.8	55,083	4.0	72,612	4.4	30,812	4.3	36,604	4.8
Total	1,246,689	100.0	1,364,605	100.0	1,647,173	100.0	725,387	100.0	772,400	100.0
Gross sales proceeds for FIT products ⁽¹⁾	437,933		529,557		685,570		296,744		300,063	

Note:

- (1) Revenue derived from FIT products is recognised on a net basis as we render services as an agent, where we are only responsible for arranging the booking of air tickets and accommodations. Please see page 156 to page 160 for details.

SUMMARY AND HIGHLIGHTS

OUR SUPPLIERS AND CUSTOMERS

During the Track Record Period, our key suppliers were land operators, airlines and hotels. We have established business relationship of generally over seven years with most of our major suppliers. Purchases from our five largest suppliers for 2011, 2012, 2013 and 1H2014 accounted for 29.8%, 31.2%, 34.9% and 34.9% of our total cost of sales.

We offer our travel products and services mainly to retail customers and we do not rely on any major customers. For 2011, 2012, 2013 and 1H2014, our five largest customers accounted for less than 5% of our total revenue.

OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- Leading position with a well-established and popular brand in the Hong Kong and Macau travel industry
- Provision of quality services and diversified product offerings to attract new and repeat customers, with commitment on tour safety, service quality and good business ethics
- Well-established operation and efficient management system as a platform for future growth, with our centralised purchasing and multi-channel and cost effective sales network
- Excellent frontline management with well-supported tour escorts, and effective and regular staff training and incentive programmes
- Experienced and dedicated management team with proven track record of effective leadership and execution and over 10 years of relevant experience with our Group on average

OUR STRATEGIES

Our key business strategies are to:

- Continue to promote our brand with strategic marketing, organising signature tours and leveraging on our membership system
- Strengthen our sales by improving our sales channels by further developing our online sales platform and refurbishing our branches
- Continue to strengthen our operation systems to deliver sustainable growth, with increased use of charter flights, expansion of travel tour ground handling operation, recruitment of experienced and quality staff and upgrading of our information technology system
- Increase market share by expanding our range of travel product and service offerings
- Expand into the PRC market by engagement of local travel agencies to promote and sell our products

We believe that, after the Listing, our status as a listed company will further enhance our brand image and the confidence of our consumers and business partners in our Group, which will facilitate our operation and expansion outside Hong Kong and Macau.

SUMMARY AND HIGHLIGHTS

OUR CONTROLLING SHAREHOLDERS

Upon completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), Evergloss will own 75% of the total issued share capital of our Company.

Evergloss, together with Likang, Mr. Yuen, Mr. Huen (through Kwok Lai), Mr. Leung and Ms. Lee who in aggregate hold approximately 60.63% interest in Evergloss, will be the Controlling Shareholders. We operate independently of our Controlling Shareholders. Please see the section “Relationship with our Controlling Shareholders” starting from page 121 for details. We have entered into certain continuing connected transactions with Great Port, an associate of our Executive Directors. Please see the section “Continuing Connected Transactions” starting from page 126 for details.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our financial information for 2011, 2012 and 2013 and for 1H2013 and 1H2014 and should be read in conjunction with our financial information in the accountant’s report set out in Appendix I, including the notes thereto. The summary financial information has been prepared in accordance with HKFRSs. The basis of preparation is set forth in Note 3 of the accountant’s report in Appendix I.

Summary of Combined Statements of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
Revenue	1,246,689	1,364,605	1,647,173	725,387	772,400
Cost of sales	(1,050,684)	(1,136,697)	(1,294,018)	(569,626)	(621,613)
Gross profit	196,005	227,908	353,155	155,761	150,787
Other income and gains/(losses), net	8,946	4,446	(2,605)	(7,174)	3,972
Profit from operation	18,233	46,256	122,421	43,255	38,209
Profit and total comprehensive income for the year/period attributable to owners of the Company	14,994	41,038	102,788	35,155	31,917

Cost of Sales

Our cost of sales mainly represents direct costs incurred in our package tours and ancillary travel related products and services, which includes (i) airfares; (ii) land operator fees; (iii) hotel tariffs; (iv) transportation expenses; (v) meal expenses; (vi) admission ticket cost; and (vii) cost of souvenir. For 2011, 2012, 2013, 1H2013 and 1H2014, most of our cost of sales was airfares and land operator fees, which in aggregate accounted for approximately 78.2%, 77.1%, 74.8%, 75.2% and 74.4% of our total cost of sales, respectively.

SUMMARY AND HIGHLIGHTS

The following table sets forth a breakdown of our cost of sales for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
Airfares	456,761	43.5	495,053	43.6	584,505	45.2	251,737	44.2	284,486	45.8
Land operator fees	364,945	34.7	381,153	33.5	382,576	29.6	176,508	31.0	178,076	28.6
Hotel tariffs	116,888	11.1	134,567	11.8	171,340	13.2	70,879	12.4	79,840	12.8
Transportation expenses	50,196	4.8	57,825	5.1	68,102	5.3	32,807	5.8	37,951	6.1
Meal expenses	30,887	2.9	32,082	2.8	40,602	3.1	18,269	3.2	20,895	3.4
Admission ticket cost	21,281	2.0	30,131	2.7	42,121	3.3	17,074	3.0	18,501	3.0
Souvenirs cost	6,610	0.6	3,037	0.3	720	0.1	439	0.1	269	0.1
Others	3,116	0.4	2,849	0.2	4,052	0.2	1,913	0.3	1,595	0.2
Total	1,050,684	100.0	1,136,697	100.0	1,294,018	100.0	569,626	100.0	621,613	100.0

Please see pages 161, 167, 170 and 174 for further information and commentary on the fluctuations of our cost of sales during the Track Record Period.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Our tour bound for Japan had the highest gross profit margin during Track Record Period because we arranged and purchased all the travel elements directly from the suppliers for our Japan Tours, whilst we relied on the local land operators to arrange the necessary travel elements for Non-Japan Tours. The following table sets forth an analysis of our gross profit and gross profit margin by products and by destinations.

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
Package tours										
Japan	63,984	13.1	74,424	13.4	166,487	20.2	70,231	21.0	67,272	17.9
Asia ex-Japan	51,661	9.9	56,658	10.3	57,141	11.6	27,589	11.7	24,656	10.7
Europe and others	10,889	7.4	12,398	8.3	16,976	9.3	8,584	9.4	6,931	7.1
Subtotal	126,534	11.0	143,480	11.5	240,604	16.1	106,404	16.1	98,859	14.1
FIT products	44,728	100.0	56,701	100.0	75,725	100.0	33,391	100.0	33,513	100.0
Ancillary travel related products	6,745	22.9	7,648	21.8	8,078	18.4	3,212	17.8	4,265	19.0
Ancillary travel related services	17,998	100.0	20,079	100.0	28,748	100.0	12,754	100.0	14,150	100.0
	24,743	52.1	27,727	50.3	36,826	50.7	15,966	51.8	18,415	50.3
Total	196,005	15.7	227,908	16.7	353,155	21.4	155,761	21.5	150,787	19.5

Please see pages 162, 167, 170, 171 and 174 for further information and commentary on the fluctuations of our gross profit and gross profit margin during the Track Record Period.

SUMMARY AND HIGHLIGHTS

Summary of Combined Statements of Financial Position

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	19,155	14,758	14,673	14,202
Current assets	311,348	330,234	475,384	609,233
Current liabilities	207,113	180,564	267,594	566,408
Net current assets	104,235	149,670	207,790	42,825
Net assets	123,390	164,428	222,463	57,027
Total equity	<u>123,390</u>	<u>164,428</u>	<u>222,463</u>	<u>57,027</u>

Summary of Combined Statements of Cash Flows

	As at 31 December			As at 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(unaudited)</i>	
Net cash generated from operating activities	70,204	21,284	161,710	168,089	132,518
Net cash (used in)/generated from investing activities	(2,011)	(1,013)	(14,934)	(1,477)	12,643
Net cash (used in)/generated from financing activities	–	–	(44,753)	25,247	–
Net increase in cash and cash equivalents	68,193	20,271	102,023	191,859	145,161
Cash and cash equivalents at 1 January	139,563	207,756	228,027	228,027	330,050
Cash and cash equivalents at 31 December/30 June	<u>207,756</u>	<u>228,027</u>	<u>330,050</u>	<u>419,886</u>	<u>475,211</u>

Increase in Revenue and Profitability in 2013 Driven by the Depreciation of JPY against HKD

Our revenue increased by HK\$282.6 million, or 20.7%, from HK\$1,364.6 million in 2012 to HK\$1,647.2 million in 2013. The increase was mainly attributable to the rise in revenue from our package tours bound for Japan driven by the increase in the number of customers by 28,725, or 49.1%, from 58,503 in 2012 to 87,228 in 2013. Our Directors believe that such increase in the number of customers joining our package tours bound for Japan was mainly caused by the increase in the customers' real spending power in Japan as JPY depreciated against HKD from the fourth quarter in 2012 onwards, from HKD1: JPY10.1 in September 2012 to HKD1: JPY13.2 in May 2013, representing a depreciation of 23.5% against HKD for the period. From our experience, as customers of our tours bound for Japan generally spend a portion of their total travel budget for merchandise and souvenir purchases in Japan, the increase in real spending power brought about by the weakening of JPY was one of the factors influencing customers' choice of destinations. Furthermore, as 26.6% of our cost of sales in 2013 were denominated in JPY, the depreciation of JPY against HKD also led to a reduction in cost of sales in our tours bound for Japan. As a result, our gross profit margin and net profit margin increased from 16.7% to 21.4% and from 3.0% to 6.2% from 2012 to 2013, respectively. For further details, please refer to "Financial Information – Period to Period Comparison of Results of Operations – 2013 compared with 2012".

SUMMARY AND HIGHLIGHTS

FINANCIAL RATIOS

The tables below set out certain financial ratios for the periods or as at the dates indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
				<i>(unaudited)</i>	
Gross profit margin	15.7%	16.7%	21.4%	21.5%	19.5%
Net profit margin	1.2%	3.0%	6.2%	4.8%	4.1%

	As at 31 December			As at 30 June
	2011	2012	2013	2014
Current ratio	1.50	1.83	1.78	1.08
Quick ratio	1.49	1.81	1.76	1.05
Gearing ratio <i>(Note)</i>	N/A	N/A	N/A	N/A
Debt to equity ratio <i>(Note)</i>	N/A	N/A	N/A	N/A
Return on total asset	4.5%	11.9%	21.0%	5.1%
Return on equity	12.2%	25.0%	46.2%	56.0%
Interest coverage ratio	103.6	168.2	92.5	N/A

Note: We did not have any loans, borrowing or other balances due to our related companies as at 31 December 2011, 2012 and 2013 and 30 June 2014.

SUMMARY AND HIGHLIGHTS

RECENT DEVELOPMENT

Based on our latest internal management information, we recorded a year-on-year decrease in the overall number of customers who purchased our travel products and services from 104,523 for the three months ended 30 September 2013 to 95,304 for the three months ended 30 September 2014, representing a year-on-year decrease of 8.8%. The decrease was primarily attributable to the fall in the number of customers who purchased our travel products bound for Japan, as compared to the corresponding period in the prior year. In respect of other destinations, the number of customers who purchased our travel products was stable. Our Executive Directors believe that the drop in the overall number of customers was mainly attributable to (i) short-term weakening of consumer sentiment for overseas travel resulting from the recent geopolitical tension and social unrests in Ukraine, the Middle East and Thailand; (ii) the slow down in growth momentum of demand for package tours and FIT products bound for Japan after the significant growth in 2013, mainly due to the increase in the consumption tax rate of Japan from 5% to 8% in April 2014, and the general stabilisation of JPY exchange rate against HKD for the first three quarters of 2014 following its depreciation in 2013; and (iii) the promotion effort of airlines in the summer holidays to attract customers to purchase travel products directly via their direct distribution channel.

For the three months ended 30 September 2014, we generated revenue of approximately HK\$489.1 million, which was lower than that for the corresponding period in 2013. Furthermore, our gross profit margin decreased to around 17.5% for the three months ended 30 September 2014, as compared to the gross profit margin of 19.5% recorded in 1H2014. Our Executive Directors attribute the decrease in our overall gross profit margin mainly to the drop in gross profit margin for our Japan-bound package tours resulted from the rise in the cost of certain travel elements in Japan (such as hotel accommodation, meals, and transportation) owing to the increases in the consumption tax of Japan as mentioned above and the domestic ground transportation costs in Japan. In view of the short term weakening of consumer sentiment, we did not raise the price level of our tour products to pass on such cost increase, in order to maintain our competitiveness. Therefore, the average price level of our Japan-bound package tours was relatively stable in the summer holiday period in 2014 as compared to that in 2013, whilst we experienced increase in the cost of certain travel elements.

The abovementioned unaudited financial information for the three months ended 30 September 2014 has been derived from the internal financial information of our Group, which has been reviewed by our Reporting Accountant in accordance with the Hong Kong Standard on Review Engagements 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity".

Notwithstanding the factors described above, our Directors did not note any material adverse change in our financial conditions and trading position for the three months ended 30 September 2014 as compared to that for 1H2014. While we are not certain as to whether the above factors will persist for the remaining time of 2014, we shall continue to price our products and services competitively to maintain our market share. So far as our Directors are aware, as at the Latest Practicable Date, save for the payment of dividend of HK\$197.4 million on 31 October 2014, there was no other subsequent event since 30 June 2014 that would have a material and adverse impact on the information in the accountant's report set out in Appendix I to this prospectus.

PROFIT FORECAST

Our unaudited pro forma forecast earnings per Share for the year ending 31 December 2014 have been prepared on the basis of the notes set out under the paragraph "Profit Forecast" on page 193 for the purpose of illustrating the effect of the Global Offering and the Capitalisation Issue as if they had taken place on 1 January 2014. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, may not provide a true picture of our financial results following the Global Offering and the Capitalisation Issue. Please see page 193 for further information.

Forecast combined profit attributable to equity
shareholders of our Company for the year ending
31 December 2014 not less than HK\$65.0 million

Unaudited pro forma forecast earnings per
Share for the year ending 31 December 2014 not less than HK\$0.13

SUMMARY AND HIGHLIGHTS

DECREASE IN NET PROFIT AS FORECASTED FOR 2014 AS COMPARED TO 2013

As set out in the paragraph “Profit forecast” above, the combined profit attributable to equity shareholders of our Company is forecasted to decrease significantly from HK\$102.8 million in 2013 to not less than HK\$65.0 million for the year ending 31 December 2014. Our Executive Directors attribute such decrease in the forecasted net profit to the following factors:

- (i) (a) comparing to the second half of 2013, we expect a decrease in the gross profit margin for our Japan-bound package tours for the second half of 2014, as caused by the increase in the consumption tax in Japan and the rise in costs of travel elements in Japan;
 - (b) we intend to continue to price our products and services competitively to maintain our market share for the remaining time of 2014; and
 - (c) the expected lower gross margin for our long-haul package tours given the lowering of margin for our tours bound for Australia due to the price promotion effort aiming to increase the number of participants in these tours; and
- (ii) the recognition of the listing expenses of approximately HK\$16.8 million to be charged to our profit and loss accounts for 2014 as further discussed in the paragraph “Listing expenses” below.

Given the abovementioned reasons, we expect our net profit for the six months ending 31 December 2014 will decline as compared with the corresponding period in 2013, leading to a decline in our forecasted net profit for 2014 as compared to our net profit for 2013.

LISTING EXPENSES

The total expenses (excluding underwriting commission) in connection with the Listing of the existing Shares (including the Sale Shares) and the New Shares amounted to HK\$21.2 million, out of which HK\$17.7 million was attributable to services rendered by professional parties and their incidental expenses (“**Professional Fees**”) and HK\$3.5 million was attributable to non-professional expenses pertaining directly to the Listing. The Professional Fees are borne by our Company and the Selling Shareholder based on the proportion of the aggregate number of existing Shares and New Shares (475,000,000 Shares, equivalent to 95% of the total number of issued Shares upon Listing) and the number of Sale Shares (25,000,000 Shares, equivalent to 5% of the total number of issued Shares upon Listing), respectively. The non-professional expenses pertaining directly to the Listing are borne by our Company. The underwriting commission in relation to the Global Offering of HK\$5.2 million (assuming an Offer Price of HK\$1.39 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.48) is shared by our Company and the Selling Shareholder based on the proportion of the number of New Shares and Sale Shares respectively.

The total expenses for the Listing (including the underwriting commission) to be borne by our Company are estimated to be approximately HK\$24.5 million (assuming an Offer Price of HK\$1.39, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.48), of which approximately HK\$7.7 million is directly attributable to the issue of new Shares in the Global Offering and to be accounted for as a deduction from equity and approximately HK\$16.8 million is to be charged as administrative expenses to our profit and loss accounts for the period in which the expenses are incurred. The Listing expenses of approximately HK\$6.7 million were charged to our profit and loss account for 1H2014. Approximately HK\$10.1 million are expected to be charged to our profit and loss account after 30 June 2014, which will be reflected in our administrative expenses for the year ending 31 December 2014.

SUMMARY AND HIGHLIGHTS

USE OF PROCEEDS

The net proceeds from the Global Offering (“**Net Proceeds**”), after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, are estimated to be approximately HK\$114.5 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$1.39, being the mid-point of the proposed Offer Price range of HK\$1.30 to HK\$1.48. We intend to use such Net Proceeds as follows:

- (i) approximately HK\$40.1 million (approximately 35% of our Net Proceeds) to enhance our sales channels, out of which:
 - approximately HK\$22.9 million (approximately 20% of our Net Proceeds) will be used for refurbishment and facelifting of our existing branches; and
 - approximately HK\$17.2 million (approximately 15% of our Net Proceeds) will be used for the development of a comprehensive online web portal equipped with an integrated online booking system, including approximately HK\$2.0 million for upgrading our hardware and approximately HK\$15.2 million for project development cost;
- (ii) approximately HK\$28.6 million (approximately 25% of our Net Proceeds) to promote our brand image and recognition through marketing initiatives, out of which:
 - approximately HK\$9.2 million (approximately 8% of our Net Proceeds) will be used for conducting marketing initiatives with a focus on conventional media channels, including television, magazines and internet advertisements;
 - approximately HK\$8.0 million (approximately 7% of our Net Proceeds) will be used for featured products or signature tours marketing campaigns with suitable spokespersons, such as high-end gourmet tours; and
 - approximately HK\$11.4 million (approximately 10% of our Net Proceeds) will be used to launch a reward and incentive scheme to enhance customer loyalty under our membership system;
- (iii) approximately HK\$30.9 million (approximately 27% of our Net Proceeds) to strengthen operational infrastructure to deliver sustainable growth, out of which:
 - approximately HK\$13.8 million (approximately 12% of our Net Proceeds) will be used to improve our management information system by implementing an enterprise resources planning system, including approximately HK\$3.2 million for upgrading our hardware, and approximately HK\$10.6 million for project development cost;
 - approximately HK\$11.4 million (approximately 10% of our Net Proceeds) will be used to arrange charter flights to destinations which are not served by scheduled flights;
 - approximately HK\$5.7 million (approximately 5% of our Net Proceeds) will be used to attract and recruit experienced employees to join our ranks including experienced and high-quality tour escorts, sales representatives and other talents in operation management;
- (iv) approximately HK\$5.7 million (approximately 5% of our Net Proceeds) will be used to develop overseas wedding tours, including approximately HK\$4.0 million to set up new specialised branches and website, and approximately HK\$1.7 million for hiring additional staff; and
- (v) the balance to be used for working capital and other general corporate purposes.

SUMMARY AND HIGHLIGHTS

We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering, which is estimated to be approximately HK\$32.8 million after deducting the estimated underwriting commissions and expenses payable by it and assuming an Offer Price of HK\$1.39.

Please see the section “Future Plans and Use of Proceeds” for further details.

DIVIDEND POLICY

On 25 June 2014, we declared aggregate interim dividends (“**2014 Interim Dividend**”) of HK\$197.4 million out of historical profits of our Group. We paid out aggregate interim dividends of approximately HK\$44.8 million in 2013, and did not declare any dividend in 2011 and 2012. All dividends payable for each year or period during the Track Record Period have already been settled. Upon completion of the Global Offering, our Shareholders will be entitled to receive any dividends we may declare pro rata according to the amounts paid up or credited as paid up on the Shares.

Except for the 2014 Interim Dividend, we do not intend to declare or pay any additional dividend for the year ending 31 December 2014. Going forward, subject to the factors and considerations set out in “Financial Information – Dividend Policy” on page 198, we currently plan to pay annual dividends of not less than 50% of our consolidated profit attributable to our Shareholders in the future. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our historical declarations of dividends may or may not affect our future declarations of dividends and will be at the discretion of our Board. Please refer to page 198 for further information.

OFFER STATISTICS

The statistics below are prepared on the assumption that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK\$1.30	Based on an Offer Price of HK\$1.48
Market capitalisation of our Shares ⁽¹⁾	HK\$650 million	HK\$740 million
Unaudited pro forma adjusted net tangible asset value per Share ⁽²⁾	HK\$0.33	HK\$0.36

Notes:

- (1) The calculation of market capitalisation is based on the 500,000,000 Shares expected to be in issue immediately upon completion of the Global Offering and the Capitalisation Issue.
- (2) The unaudited pro forma net tangible asset value per Share has been arrived at after adjustments referred to in the section “Appendix II – Unaudited Pro Forma Financial Information – Unaudited Pro Forma Combined Net Tangible Assets” and on the basis of 500,000,000 Shares in issue at the Offer Price immediately upon the completion of the Global Offering.

SUMMARY AND HIGHLIGHTS

RISK FACTORS

Our business is subject to a number of risks, including but not limited to risks relating to our business, industry, regions in which we operate, and the Global Offering. You should read the entire section “Risk Factors” of this prospectus carefully before you decide to invest in the Offer Shares. Some of the major risks we face include:

- Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events which affect consumer demand for travel activities, or a general apprehension of such events, may significantly and adversely impact on our business and operating results.
- Our success is dependent on our reputation and brand recognition, and any damage to our brand could materially and adversely affect our business and operating results.
- We derive all of our revenue in Hong Kong and Macau and any downturn in the Hong Kong and Macau economy could have a material adverse effect on our business and operating results.
- Any failure to deal with customer complaints or negative media publicity could materially and adversely affect our business and operating results.
- We may not be able to achieve the same growth in our business in the future as we experienced during the Track Record Period.
- Japan is the most popular destination of our package tours and any material adverse change in the economic, political and social conditions relating to Japan or any natural or other disasters occurring in Japan may materially and adversely affect our business and operating results.
- Changes in the foreign exchange rate for Japanese Yen would impact our operating performance as well as our financial position.
- Our package tours may be subject to cancellation due to various reasons which may result in complaints from customers.
- We engage third-party land operators to provide services for our Non-Japan Tours, and unsatisfactory performance or misconduct of the relevant land operators may adversely affect our reputation and business.
- We could be adversely affected by changes in consumer preference and spending habits and failure to develop successful products and services could have a negative effect on our business.

The entire prospectus should be read carefully and we strongly caution you not to place any reliance on any information contained in press articles or disseminated through media relating to us or the Global Offering, some of which may not be consistent with the information contained in this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

<i>"1H2013"</i>	the six months ended 30 June 2013
<i>"1H2014"</i>	the six months ended 30 June 2014
<i>"Application Form(s)"</i>	WHITE Application Form(s), YELLOW Application Form(s), PINK Application Forms and GREEN Application Form(s) or where the context so requires, any of them, that are used in connection with the Hong Kong Public Offering
<i>"Articles" or "Articles of Association"</i>	the articles of association of the Company conditionally adopted on 13 November 2014 which will take effect from the Listing Date, as amended from time to time
<i>"associate(s)"</i>	has the meaning ascribed thereto under the Listing Rules
<i>"Audit Committee"</i>	the audit committee of the Board
<i>"Australian dollars" or "AUD"</i>	Australian dollars, the lawful currency of Australia
<i>"Board Lot"</i>	the board lot of 2,000 Shares in which the Shares are traded on the Stock Exchange from time to time
<i>"Board of Directors" or "Board"</i>	our board of Directors
<i>"Business Day"</i>	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open generally for normal banking business to the public
<i>"BVI"</i>	British Virgin Islands
<i>"Capitalisation Issue"</i>	the capitalisation of an amount of HK\$39,999,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full 399,990,000 Shares for allotment and issue to our Shareholder as resolved by our sole Shareholder on 13 November 2014
<i>"Cayman Islands Companies Law"</i>	the Companies Law (as revised) of the Cayman Islands, as amended and consolidated from time to time
<i>"CCASS"</i>	the Central Clearing and Settlement System established and operated by HKSCC
<i>"CCASS Clearing Participant"</i>	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant

DEFINITIONS

<i>“CCASS Custodian Participant”</i>	a person admitted to participate in CCASS as a custodian participant
<i>“CCASS Investor Participant”</i>	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
<i>“CCASS Participant”</i>	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
<i>“Chairman”</i>	the chairman of the Board
<i>“China” or “PRC”</i>	the People’s Republic of China and, for the purpose of this prospectus only, excludes Hong Kong, Taiwan and Macau
<i>“close associate”</i>	has the meaning ascribed thereto under the Listing Rules
<i>“Common Control Confirmation”</i>	a letter dated 26 August 2014 executed by Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee, whereby they confirmed the existence of their common control arrangement, a summary of which is set out in the section “Relationship with our Controlling Shareholders”
<i>“Companies Ordinance”</i>	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
<i>“Companies (Winding Up and Miscellaneous Provisions) Ordinance”</i>	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
<i>“Company” or “our Company”</i>	EGL Holdings Company Limited, the holding company of our Group after the Reorganisation and the listing vehicle for the Listing, which is an exempted company with limited liability incorporated on 24 July 2014 in the Cayman Islands and the Shares of which are to be listed on the Main Board of the Stock Exchange
<i>“connected person(s)”</i>	has the meaning ascribed thereto under the Listing Rules
<i>“connected transaction(s)”</i>	has the meaning ascribed thereto under the Listing Rules
<i>“Controlling Shareholder(s)”</i>	has the meaning ascribed thereto under the Listing Rules and, for the purpose of this prospectus only, refers to Evergloss, Likang, Kwok Lai, Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee
<i>“core connected person(s)”</i>	has the meaning ascribed thereto under the Listing Rules
<i>“Corporate Governance Code”</i>	Corporate Governance Code set out as Appendix 14 to the Listing Rules

DEFINITIONS

<i>“Deed of Indemnity”</i>	the deed of indemnity dated 13 November 2014 and executed by Evergloss, Mr. Yuen and Mr. Huen in favour of our Company, particulars of which are set out in “Statutory and general information – Other information – 14. Tax and other indemnity” in Appendix V
<i>“Deed of Non-competition”</i>	the deed of non-competition undertakings dated 13 November 2014 executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section “Relationship with our Controlling Shareholders – Deed of Non-competition”
<i>“Director(s)” or “our Directors”</i>	director(s) of our Company
<i>“EGL Japan”</i>	EGL Tours (Japan) Company Limited (東瀛遊旅行社(日本)有限公司), a company incorporated in Hong Kong with limited liability on 20 September 2006, which is directly wholly-owned by EGL Management and a wholly-owned subsidiary of the Company
<i>“EGL J-Mart”</i>	EGL J-Mart Limited, a company incorporated in Hong Kong with limited liability on 18 April 2005, which is owned by Mr. Yuen as to approximately 26.69%, Mr. Huen as to approximately 23.08%, Mr. Leung as to approximately 9.95%, Ms. Lee as to approximately 0.91%, being our Executive Directors and the remaining interests are owned by Yohki Ryokoh as to approximately 26.24%, Mr. Lam Wai Man as to approximately 4.98%, Mr. Lui Lok Pun as to approximately 4.98% and Mr. Chong Cheung Po as to approximately 3.17%, who are directors of our subsidiary, EGL Tours, and an associate of our Executive Directors
<i>“EGL Macau”</i>	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 on 27 May 2005, which is directly owned by EGL Tours as to 99.94% and i-Evertravel as to 0.06% and a wholly-owned subsidiary of the Company
<i>“EGL Management”</i>	EGL Management Group Company Limited (東瀛遊管理集團有限公司), a company incorporated under the laws of BVI with limited liability on 21 July 2014 and is directly wholly-owned by the Company
<i>“EGL Tours”</i>	EGL Tours Company Limited (東瀛遊旅行社有限公司) (formerly known as Evergloss Tours Company Limited), a company incorporated in Hong Kong with limited liability on 28 July 1987, which is directly wholly-owned by EGL Management and a wholly-owned subsidiary of the Company
<i>“electronic application instruction(s)”</i>	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Offer Shares

DEFINITIONS

<i>“Eligible Employee(s)”</i>	all full-time employee(s) of our Group who joined our Group on or before the Latest Practicable Date and have a Hong Kong address (other than the chief executive or directors of the Company or its subsidiaries, existing beneficial owners of Shares or any of their respective close associates and any other core connected persons of the Company)
<i>“Employee Preferential Offering”</i>	the offer of up to 1,250,000 Hong Kong Offer Shares to Eligible Employees as described in the section “Structure and Conditions of the Global Offering – Employee Preferential Offering”
<i>“Employee Reserved Shares”</i>	the 1,250,000 Hong Kong Offer Shares (representing 1% of the Offer Shares initially available under the Global Offering) available in the Employee Preferential Offering and which are to be allocated out of the Hong Kong Offer Shares
<i>“EU” or “European Union”</i>	the European Union first established by the treaty made at Maastricht on 7 February 1992
<i>“Euro” or “€” or “EUR”</i>	the lawful currency adopted by 17 of the 27 member states of the European Union
<i>“Evergloss”</i>	Evergloss Management Group Company Limited (耀騰管理集團有限公司), a company incorporated under the laws of BVI with limited liability on 21 July 2014, our Substantial Shareholder and a Controlling Shareholder, and is legally held by the Existing Shareholders. For details of the shareholding structure of Evergloss, please refer to the section “Relationship with our Controlling Shareholders”
<i>“Executive Director(s)”</i>	executive director(s) of our Company
<i>“Existing Shareholders”</i>	being Likang, Yohki Ryokoh, Kwok Lai, Mr. Leung, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po and Ms. Lee
<i>“GDP”</i>	an acronym for gross domestic product
<i>“GDP per capita”</i>	an approximation of the value of goods produced per person in a country, equal to a country’s GDP divided by the total population in that country
<i>“Global Offering”</i>	the Hong Kong Public Offering and the International Placing

DEFINITIONS

<i>“Great Port”</i>	Great Port Limited (大寶行有限公司), a company incorporated in Hong Kong with limited liability on 15 October 1996, which is owned by Mr. Yuen as to approximately 26.69%, Mr Huen as to approximately 23.08%, Mr. Leung as to approximately 9.95% and Ms. Lee as to approximately 0.91%, being our Executive Directors and the remaining interests are owned by Yohki Ryokoh as to approximately 26.24%, Mr. Lam Wai Man as to approximately 4.98%, Mr. Lui Lok Pun as to approximately 4.98% and Mr. Chong Cheung Po as to approximately 3.17%, who are directors of our subsidiary, EGL Tours, and an associate of our Executive Directors
<i>“GREEN application form(s)”</i>	the application form(s) to be completed by the HK eIPO White Form Service Provider, The Bank of East Asia, Limited
<i>“Group”, “we”, “our”, “our Group” and “us”</i>	our Company and its subsidiaries
<i>“Happyyau Family Trust”</i>	The Happyyau Family Trust, a discretionary trust set up by Mr. Yau Shui Fung whose discretionary objects are Ms. Li Siu King, wife of Mr. Yau Shui Fung, an associate of Mr. Yau Shui Fung, and Tung Wah Group of Hospitals
<i>“HK eIPO White Form”</i>	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk
<i>“HK eIPO White Form Service Provider”</i>	The Bank of East Asia Limited
<i>“HKFI”</i>	The Hong Kong Federation of Insurers
<i>“HKFRSs”</i>	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants
<i>“HKICPA”</i>	The Hong Kong Institute of Certified Public Accountants
<i>“HKSCC”</i>	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
<i>“HKSCC Nominees”</i>	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
<i>“Hong Kong” or “HK”</i>	the Hong Kong Special Administrative Region of the PRC
<i>“Hong Kong Branch Register”</i>	the branch register of members of our Shares maintained by the Hong Kong Branch Share Registrar in Hong Kong
<i>“Hong Kong Branch Share Registrar”</i>	Tricor Investor Services Limited

DEFINITIONS

<i>“Hong Kong dollars”, “HKD” or “HK\$”</i>	Hong Kong dollars, the lawful currency of Hong Kong
<i>“Hong Kong Offer Shares”</i>	the 12,500,000 new Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering at the Offer Price, subject to any adjustment or re-allocation as described in the section “Structure and Conditions of the Global Offering”
<i>“Hong Kong Public Offering”</i>	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms relating thereto, as further described in the section “Structure and Conditions of the Global Offering – The Hong Kong Public Offering”
<i>“Hong Kong Securities and Futures Ordinance” or “SFO”</i>	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<i>“Hong Kong Stock Exchange” or “Stock Exchange”</i>	The Stock Exchange of Hong Kong Limited
<i>“Hong Kong Takeovers Code” or “Takeovers Code”</i>	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
<i>“Hong Kong Underwriters”</i>	the underwriters for the Hong Kong Public Offering as listed in the section “Underwriting – Hong Kong Underwriters”
<i>“Hong Kong Underwriting Agreement”</i>	the underwriting agreement dated 17 November 2014 relating to the Hong Kong Public Offering entered into among our Company, the Executive Directors, Evergloss, the Sole Global Coordinator and the Hong Kong Underwriters, as further described in the section “Underwriting – Hong Kong Public Offering – Hong Kong Underwriting Agreement”
<i>“IA”</i>	Insurance Authority of Hong Kong
<i>“IA Code of Practice”</i>	Code of Practice for the Administration of Insurance Agents
<i>“IARB”</i>	Insurance Agents Registration Board of Hong Kong
<i>“IATA”</i>	International Air Transport Association, a global trade organisation in the air travel industry and the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of airline tickets

DEFINITIONS

<i>“IATA accredited agent”</i>	a travel sales agent which has been admitted by IATA subject to compliance with certain rules which regulate the relationship between IATA accredited agents and participating airline members
<i>“ICO”</i>	Insurance Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
<i>“i-Evertravel”</i>	i-Evertravel Company Limited (耀騰旅行社有限公司), a company incorporated in Hong Kong with limited liability on 16 June 2000, which is directly wholly-owned by EGL Tours and a wholly-owned subsidiary of the Company
<i>“Independent Non-executive Director(s)”</i>	independent non-executive Director(s) of our Company
<i>“Independent Third Party(ies)”</i>	any entity or person who is not a connected person within the meaning ascribed under the Listing Rules
<i>“International Placing”</i>	the conditional offering of the International Placing Shares for and on behalf of our Company outside the United States (including professional, institutional and corporate investors and excluding retail investors in Hong Kong) in reliance on Regulation S of the U.S. Securities Act
<i>“International Placing Shares”</i>	the 87,500,000 new Shares and 25,000,000 Sale Shares being initially offered by our Company and the Selling Shareholder, respectively, for subscription under the International Placing subject to adjustment and together, where relevant, with any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option as further described in the section “Structure and Conditions of the Global Offering”
<i>“International Underwriters”</i>	the several underwriters for the International Placing who are expected to enter into the International Underwriting Agreement to underwrite the International Placing
<i>“International Underwriting Agreement”</i>	the underwriting agreement expected to be entered into on or around the Price Determination Date by, among others, our Company, the Selling Shareholder the Global Coordinator and the International Underwriters relating to the International Placing
<i>“Ipsos”</i>	Ipsos Hong Kong Limited, an independent industry consultant commissioned by us to prepare the Ipsos Report
<i>“Ipsos Report”</i>	an independent research report dated 18 November 2014, commissioned by us and prepared by Ipsos for the purpose of the Listing

DEFINITIONS

<i>“Issuing Mandate”</i>	the general unconditional mandate given to the Directors by our Shareholders relating to the issue of Shares, as further described in “Statutory and General Information” in Appendix V
<i>“IT”</i>	information technology
<i>“Japan FIT Products”</i>	our FIT products for destinations in Japan (excluding Okinawa for the purpose of this prospectus)
<i>“Japan Legal Advisers”</i>	Soga Law Office, a qualified Japan law firm as the Japan legal advisers to our Company for the application for the Listing
<i>“Japan Tours”</i>	tours designed, sold and operated by us which are bound for destinations in Japan (excluding Okinawa for the purpose of this prospectus)
<i>“Japanese Yen” or “JPY”</i>	Japanese Yen, the lawful currency of Japan
<i>“JNTO”</i>	Japan National Tourist Organization
<i>“Kwok Lai”</i>	Kwok Lai Holdings Limited (國麗控股有限公司), a company incorporated under the laws of BVI with limited liability on 11 April 2014 and is directly wholly-owned by Mr. Huen, an Executive Director, and a connected person of the Company
<i>“Latest Practicable Date”</i>	10 November 2014, being the latest practicable date for ascertaining certain information in this prospectus
<i>“Likang”</i>	Likang Limited (利康有限公司), a company incorporated under the laws of BVI with limited liability on 6 March 2014 and is directly held by the Trustee acting as trustee of the Yuen Family Trust and a connected person of the Company
<i>“Listing”</i>	the listing of the Shares on the Main Board
<i>“Listing Committee”</i>	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
<i>“Listing Date”</i>	the date, expected to be 28 November 2014, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
<i>“Listing Rules”</i>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
<i>“Macau”</i>	the Macau Special Administrative Region of the PRC
<i>“Macau Legal Advisers”</i>	DSL Lawyers, a qualified Macau law firm as the Macau legal advisers to our Company for the application for the Listing

DEFINITIONS

<i>“Macau Travel Agency Law”</i>	Decree Law no. 48/98/M (as amended by Administrative Regulation no. 42/2004)
<i>“Main Board”</i>	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
<i>“Maximum Offer Price”</i>	HK\$1.48 (being the high end of the Offer Price range stated in this prospectus)
<i>“Memorandum of Association”</i>	the memorandum of association of our Company, conditionally adopted on 13 November 2014 and as amended from time to time
<i>“MGTO”</i>	Macau Government Tourist Office
<i>“MOP”</i>	Macau pataca, the lawful currency of Macau
<i>“Mr. Huen”</i>	Mr. Huen Kwok Chuen (禰國全), an Executive Director
<i>“Mr. Leung”</i>	Mr. Leung Shing Chiu (梁成釗), an Executive Director
<i>“Mr. Yuen”</i>	Mr. Yuen Man Ying (袁文英), the Chairman and an Executive Director
<i>“Ms. Lee”</i>	Ms. Lee Po Fun (李寶芬), an Executive Director
<i>“New Shares”</i>	the 100,000,000 new Shares being initially offered by our Company for subscription under the Hong Kong Public Offering and the International Placing
<i>“Nomination Committee”</i>	the nomination committee of the Board
<i>“Non-Japan FIT Products”</i>	our FIT products for Okinawa and destinations outside Japan
<i>“Non-Japan Tours”</i>	tours designed and sold by us which are bound for (i) destinations outside Japan, and (ii) Okinawa (for the purpose of this prospectus)
<i>“NTA”</i>	the National Tourism Administration of the PRC (中華人民共和國國家旅遊局)
<i>“Offer Price”</i>	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed for pursuant to the Global Offer, as further described in the section “Structure and Conditions of the Global Offering – Price Determination of the Global Offering”

DEFINITIONS

<i>“Offer Shares”</i>	the Hong Kong Offer Shares (including the Employee Reserved Shares) and the International Placing Shares together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-Allotment Option
<i>“Over-allotment Option”</i>	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Global Coordinator pursuant to the International Underwriting Agreement for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 18,750,000 additional new Shares (representing in aggregate 15% of the initial Offer Shares) to, among other things, cover over-allocations in the International Placing, if any, as further described in the section “Structure and Conditions of the Global Offering – Over-Allotment Option”
<i>“Per cent.” or “%”</i>	percentage or per centum
<i>“PINK Application Form(s)”</i>	the application form(s) for use by Eligible Employees to subscribe for Employee Reserved Shares pursuant to the Employee Preferential Offering
<i>“PRC Government” or “State”</i>	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
<i>“Price Determination Agreement”</i>	the agreement to be entered into between our Company (on behalf of itself and the Selling Shareholder) and the Sole Global Coordinator on behalf of the Underwriters on the Price Determination Date to record and fix the Offer Price
<i>“Price Determination Date”</i>	the date, expected to be on or about 21 November 2014, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than 27 November 2014
<i>“prospectus”</i>	this prospectus being issued in connection with the Hong Kong Public Offering
<i>“Regulation S”</i>	Regulation S under the U.S. Securities Act
<i>“Remuneration Committee”</i>	the remuneration committee of the Board
<i>“Reorganisation”</i>	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section “History, Reorganisation and Corporate Structure – Reorganisation”
<i>“Reporting Accountant”</i>	BDO Limited, the auditor and reporting accountant of our Company

DEFINITIONS

<i>“Repurchase Mandate”</i>	the general unconditional mandate given to the Directors by the Shareholders relating to the repurchase of Shares, as further described in “Statutory and General Information – Further information about our group – 3. Resolutions of the Sole Shareholder” in Appendix V
<i>“Risk Management Committee”</i>	the risk management committee of the Board
<i>“RMB”</i>	Renminbi, the lawful currency of the PRC
<i>“Sale Shares”</i>	the 25,000,000 Offer Shares initially being offered by the Selling Shareholder at the Offer Price in the International Placing
<i>“Selling Shareholder”</i>	Evergloss, our existing Shareholder who is expected to offer to sell the Sale Shares in the International Placing
<i>“SFC”</i>	the Securities and Futures Commission of Hong Kong
<i>“SFO”</i>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
<i>“Share(s)”</i>	ordinary share(s) in the share capital of our Company
<i>“Share Option Scheme”</i>	the post-IPO share option scheme conditionally adopted by our Company on 13 November 2014 for the benefit of the eligible persons, a summary of the principal terms of which is set forth in “Statutory and General Information – 13. Share Option Scheme” in Appendix V
<i>“Share Options”</i>	options which might be granted under the Share Option Scheme
<i>“Shareholder(s)”</i>	holder(s) of the Share(s)
<i>“Shenyin Wanguo Capital (H.K.) Limited”</i>	Shenyin Wanguo Capital (H.K.) Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
<i>“Singapore”</i>	Republic of Singapore
<i>“Singapore dollar” or “SGD”</i>	Singapore dollar, the lawful currency of Singapore
<i>“Sole Global Coordinator” or “Sole Bookrunner” or “Sole Lead Manager”</i>	Shenyin Wanguo Capital (H.K.) Limited
<i>“Sole Sponsor”</i>	Shenyin Wanguo Capital (H.K.) Limited
<i>“South Korea”</i>	Republic of Korea

DEFINITIONS

“sq.ft.”	square foot or square feet
“sq.m.” or “m ² ”	square metre(s)
“Stabilising Manager”	Shenyin Wanguo Capital (H.K.) Limited
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between the Sole Global Coordinator and Evergloss, pursuant to which the Sole Global Coordinator may borrow up to 18,750,000 Shares to cover any over-allocation in the International Placing
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“TAO”	Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong)
“TAR”	Travel Agents Registry
“TIC Hong Kong”	Travel Industry Council of Hong Kong
“TICF”	Travel Industry Compensation Fund
“Track Record Period”	the financial years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014
“Trustee”	Fiducia Suisse S.A., the trustee of the Yuen Family Trust and the Happyau Family Trust
“U.S. dollars” or “USD” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Yohki Ryokoh”	Yohki Ryokoh Limited, a company incorporated under the laws of BVI with limited liability on 18 October 2005, an independent third party, and held by the Trustee acting as trustee of the Happyau Family Trust

DEFINITIONS

“Yuen Family Trust”

The Yuen Family 2014 Trust, 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, each an associate of Mr. Yuen

If there is any inconsistency of this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

In this prospectus:

1. Unless expressly stated or otherwise required by the context, all data are as at the Latest Practicable Date.
2. Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option.
3. Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.
4. The number of customers for our tours or FIT products for a given period refer to the number of customers who enrolled in our tours or purchased our FIT products, respectively, in that period. For example, if a customer enrolled in two of our tours in a given year, he will be counted as two customers.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry definitions or usage of these terms.

<i>“air ticket consolidator”</i>	a high volume sales travel agent which contracts with airline carriers for air tickets which it then sells to its customers on the airline carriers' behalf
<i>“CAGR”</i>	the year-over-year growth rate of a value over a specified period of time, taking into account the effects of compounding
<i>“charter flight”</i>	a flight where a travel agency takes risk on the inventory (or hires/leases the plane) and, usually, sells the seats to customers
<i>“destination countries”</i>	the countries to which customers can travel by purchasing the products and services offered by our Group
<i>“distribution channel”</i>	a channel through which our Group makes its products and services available to customers or potential customers (including through our branches, websites and call centres as well as through third parties)
<i>“dynamically-packaged tour”</i>	a package tour (other than traditional package tour) where two or more individual travel elements, travel products or travel services are bundled together to meet the customer's personal requirements (for example, as to destination, duration, variety, quality and price)
<i>“FIT”</i>	free and independent travellers or free and easy travellers which generally refer to a small group of travellers who purchase independent travel products (instead of traditional package holiday) and do not require a travel escort
<i>“FIT products”</i>	include dynamically-packaged tours, one or more individual travel elements (such as airline tickets, hotels and accommodation), airline holidays and cruise holidays
<i>“GDS”</i>	a computerised reservation system that offers access to a wide range of travel products inventory and for reserving airline seats, hotel rooms, rental cars, and other travel related items by travel agents and online reservation sites
<i>“IATA Passenger Agency Programme”</i>	a global programme operated by IATA which is designed to facilitate the secure distribution of airline tickets through a network of accredited agents or participants
<i>“inbound”</i>	travel to the country where our relevant travel management and services office is located and which provided the travel products and services concerned

GLOSSARY OF TECHNICAL TERMS

<i>“independent travel products”</i>	dynamically-packaged tours, individual travel elements and scheduled tours
<i>“individual travel elements”</i>	individual travel products and services, such as flights, hotels, tours, car rentals and transfers, which are sourced by our Group from third party suppliers as and when requested by the customer
<i>“land operator”</i>	a land operator or handling agent providing services including hotel booking, land transportation and other travel related arrangements to tour operators, wholesalers and travel agents
<i>“MICE”</i>	Meetings, Incentives, Conferences, and Exhibitions, which refers to a particular type of tourism in which large groups, usually planned in advance, are brought together for some particular purpose. MICE tourism usually includes a well planned agenda centred around a particular theme, such as a hobby, a profession, or an educational topic
<i>“outbound”</i>	travel from the country where our relevant travel management and services office is located and which provided the travel products and services concerned
<i>“package tour”</i>	a travel service which includes the provision to a group or a person of services relating to transport, accommodation, meals, activities and tour escorts
<i>“SARS”</i>	Severe Acute Respiratory Syndrome (Atypical Pneumonia)
<i>“scheduled tours”</i>	refers to a tour package that bundles transportation and lodging along with additional services (for example, sightseeing and museum admissions)
<i>“tour escorts”</i>	staff appointed by a tour operator to accompany tour groups and to take care of the participants throughout the journey of a tour
<i>“tour operator”</i>	a travel agent who operates a package tour
<i>“travel agent”</i>	a person who carries on business of obtaining for another person (i) carriage on a journey to take place mainly outside the place of departure, or (ii) accommodation at a place outside the place of departure for which payment is made to that person of an amount on account of the cost of that accommodation
<i>“travel tour ground handling service” or “travel tour ground handling operation”</i>	the services generally provided by a travel agency, excluding flight arrangement, at the destination for a tour
<i>“yield for sale of FIT Products”</i>	the margin from sale of FIT products, representing revenue divided by gross proceeds for FIT products

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections “Summary”, “Risk Factors”, “Future Plans and Use of Proceeds”, “Industry Overview”, “Business” and “Financial Information”. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section “Risk Factors”, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies, plans, objectives and goals;
- the performance of global financial markets, including changes in our ability to access the capital markets and changes in the level of interest rates;
- the business opportunities that we may pursue;
- our dividend policy; and
- the amount and nature of, and potential for, future development of our business.

The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future occurrence of such events. Actual outcomes may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- our ability to achieve growth of existing businesses and expansion of operations through investments;
- our ability to integrate new businesses and create synergies;
- changes in the governmental policies, laws or regulations of the relevant jurisdictions in which we operate in;
- our ability to attract and retain customers;
- our ability to attract and retain qualified employees and key personnel;
- our ability to protect our brand, trademarks or other intellectual property rights;
- global general economic, market and business conditions; and
- the other risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section “Risk Factors”.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding-Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Hong Kong Public Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of certain Chinese names, entities, departments, facilities, certificates, titles, laws, regulations and the like are unofficial translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

ROUNDING

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

EXCHANGE RATE CONVERSION

In this prospectus, unless otherwise stated, amounts denominated in MOP have been translated into HK dollars at an exchange rate of MOP1 = HK\$0.97 for illustrative purposes only. Such conversions shall not be construed as representations that amounts in MOP were or could have been or could be converted into MOP (as the case may be) at such rates or any other exchange rates on such date or any other date.

INFORMATION ABOUT THE GLOBAL OFFERING

Issuer	EGL Holdings Company Limited
Global Offering	Global Offering of initially 125,000,000 Offer Shares (comprising 100,000,000 new Shares and 25,000,000 Sale Shares subject to adjustment and excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option) comprising (i) Hong Kong Public Offering of initially 12,500,000 Offer Shares (subject to adjustment and including 1,250,000 Employee Reserved Shares) and (ii) International Placing of initially 112,500,000 Offer Shares (subject to adjustment and excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option).
Offer Price range	HK\$1.30 to HK\$1.48
Over-allotment Option	Up to 18,750,000 additional Shares to be offered by our Company
Stock borrowing arrangements	The Sole Global Coordinator or any person acting for it may borrow from Evergloss up to 18,750,000 Shares, representing 15% of the number of Offer Shares initially available under the Global Offering.
Board Lot	2,000 Shares
Number of Shares outstanding upon the completion of the Global Offering and the Capitalisation Issue assuming the Over-allotment Option is not exercised	500,000,000 Shares
Lock-up undertakings by the Controlling Shareholders	Please see the section “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering”.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

Dividend policy	<p>Subject to certain limitations, we currently intend to pay not less than 50% of our consolidated profit attributable to our Shareholders as dividends for 2015 and in the foreseeable future thereafter. There can be no assurance that in any given year a dividend will be proposed or declared. Please see “Financial Information – Dividend Policy”.</p>
Voting rights	<p>Each Share entitles its holder to one vote at our Shareholders’ meeting. Please see the section “Summary of the Constitution of the Company and Cayman Islands Companies Law” in Appendix IV.</p>
Stamp duty	<p>Dealings in the Shares registered in our Hong Kong Branch Register will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.</p>
Register of members	<p>Our Company’s principal register of members will be maintained by its principal share registrar, Appleby Trust (Cayman) Ltd. in the Cayman Islands. All of the Shares issued pursuant to the Global Offering will be registered on our Company’s register of members to be maintained in Hong Kong by its Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.</p>
Application for the Listing on the Stock Exchange	<p>We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares to be issued by us pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued upon the exercise of the Share Options.</p> <p>Dealings in the Shares on the Stock Exchange are expected to commence on 28 November 2014. Except as disclosed, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as at the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Branch Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.</p>

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

Selling Shareholder Evergloss

Number of Sale Shares to be sold by Selling Shareholder 25,000,000 Shares

Restrictions on offer and sale of the Offer Shares Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Shares to, confirm that he is aware of the restrictions on offer and sale of the Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares may not be publicly offered or sold, directly or indirectly, in the PRC or the United States.

Fully underwritten The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or about the Price Determination Date, subject to determination of the Offer Price. Further information regarding the Underwriters and the underwriting arrangements are set out in the section "Underwriting".

Price Determination Date On or around 21 November 2014, and, in any event, no later than 27 November 2014.

INFORMATION ABOUT THIS PROSPECTUS AND GLOBAL OFFERING

If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (on behalf of itself and the Selling Shareholder) are unable to reach an agreement on the Offer Price on or before 27 November 2014, or such later date or time as may be agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will lapse.

Admission to CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

Procedures for applying for Hong Kong Offer Shares

Please see the section “How to Apply for Hong Kong Offer Shares and Employee Reserved Shares”.

Conditions of the Global Offering

Please see the section “Structure and Conditions of the Global Offering – Conditions of the Global Offering”.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our operations are conducted in Hong Kong, the legal and regulatory environment of which may differ from that prevailing in other countries. Our business, financial condition and operating results could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events which affect consumer demand for travel activities or a general apprehension of such events may significantly and adversely impact on our business and operating results

The demand for our travel products and services may be materially and adversely affected by natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events. Such events, or a general apprehension of such events, may significantly and adversely affect customer sentiments and demand for travel products and services to the affected destinations or for travel activities in general.

For example, if the outbreak of the Ebola virus disease, which is currently an ongoing threat, cannot be controlled, or if SARS, swine flu, avian influenza, or any other contagious disease or epidemic breaks out in Hong Kong or other major travel destinations, or if there is a general apprehension of such outbreaks, consumer demand for travel to the affected destinations or in general may be undermined. Ongoing concerns regarding epidemic or contagious diseases and government advice regarding, or restrictions on, travel to and from regions on account of an outbreak of any epidemic or contagious diseases may significantly reduce the demand for travel products and services.

The earthquake which struck the Tohoku region in March 2011 coupled with the associated tsunami waves and its aftermath of a nuclear radiation leakage have caused our customers to cancel their trips to Japan or to change their travel plans to other destinations. There was an immediate sharp decrease in the number of bookings for our travel products and services to Tokyo and other Japanese cities. We experienced a significant decrease in revenue from Japan Tours and Japan FIT Products in 2011.

Travel-related accidents, terrorist attacks against airline flights and tourist attractions or other catastrophic events may also have material adverse effects on our business operation and financial condition. For example, the missing aircraft of Malaysia Airlines during its flight from Kuala Lumpur to Beijing in March 2014, the plane crash near Ukraine in July 2014 and other similar accidents or events may continue to affect consumer demand for travelling.

The occurrence and timing of such events cannot be predicted or controlled by our Group and may have significant and adverse impact on our business operations and operating results, particularly if we are, or are perceived to be, not reacting appropriately in the wake of any such event.

Our success is dependent on our reputation and brand recognition, and any damage to our brand could materially and adversely affect our business and operating results

Our Directors believe that our success is largely dependent on our reputation, recognition of our brand, and the perception that our Group provides quality travel products and services. The large number of competitors in the market offering competing products and services increases the importance for our Group to maintain and further develop our reputation and brand recognition.

RISK FACTORS

Our corporate brand name, “EGL Tours (東瀛遊)”, may be adversely affected by the occurrence of events or circumstances that tarnish our reputation, including, without limitation:

- negative publicity relating to our products or services;
- customer dissatisfaction with our products or services;
- customer dissatisfaction with services provided by our suppliers;
- unsatisfactory performance or service of our employees;
- legal proceedings involving our Group;
- accidents or injuries to our customers; and
- disruptions to, or breakdown of, our information technology systems.

Our quality control policies, details of which are set out in the paragraph “Business – Quality Control and Customer Service” may not be adequate to prevent all occurrence of events or circumstances that tarnish our reputation. In the event that there is any adverse publicity or media coverage regarding the safety or quality of our travel products and services, whether unfounded or not, consumers’ confidence and demand for our products and services may be damaged, and our sales could be negatively affected, which would adversely affect our business and operating results.

We derive all of our revenue in Hong Kong and Macau and any downturn in the Hong Kong and Macau economy could have a material adverse effect on our business and operating results

Our business is based in Hong Kong and Macau. During the Track Record Period, all of our revenue was derived from the sale of travel products and services in Hong Kong and Macau. Our Directors believe that the revenue generated from Hong Kong and Macau will continue to represent all or a very substantial proportion of our total revenue in the near future. Any economic downturn or recession in Hong Kong and Macau could lead to decline in demand for our products or services and our overall business and operating results may be materially and adversely affected.

Any failure to deal with customer complaints or negative media publicity could materially and adversely affect our business and operating results

Our business can be adversely affected by customer complaints or allegations relating to our products and services, our operations, the non-performance or sub-standard performance of land operators, or negative media publicity thereof, whether meritorious or not. For 2011, 2012, 2013 and 1H2014, we recorded 147, 231, 194 and 83 negative customer feedbacks or complaints, respectively, based on our internal records. These complaints relate to the itinerary of package tours, pricing of products or services, miscommunication or misunderstanding on tour arrangements, as well as matters which do not involve any default or deficiency on our part. In respect of the negative feedbacks or complaints received by our Group, all were resolved amicably by our customer services department except one case which is being resolved. Negative customer feedbacks, complaints or claims against our Group, whether meritorious or not, will place burden on our Group to divert management and other resources from other business concerns, which may adversely affect our business operations. Negative publicity resulting from such feedbacks, complaints or allegations could materially damage our reputation, goodwill and impact consumers’ perception of our brand, which may in turn materially and adversely affect our business and operating results.

We may not be able to achieve the same growth in our business in the future as we experienced during the Track Record Period

For 2011, 2012 and 2013, our revenue amounted to HK\$1,246.7 million, HK\$1,364.6 million and HK\$1,647.2 million, respectively, representing a CAGR of approximately 15%. Such growth of our revenue was driven significantly by the increase in the sale of our package tours and FIT products bound for Japan.

RISK FACTORS

In 2011, our sale of package tours and FIT products bound for Japan plunged as it was affected by the earthquake and tsunami in Japan in March 2011. In 2012, the persistent high value of JPY against HKD, to a certain extent, discouraged consumer spending on tour products bound for Japan, until towards the fourth quarter of the year when the JPY started to weaken. During 2013, the gradual depreciation of JPY helped release substantial pent-up spending and led to a surge in demands for tour products bound for Japan.

Despite the fact that we recorded continued growth in our revenue and number of customers who purchased our tour products in 1H2014 as compared to 1H2013, we are not certain that such growth will continue going forward; in particular, the increase in Japan consumption tax from 5% to 8% in April 2014, and possible increase to 10% in October 2015, may lead to a reduction in the general demand for tour products bound for Japan. If there is a decrease in the demand for our tour products bound for Japan, and we are unable to expand our range of product offerings to other destinations to address such fall in our business or to reduce our operating costs, our profitability and financial position may be adversely affected.

There are risks relating to our forecasted financial results for the year ending 31 December 2014

As set out in the section “Financial information – Profit Forecast”, the combined profit attributable to equity shareholders of our Company is forecasted to decrease significantly from HK\$102.8 million in 2013 to not less than HK\$65.0 million for the year ending 31 December 2014. Our Executive Directors attribute such decrease in the forecasted net profit to the following factors:

- (i) Our overall gross profit margin for 2014 is expected to decrease as compared to that for 2013, as a result of (a) the increase in costs of travel elements in Japan primarily caused by the increase in the consumption tax rate of Japan from 5% to 8% in April 2014, as well as the rising prices in accommodation, meals and transportation; (b) our strategy not to pass on such cost increases to customers in order to maintain our market share; and (c) lowering the margin for our tours bound for Australia in order to enhance their attractiveness in the market; and
- (ii) the recognition of the listing expenses of approximately HK\$16.8 million to be charged to our profit and loss accounts in 2014, as discussed below.

The total expenses for the Listing (including the underwriting commission) to be borne by our Company are estimated to be approximately HK\$24.5 million (assuming an Offer Price of HK\$1.39 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.48), of which approximately HK\$7.7 million is directly attributable to the issue of new Shares in the Global Offering and to be accounted for as a deduction from equity and approximately HK\$16.8 million is to be charged as administrative expenses to our profit and loss accounts in the period in which the expenses are incurred. The Listing expenses of approximately HK\$6.7 million were charged to our profit and loss account for 1H2014. Approximately HK\$10.1 million are expected to be charged to our profit and loss account after 30 June 2014, which will be reflected in our administrative expenses for the year ending 31 December 2014. Please refer to the section “Financial Information – Listing Expenses” for details.

Given the abovementioned reasons, we expect our Group’s net profit for the six months ending 31 December 2014 will decline as compared with the corresponding period in 2013, leading to an overall decline in our forecasted net profit in 2014.

Japan is the most popular destination of our package tours and any material adverse change in the economic, political and social conditions relating to Japan or any natural or other disasters occurring in Japan may materially and adversely affect our business and operating results

For 2011, 2012, 2013 and 1H2014, our tours bound for Japan accounted for 42.3%, 44.3%, 54.9% and 53.5% of our total revenue for package tours, respectively, whilst purchases of FIT products for destinations in Japan accounted for 51.2%, 53.8%, 64.4% and 60.9% of our total revenue for FIT products in the respective periods. Our Directors believe that the demand for these travel products and services related to Japan will continue to represent a significant proportion of our total revenue in the near future.

RISK FACTORS

Our business and operating results might be adversely affected if there is any material adverse change in the economic, social or political situations relating to Japan, including its foreign relationship with other Asian countries, or if there is any serious natural disasters or disastrous accidents occurring in Japan, which may adversely impact customer demand for our travel products and services related to Japan. For the risk relating to the effects of natural disasters on our Group in general, please see the risk factor “Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious diseases or other catastrophic events which affect consumer demand for travel activities or a general apprehension of such events may significantly and adversely impact on our business and operating results” above.

Changes in the foreign exchange rate for Japanese Yen would impact our operating performance as well as our financial position

As over 40% of our package tour revenue was derived from tours bound for Japan during the Track Record Period, the fluctuations in JPY foreign exchange rate would certainly affect our operating performance. The expansionary monetary and fiscal policies adopted by Japan since December 2012 have resulted in the significant depreciation of JPY. With the depreciation of JPY, the costs of a holiday to Japan have generally decreased since the costs of local services and amenities (such as land operator fees and hotel tariffs) have become lower in relative terms. With the increased purchasing power of Hong Kong dollars in Japan, more customers purchased our products and services relating to Japan. In 2013, the total number of customers of our tours bound for Japan increased by 49.1% whilst number of customers purchasing airline tickets to, and making reservations for hotels and accommodation in Japan increased by 48.2% compared to 2012. It is uncertain that the expansionary monetary and fiscal policies leading to weak JPY will continue. Even if JPY continues to depreciate, the growth in the sale of our Japan Tours or Japan FIT Products may not persist. In the event that JPY appreciates against the Hong Kong dollars, customer demand for our products and services related to Japan may materially decrease, which may in turn materially and adversely affect our business and operating results.

As a result of the weakening JPY foreign exchange rate, although we enjoyed growth in our sale of products and services relating to Japan, particularly in 2012 and 2013 as mentioned above, we sustained net foreign exchange loss of approximately HK\$9.4 million in 2013 relating to the JPY denominated monetary assets held during the year. As our business is predominantly related to Japan, we generally need to maintain a certain level of JPY cash balance and carry other JPY denominated assets (such as deposits to hotel operators in Japan) and liabilities (such as trade payables and accruals). If the amount of our JPY denominated monetary assets exceeds the amount of our JPY denominated monetary liabilities and JPY weakens, we would record translational foreign exchange loss when revaluing such items at the end of each accounting year/period with the then prevailing rate and, accordingly, our financial results would also be adversely affected.

Our package tours may be subject to cancellation due to various reasons which may result in complaints from customers

Our package tours may be subject to cancellation before the departure date due to various reasons, including but not limited to safety issues relating to the tour destinations, outbreak of any severe epidemic or contagious diseases and the number of customers which has enrolled a tour being less than the minimum required. Under such circumstances, we are entitled to cancel the tour at our discretion provided that the full amount of the deposit or the package price is refunded to the customers with compensation made in accordance with the relevant TIC Hong Kong code of business practice in relation to refund arrangement. Despite our refund and payment of the compensation are in compliance with the relevant code, customers may be dissatisfied with the arrangement and may file complaints to our Group, TIC Hong Kong or the media. If we fail to deal with those complaints properly, whether meritorious or not, this may lead to negative publicity and may materially damage our reputation and goodwill, which may in turn materially and adversely affect our business and operating results.

RISK FACTORS

We engage third-party land operators to provide services for our Non-Japan Tours, and unsatisfactory performance or misconduct of the relevant land operators may adversely affect our reputation and business

For our Non-Japan Tours, we generally rely on land operators at the tour destinations to provide local touring services including, without limitation, the provision of tour guides, local transportation, and arrangements for meals, accommodation and sightseeing activities. The service standard of the land operators engaged by us will directly affect the quality of our tours. For details on our selection of land operators, please see the section “Business – Quality Control and Customer Service – Selection and Quality Control on Suppliers – Selection of land operators”.

As we do not own or manage the land operators, we cannot ensure that there will not be any non-performance, sub-standard performance or misconduct of land operators which may materially and adversely affect the quality of our tours, as well as our reputation. In addition, we may not be able to maintain our current relationships with our land operators. Due to the limited number of land operators which satisfy our requirements, the termination or expiration of any of our contracts with such land operators and the inability to negotiate replacement contracts at comparable rates could have a material adverse effect on our business and operating results.

We could be adversely affected by changes in consumer preference and spending habits and failure to develop successful products and services could have a negative effect on our business

The travel industry in general is subject to changes in consumer preference and spending habits. Any failure to adapt our product and service offerings to respond to such changes may result in decrease in our sales. Any change in consumer preference could result in lower sales of certain type or all of our products, put pressure on pricing or lead to increased levels of selling and promotional expenses, resulting in a material adverse effect on our business, financial conditions or results of operations.

The success of our products depends on a number of factors including our ability to accurately anticipate changes in market demand and consumer preference and our ability to differentiate the quality of our products and services from those of our competitors. We cannot assure you that we will be successful in identifying trends in consumer preference, developing travel products and services that respond to such trends in a timely manner and promoting our products effectively. If our products and services fail to gain market acceptance, we may not be able to fully recover our costs and expenses incurred in the product development and marketing process, and our business prospects, financial condition or results of operations may be materially and adversely affected.

Decrease in the demand for package tours and changes in consumer behaviour may materially affect our business, financial condition and operating results

We have historically generated most of our revenue from package tours. In recent years, consumer behaviour has changed in a number of ways as a result of various factors. For example, the growth of the internet has increased price transparency and a significant increase in the availability of travel products and services, and the proliferation of online information and reviews about travel experiences and destinations. Availability and choices of airline routes have also expanded, as the rise of low-cost carriers has led to a significant increase in the online distribution of seats to a wide range of destinations at competitive prices. These changes have made it easier for consumers to research for and plan their own travel holidays, leading to the growth in the FIT travel sector as compared with package tour sector, the increase of online distribution as compared with sales by traditional travel agents, such as our Group, and increased sales of travel products directly to customers. As there is less differentiation between FIT products offered by different travel companies, customers for FIT products may not purchase such products from our Group. If our Group fails to adapt and develop in response to these and other market developments and changes in consumer preference for travel products, this may have a material adverse effect on our business, operating results, financial condition or prospects.

RISK FACTORS

Any disruption to the supply of flight, hotel accommodation, land operator service or other travel elements or related services, or increase in the prices of travel elements could adversely affect our operation, turnover and profitability

Our business, in particular our package tour operation, depend on a number of travel elements including flight, hotel accommodation, service of land operators and ground transportation, and we rely on our suppliers or service providers to provide us with such services.

To remain flexible in our operations, we do not usually enter into long-term arrangements with our suppliers such as airlines, hotel operators and land operators, and our suppliers may reduce or cease their provision of travel products or services to us at any time, which could materially and adversely affect our business and operating results. We may experience shortages in the supply of these services in the future due to various factors including the market conditions in the relevant industries or the operation of the relevant suppliers or service providers, which could materially and adversely affect our operation. If any supplier or service provider is unwilling or unable to provide us with the relevant products or services in required quantities and at acceptable prices, we may be unable to find alternative sources at commercially acceptable prices, on satisfactory terms, in a timely manner, or at all. Our inability to secure alternative sources could result in delay in our operation and adversely affect our revenue.

Further, strikes or industrial actions by pilots, cabin and ground crew of airlines, airport staff, ground transportation crew or land operators causing flights cancellation or delay or disruption to travelling may materially and adversely affect our operation and may adversely affect consumer sentiments and demand for travel products for the affected destinations or travel activities in general.

Furthermore, we are exposed to fluctuations in airfares, hotel tariffs and land operator fees and other costs. The prices of these products and services are determined principally by market forces and our bargaining power against our suppliers and service providers. For a discussion of changes in our costs during the Track Record Period, please see the section “Financial Information – Significant Factors Affecting Our Results of Operations and Financial Condition – Our Cost of Sales”. Our cost of sales may change as a result of inflation or market dynamics in the future. We may not be able to offset all increases in prices of our supplies by raising the prices of our products and services. If we increase our prices significantly, we may lose our competitive advantage, and if we cannot pass on such increases to our consumers, we may not be able to maintain our current gross profit margins, and our business and results of operations may be materially and adversely affected.

We rely on third-party service providers for our information system and our business may be adversely affected if they do not provide quality performance or if they become unavailable in the future

We are dependent on our information technology systems, in particular our online reservation systems and integration of our systems with those of our suppliers for travel products to conduct our business.

If our online reservation systems cease to be compatible with the systems of our suppliers and service providers, or if new technologies which we adopt cannot successfully interface with our suppliers and service providers in the intended manner or timescale, our operation may be adversely affected.

We also rely on third-party service providers and suppliers for GDSs, through which we make reservation with airlines. These third-party provided systems and technology may be vulnerable to disruptions caused by computer viruses and hacking, which may cause delay or cessation in executing our airline and hotel booking instructions. Any contamination by computer viruses or hacking into our system and networks may also jeopardise the security of confidential information (such as customer data or booking records) stored in our systems and networks. All of these could cause serious disruptions to

RISK FACTORS

our business operations, service quality and seriously impact on our customers' perception of our brand. In addition, if our current arrangements with any of these third-party service providers and suppliers are terminated, we may have to source for alternative service providers and suppliers and/or negotiate the terms and conditions with the incoming service providers and suppliers, which could adversely affect our business and operating results.

We may be unable to maintain our growth and implement our future plans

During the Track Record Period, our total revenue grew at a CAGR of approximately 15% from HK\$1,246.7 million for 2011 to HK\$1,647.2 million for 2013, with profit attributable to owners of our Company increased from HK\$15.0 million for 2011 to HK\$102.8 million for 2013. Our future business growth primarily depends on the successful implementation of our strategies and future plans as set out in this prospectus, as well as an array of factors which are beyond our control, such as changes in economic environment, market demands, government policies and relevant laws and regulations.

In carrying out any material business expansion plans, we may require additional financing. Execution of our expansion strategies may strain our financial resources and we may be required to incur debt to issue equity or utilise our operating cash flow to finance such acquisitions or investments. Additional equity financing could be significantly dilutive to shareholders, while additional debt financing could involve restrictions on operating activities. We cannot ensure you that we will be successful in implementing our expansion strategies, any failure to do so would result in a material and adverse impact on our business operation and financial condition. In respect our expansion into regions outside Hong Kong, we will be required to address issues on and comply with relevant foreign laws and regulations.

There is no assurance that the future plans of our Group will materialise, or be completed by the pre-determined timeframe, or that the anticipated growth and expansion of our operation will be fully or partially achieved. In the event that our future plans do not materialise and our business objectives are not achieved, our business, profitability and financial position in the future may be adversely affected.

Our planned expansion into the PRC market is subject to certain additional risks

We plan to expand into the travel service market in the PRC by engaging local travel agencies in cities in Guangdong Province, which will promote and sell our travel products, in particular our package tours bound for Japan, as set out in the section "Business – Business Strategies – Expand into the PRC market by engagement of local travel agencies to promote and sell our products". The success of this expansion plan is subject to numerous factors, and it exposes us to a number of additional risks, including without limitation, the following:

- the availability of suitable local travel agencies to promote and sell our travel products;
- our ability to negotiate favourable terms with such local travel agencies;
- our ability to ensure satisfactory performance of the local travel agencies that we engage, in particular as we have no ownership or managerial control over such agencies;
- the adaptation of our operational and management systems for our expansion into the PRC;
- competition from local travel agencies providing similar products in the PRC; and
- consumer preference and market demand for our products in the PRC.

Any failure to address these risks may have a material adverse impact on our growth prospect, business, financial condition and results of operations.

RISK FACTORS

Our business operations are subject to foreign exchange rate fluctuations which may affect our results of operations and financial position

We are exposed to foreign currency exchange risks to the extent that our receipts from customers in Hong Kong dollars do not match with the respective foreign currency denominated costs of sales such as payments to hotel operators, land operators and various suppliers. Payments of foreign currency denominated costs and receipts of foreign currency denominated sales are recorded at exchange rates at the dates of payment and receipt respectively. The different exchange rates prevailing at the times of payment and receipt may give rise to foreign currency exchange gains and losses.

For 2011, 2012, 2013 and 1H2014, approximately 87.3%, 88.7%, 89.9% and 91.4%, respectively, of our total net sales were denominated in Hong Kong dollars while approximately 40.3%, 39.9%, 42.9% and 41.8%, respectively of our total cost of sales are denominated in foreign currencies.

There is no assurance that any of the foreign currencies required by our Group, in particular, Japanese Yen and RMB, will not appreciate or devalue against the Hong Kong dollars. To the extent that we do not adequately and effectively manage our currency exposures, a significant negative change in exchange rates could result in an increase in our costs or reduced sales, or result in translation impact, which could have adverse effect on our revenues, costs, and profit margins. Please see the section "Business – Internal Control – Foreign Exchange Risk Management" for our risk management policy in relation to foreign exchange fluctuation.

Our success is largely dependent on the continued services and performance of certain key personnel and its ability to attract and retain appropriate personnel

We believe that the future success of our Group to a large extent depends on the experience, expertise, business insight and continued services and performance of our key management personnel, in particular, the Executive Directors as described in the section "Directors and Senior Management".

Competition in the travel industry for experienced and appropriate personnel is intense. The specialised skills and experience required for senior executives and key operational personnel of the travel industry are difficult and time-consuming to acquire and, as a result, are limited in supply. We may not be able to attract and retain continuous services of high-quality senior executives or key operational personnel in the future. If we lose the services of any one or more of our senior executives or key personnel without appropriate replacement, our business development may be disrupted and our business operations or financial position may be materially and adversely affected. If any member of the senior executive or key management personnel joins a competitor or forms a competing business, we may lose business secrets and know-how. Our operating results or financial condition may also be materially and adversely affected.

We will continue to attract, retain and motivate a sufficient number of qualified management and operating personnel, including department managers, branch management staff and sales representatives, to maintain consistency in the quality of our services provided to customers.

We are exposed to the volatile commercial real estate rental market, including unpredictable and potentially high occupancy costs, which may affect our business and operating results

As at the Latest Practicable Date, our headquarters, our seven branches in Hong Kong located in Mongkok, Causeway Bay, Shatin, Tsuen Wan, Tuen Mun, Tsim Sha Tsui and Yuen Long and the offices of our branch in Macau were located on leased properties. Accordingly, occupancy costs account for a significant portion of our operating expenses. For 2011, 2012, 2013 and 1H2014, the total operating lease payments made by our Group for leased branch and other leased properties amounted to approximately HK\$18.5 million, HK\$19.3 million, HK\$20.9 million and HK\$11.0 million, respectively, representing approximately 1.5%, 1.4%, 1.3% and 1.4% of our total revenue and approximately 123.5%,

RISK FACTORS

47.0%, 20.4% and 34.5% respectively, of our profit attributable to owners of our Company during the respective periods. The profitability of our Group might be affected by fluctuations in the volatile commercial real estate rental market.

Our Directors believe that, generally, rental costs for commercial premises that are suitable to be our branches in Hong Kong may continue to increase. Upon expiry of the lease agreement for each of the branches, we will have to negotiate the terms and conditions on which the lease agreements may be renewed. There is no assurance that we will be able to renew such lease agreements with terms and conditions, in particular regarding rental, which are favourable or commercially acceptable to our Group. In such case, we will have to close or relocate the relevant branch, and we would lose the sales that the branch could have contributed to our total revenue during the closure period, and would have to incur renovation costs and other costs and risks for the relocation. In addition, the revenue and any profit generated at a relocated branch may be less than the revenue and profits previously generated at the closed branch. Therefore, any inability to renew existing leases on commercially acceptable terms could have a material adverse effect on our business and operating results.

Our prepayment or deposit paid to airlines may not be refundable if we fail to utilise all the seats reserved by our Group for charter flight or block reservation

We are generally required to pay a deposit or prepayment for the seats reserved with certain airlines, in particular for flights that we have chartered or made block reservation, especially during peak travel seasons. Depending on the airlines, our deposits or prepayment may not be refundable.

During peak seasons, additional deposit or prepayment may be required for reservation. In the event that we are unable to fully utilise all the seats reserved, the airlines may not refund the full amount paid by our Group for the unissued air tickets. We cannot assure you that we will be able to limit or reduce such forfeiture, and any material increase in such forfeiture may have adverse effect on our results of operation.

We may not have recourse against third parties for infringement of our intellectual property rights and may inadvertently infringe upon third parties' intellectual property rights

Our Directors believe that the success of our business depends on our brand and consumers' recognition of our brand. Our ability to implement our business plans successfully also depends in part on our ability to further build brand recognition with our intellectual property rights, including our trademarks, names and logos, and the protection of our intellectual property rights.

As at the Latest Practicable Date, we have registered our material trademarks in Hong Kong, Macau and the PRC and have applied for the registration of our material mark in Japan. For further details of our intellectual property rights, please see "Statutory and General Information – Further information about our Group – 8. Intellectual property rights of our Group" in Appendix V.

Although we have taken steps to protect our intellectual property rights by registering our trademarks, brand names, and logos in the jurisdictions where we operate or plan to operate, we cannot assure you that the measures we have put in place to protect our intellectual property rights will be sufficient. Despite our efforts, we may not be able to prevent third parties from infringing upon our intellectual property rights, including our trademarks, brand names and logos. Any of such infringements or unauthorised use of our trademarks, brand names and logos could harm our reputation, goodwill and business. We may, from time to time, be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which would likely be time-consuming and expensive to resolve and would divert our management's time and attention regardless of its outcome and affect our business and operating results.

We may be unable to prevent, deter and detect all instances of fraud or other misconduct committed by our employees, customers or other third parties

We receive and handle large amounts of cash in our daily operations. The cash sales in our branches are handled by our staff. We may be susceptible to pilferage, theft, fraud or corruption by our staff, our customers or other third parties. Any fraud, theft and other misconduct involving our employees

RISK FACTORS

could subject our Group to financial losses and damage our reputation and goodwill and may have a material adverse effect on our business and operating results. Such instances can be difficult to fully prevent, deter and detect. Such instances committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business, results of operation and financial condition.

Our insurance policies may not provide adequate coverage for all claims associated with our business operations

As at the Latest Practicable Date, we have obtained insurance policies that we believe are customary for businesses of our size and type and in line with the industry practice. For more details on our insurance policies, please see the section “Business – Insurance”. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of reputation. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business and results of operations may be materially and adversely affected.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business

We rely on our computer systems and network infrastructure across our operations to monitor the daily operations of our branches and to collect financial and operating data for business analysis. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and results of operations. We also receive and maintain certain personal information about our customers, including their credit card information, which is stored in our information system. If our information system security is compromised and such information is stolen or obtained by unauthorised persons or used inappropriately, we may become subject to litigation or other proceedings brought by our customers, the cardholders and financial institutions that issue the cards. Any such proceedings could distract our management from running our business and cause us to incur significant losses and expenses. Consumer perception of our brand could also be materially and adversely affected by these events, which could further adversely affect our business and results of operations.

RISKS RELATING TO OUR INDUSTRY

Economic downturns or political instability may adversely impact on our business, financial condition and operating results

The travel industry is closely linked to the local economy and customer demand for travel products are highly price-sensitive. Any global downturn or social and political unrests, which are beyond our control, may in turn adversely affect domestic economy resulting in our customers reducing their spending on travel. This may lead to a material adverse effect on the demand for our products and services and therefore our business, financial condition and operating results.

The social conditions and political stability of a foreign country will also have a direct impact on the feasibility in operating a tour to that country. Unexpected political events such as the anti-government protests broke out in Bangkok in December 2013 may prohibit the operation of tours or have a negative impact on the attractiveness of the particular destinations. Bookings to Bangkok and other popular tourist cities in Thailand during the aforesaid period of political unrests in Thailand have had a material adverse effect on the demand for travel products to these cities. The impact was the most obvious during the period between January 2014 and March 2014 after the Security Bureau of Hong Kong issued the black outbound travel alert against Bangkok. During this period, we suspended our package tours to Thailand. Apart from Bangkok, the Security Bureau of Hong Kong had also issued the black outbound travel alert against Egypt and the Philippines in 2013 and 2010 respectively, which resulted in a decline in the demand for our travel products and services related to travel destinations in these countries.

RISK FACTORS

Such political or economic instability, or social unrest may adversely affect customer demand of these destinations and adversely affect our tour operations in these affected destinations and our results of operation. In addition, future terrorist attacks or the threat of such attacks and other political events could result in other insurance becoming unavailable or prohibitively expensive. If we are perceived as not taking all reasonable precautions to protect our customers or to react appropriately to such events, this could adversely affect our reputation and brand and have material adverse effect on our business operation or financial condition.

Our revenue and results of operations are likely to continue to fluctuate due to seasonality, and thus the results for any period in a year are not necessarily indicative of the full-year results

We experience seasonal fluctuation in our revenue due to the inherent nature of travel industry, whereby sale of package tours, FIT products and ancillary travel products and services will generally be higher during festive holiday periods such as Chinese New Year, Easter, the summer holidays and Christmas, and will generally be lower in other seasons. During the Track Record Period, our sales demonstrated a seasonal pattern. As holiday seasons such as summer holidays and Christmas are in the second half of the year, we are able to achieve a higher revenue in the second half of the year. In 2011, 2012 and 2013, 58.1%, 53.1% and 56.0% of our revenue aroused from second half of the respective year. We believe that the higher revenue generated in the second half of the year was attributable to the willingness of outbound travellers to travel overseas during these periods, coinciding with the public holidays and/or school holidays in Hong Kong and Macau. In light of such seasonal pattern of the demand for our travel products and services, our revenue and results of operations are likely to continue to fluctuate due to seasonality, and thus the results for any period in a year are not necessarily indicative of the full-year results.

Our business may be adversely affected if we are unable to renew our travel agent licences or such licences are revoked or suspended

Our business operations in Hong Kong are subject to the licencing requirements under the provisions of the TAO whereas our business operations in Macau are subject to the licencing requirements under the provisions of the Macau Travel Agency Law.

Under the TAO, any person carrying on business as a travel agent is required to obtain a licence from the TAR. The licencing requirements include membership of TIC Hong Kong and a prohibition of carrying on business as a travel agent at a place other than that specified in that licence. Travel agents are required to abide by TIC Hong Kong's codes of conduct and directive and are regulated by TIC Hong Kong. During the Track Record Period and as at the Latest Practicable Date, we have (i) obtained all necessary licences, permits and/or approvals to operate as travel agents in Hong Kong and Macau which shall expire on 5 March 2015 and 28 May 2015, respectively; and (ii) satisfied all criteria and requirement of licencing, including membership of TIC Hong Kong, in Hong Kong and in Macau. The duration of these permits and licences are generally for one year and are renewable upon expiry. However, renewability is subject to the fulfilment of the standards and requirements set out by the relevant regulatory authorities. For details of the licencing requirements for travel agents in Hong Kong and Macau, please see the sections "Laws and Regulations – Laws and Regulations on Travel Agency in Hong Kong" and "Laws and Regulations – Laws and Regulations on Travel Agency in Macau".

The non-renewal, revocation or suspension of the licences, permits or approvals, or the imposition of any penalties, whether as a result of the infringement of regulatory requirements or otherwise, could have a material adverse impact on our business, financial condition and operating results. Further, any introduction of new laws or regulations or change in existing laws or regulations governing the issuance or renewal of such licences, permits and/or approvals may increase our costs for compliance and hence may have an adverse effect on our financial performance.

Changes in our obligations arising from legislation, regulatory requirements and other standards of the travel industry to which we are subject may have a material adverse effect on our business and operating results

Legislative and regulatory requirements (including rules, guidelines, codes of conduct and policies issued or adopted by governmental and regulatory authorities), and interpretations thereof, which currently affect our Group, including but not limited to laws and regulations related to the provision of

RISK FACTORS

travel and tourism products and associated services may change and become more onerous or constraining. The Legislative Council of Hong Kong has held a panel meeting on 22 July 2013 to discuss the introduction of a new regulatory regime for Hong Kong's tourism sector. It was proposed that, among others, the minimum capital requirement for travel agents licenses be raised and a statutory licensing system for tourist guides and tour escorts be introduced. The new regulatory regime required the drafting of new legislation to replace the current TAO which was expected to be introduced into the Legislative Council of Hong Kong in around 2016. The proposed new legislation has not been published in the Government of The Hong Kong Special Administrative Region Gazette as at the Latest Practicable Date.

We could be adversely affected if legislation or regulations are expanded to require changes in our business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business. This may require our Group to change our strategy, marketing, business or operational practices or otherwise make adaptations to its products or services in the relevant market, which may further increase our costs or result in reduced revenues. We cannot predict any such changes with certainty and would have to respond to any material changes in legislation or regulation. There can be no assurance that we will be able to respond effectively to any such changes and this may have a material adverse effect upon our business, operating results, financial condition or prospects.

Non-compliance with applicable legislation and regulation could also lead to sanctions, substantial fines and an inability to trade, as well as reputational damage, thereby affecting a significant part of our business. In addition, we may be unable to pass on compliance costs to our customers, thereby contributing to a decline in our profit margins; and, where we do seek to pass such costs to its customers, this may reduce the price competitiveness of and, hence, customer demand for, our products and services.

Increased market competition may have a material adverse effect on our business, financial condition and operating results

The travel industry is highly competitive and has a large number of players since there is no significant entry barrier in the travel industry in Hong Kong and Macau. According to the Ipsos Report, in 2013 there were approximately 1,466 licensed travel agents in Hong Kong which provide outbound travel products and services and 207 licensed travel agents in Macau. We compete with other travel agencies, some of which are specialised in certain products or destinations or may have longer operating histories, more branches, larger customer bases and/or greater financial, technical, marketing and other resources. We also face competitions from hotels and airlines which offer their products and services directly to customers.

In order to maintain and improve our service standards as well as respond to our competitors' technological advances, we would need to continue to improve and upgrade our systems, technology, networks and infrastructure which will required us to commit substantial financial, operational and technical resources. However, we may fail to use, implement or integrate such new technologies and products effectively or at all or may fail to adapt such technology, systems, network and infrastructure to our customers' requirements on a timely basis or at all.

We compete with other providers of hotel accommodations and airline tickets, and online travel reservation services. We cannot assure you that there will not be new entrants or the airlines may not appoint additional air ticket consolidators or ticketing agents which may compete with us. We also face competition from other traditional travel agencies, hotels and airlines which offer their products for sale directly to their customers.

There is no assurance that we will be able to remain competitive. We may not be able to respond effectively to our competitors' pricing strategies, technological advances, advertising campaigns, strategic partnerships and other initiatives. Failure to continually offer quality package tours to meet our

RISK FACTORS

customers' demands and changing needs, or to develop and introduce new package tours or enhance existing package tours in a timely manner in response to changing market conditions or consumer preferences may materially and adversely affect our market share. This may in turn adversely affect our business, financial conditions and operating results.

RISKS RELATING TO OUR SHARES AND THE GLOBAL OFFERING

There has been no prior public market for the Shares and an active trading market for the Shares may not develop or be sustained

Prior to the Global Offering, no public market for the Shares existed. Following the completion of the Global Offering, the Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for the Shares will develop or be sustained after the Global Offering. In addition, we cannot assure you that the Shares will trade in the public market subsequent to the Global Offering at or above the Offer Price. The Offer Price for the Shares will be determined by agreement among the Sole Global Coordinator (on behalf of the Hong Kong Underwriters and the International Underwriters) and us (on behalf of itself and the Selling Shareholder), and may not be indicative of the market price of the Shares following the completion of the Global Offering. If an active trading market for the Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of the Shares could be materially and adversely affected.

The trading price of the Shares may be volatile, which could result in substantial losses to you

The trading price of the Shares may be volatile and could fluctuate widely in response to factors beyond our control, including the general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the trading price performance of other travel agents or players in the travel industry, may affect the trading price of the Shares. In addition to market and industry factors, the price and trading volume for the Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our total revenue, net income and cash flow could cause the market price of the Shares to change substantially. Any of these factors may result in large and sudden changes in the price and trading volume of the Shares.

Since there will be a gap of several days between pricing and trading of our Offer Shares, holders of our Offer Shares are subject to the risk that the price of our Offer Shares could be affected by adverse conditions and developments during the period, and fall below the Offer Price when trading of our Offer Shares begins

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be four business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could be affected by adverse market conditions or other adverse developments that could occur between the Price Determination Date and the time trading begins and fall below the Offer Price when trading begins.

The interests of the Controlling Shareholders may conflict with the best interests of its other shareholders

Upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the Controlling Shareholders will in aggregate beneficially own approximately 75% of our issued Shares. Subject to our Articles of Association and applicable laws and regulations, the Controlling Shareholders will continue to have the ability to exercise controlling influence on our management, policies and business by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, approving our annual budgets and taking other actions that require our Shareholders' approval, which may not be in the best interests of other Shareholders.

RISK FACTORS

Facts and statistics in the prospectus relating to the industry in which we operate may not be fully reliable

Some of the facts and statistics in the prospectus relating to the travel industry in which we operate, including those relating to the Hong Kong and Macau economy and the travel industry, are derived from information published by Hong Kong and Macau governmental departments or agencies which our Directors believe are reliable. However, our Directors cannot guarantee that the quality or reliability of such materials. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in exacting and reproducing such information. They do not believe that such information is false or misleading in any material aspect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Group, the Sole Sponsor, any Underwriter, any other party involved in the Global Offering or any of our or their respective affiliates or advisers and no representation is given as to its accuracy or completeness. Due to the possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics. You should not place undue reliance on them. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong

Our corporate affairs are governed by our Articles of Association, the Cayman Islands Companies Law and common law of the Cayman Islands. A summary of Cayman Islands Companies Law and our Company's constitution is set out in Appendix IV. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. This may mean that the remedies available to our Company's minority shareholders may be different from those available under the laws of Hong Kong or other jurisdictions.

Prospective investors should read the entire prospectus carefully and are strongly cautioned against placing any reliance on the information in any press articles or other media coverage which contains information not being disclosed or which is inconsistent with the information included in the prospectus

You are strongly advised to read the entire prospectus carefully and are cautioned against placing any reliance on the information in any press articles or any other media coverage which contains information not disclosed or not consistent with the information included in the prospectus.

Prior to the completion of the Global Offering, there may be press and media coverage regarding our Group and this Global Offering. Our Directors would like to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorised by our Directors or management. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Group or the Shares. In making decisions as to whether to purchase the Shares, prospective investors should rely only on the financial, operational and other information included in the prospectus and the Application Forms.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

We have entered into, and are expected to continue to carry on certain transactions, which would constitute continuing connected transactions of our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section “Continuing connected transactions”.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Yuen Man Ying (袁文英)	Flat E, 10/F., Block 4 Greenwood Laguna Verde Phase 1 Hung Hom Kowloon Hong Kong	Chinese
Huen Kwok Chuen (禰國全)	House 3 26 Silver Cape Road Phase 1 Golden Cove Lookout Clear Water Bay Sai Kung New Territories Hong Kong	Chinese
Leung Shing Chiu (梁成釗)	Flat C, 30/F., Tower 1 Euston Court 6 Park Road Mid-Levels Hong Kong	Chinese
Lee Po Fun (李寶芬)	Flat E, 10/F., Block 4 Greenwood Laguna Verde Phase 1 Hung Hom Kowloon Hong Kong	Chinese
Independent Non-Executive Directors		
Chan Kim Fai (陳儉輝)	Flat H, 11/F., Block 3 Metro Town 8 King Ling Road Tiu Keng Leng New Territories Hong Kong	Chinese
Tang Koon Hung Eric (鄧冠雄)	Flat A, 13/F., Tower 7 The Leighton Hill 2B Broadwood Road Happy Valley Hong Kong	Chinese
Wong Lai Ming (黃麗明)	Block B-2, 3/F Yue Yan Mansion 96 Pokfulam Road Hong Kong	Chinese

Please see the section “Directors and Senior Management” for further information.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	Shenyin Wanguo Capital (H.K.) Limited Level 19, 28 Hennessy Road Hong Kong
Sole Sponsor	Shenyin Wanguo Capital (H.K.) Limited Level 19, 28 Hennessy Road Hong Kong
Hong Kong Underwriters	Shenyin Wanguo Capital (H.K.) Limited Level 19, 28 Hennessy Road Hong Kong Halcyon Securities Limited 11/F, 8 Wyndham Street Central Hong Kong Pacific Foundation Securities Limited 11/F, New World Tower II 16-18 Queen's Road Central Hong Kong
International Underwriters	Shenyin Wanguo Capital (H.K.) Limited Level 19, 28 Hennessy Road Hong Kong Halcyon Securities Limited 11/F, 8 Wyndham Street Central Hong Kong Pacific Foundation Securities Limited 11/F, New World Tower II 16-18 Queen's Road Central Hong Kong
Legal advisers to our Company	<i>As to Hong Kong law:</i> Mayer Brown JSM 16th – 19th Floors, Prince's Building 10 Chater Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to Macau law:</i> DSL Lawyers 16/F, China Law Building 409 Avenida da Praia Grande Macau</p>
	<p><i>As to Cayman Islands law:</i> Appleby 2206-19 Jardine House 1 Connaught Place Central, Hong Kong</p>
	<p><i>As to Japan law:</i> Soga Law Office 2F, Yotsuya Y's Building 7-6 Honshiocho Shinjuku-ku Tokyo 160-0003 Japan</p>
Legal advisers to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law:</i> Deacons 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong</p>
Auditor and reporting accountant	<p>BDO Limited 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong</p>
Independent Industry Consultant	<p>Ipsos Hong Kong Limited 22/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong</p>
Property Valuer	<p>Jones Lang LaSalle Corporate Appraisal and Advisory Limited 6/F, Three Pacific Place 1 Queen's Road East Hong Kong</p>
Receiving Bank	<p>The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong</p>
Selling Shareholder	<p>Evergloss Jayla Place, Wickhams Cay 1 Road Town Tortola BVI</p>

CORPORATE INFORMATION

Registered Office	Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters and Principal place of business in Hong Kong	15th Floor EGL Tower 83 Hung To Road Kwun Tong Kowloon Hong Kong
Compliance adviser	Shenyin Wanguo Capital (H.K.) Limited Level 19 28 Hennessy Road Hong Kong
Company secretary	Ms. Wong Cheuk Yee, Kathy (黃卓儀) (ACCA, CPA (Practising)) Flat D 7th Floor Block 2, Phoenix Court 39 Kennedy Road Hong Kong
Authorised representatives	Mr. Yuen Man Ying Flat E, 10/F., Block 4 Greenwood Laguna Verde Phase 1 Hunghom Kowloon Hong Kong Ms. Wong Cheuk Yee, Kathy Flat D 7th Floor Block 2, Phoenix Court 39 Kennedy Road Hong Kong
Audit committee	Mr. Chan Kim Fai (Chairman) Mr. Tang Koon Hung, Eric Ms. Wong Lai Ming
Remuneration committee	Mr. Tang Koon Hung, Eric (Chairman) Mr. Yuen Man Ying Mr. Chan Kim Fai Ms. Lee Po Fun Ms. Wong Lai Ming

CORPORATE INFORMATION

Nomination committee	Mr. Yuen Man Ying (Chairman) Mr. Chan Kim Fai Ms. Lee Po Fun Mr. Tang Koon Hung, Eric Ms. Wong Lai Ming
Risk management committee	Mr. Chan Kim Fai (Chairman) Mr. Leung, Shing Chiu Mr. Tang Koon Hung, Eric Ms. Wong Lai Ming
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Cayman Islands share registrar and transfer office	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Principal bankers	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong The Hong Kong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Company website address	www.egltours.com (The information contained on the website of the Company does not form part of this prospectus)

INDUSTRY OVERVIEW

This section contains certain information which is derived from official government resources and a commissioned report, the Ipsos Report, prepared by Ipsos which is an independent third party. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by us and the Selling Shareholder, or any of their affiliates or advisers, nor by the Sole Sponsor, the Sole Global Coordinator, Sole Bookrunner, the Sole Lead Manager, the Underwriter(s) or any of their affiliates or advisers or any other party involved in the Global Offering other than Ipsos with respect to the information contained in the Ipsos Report. No representation is given as to the accuracy of the Ipsos Report. After taking reasonable care, our Directors confirm that there has been no adverse change in the market information since the date of the Ipsos Report up to the Latest Practicable Date.

SOURCE OF INFORMATION

We have commissioned Ipsos to prepare the Ipsos Report at a total fee of HK\$548,000. Ipsos was founded in Paris, France, in 1975 and publicly-listed on the NYSE Euronext Paris in 1999. After acquiring Synovate Ltd. in 2011, Ipsos becomes the third largest research company in the world which employs approximately 16,000 personnel worldwide across 85 countries.

In compiling the Ipsos Report, Ipsos has conducted primary and secondary market research including: (i) desk research, (ii) consultation with our Group and (iii) interviews with key stakeholders and industry experts such as medium to sizeable travel service providers, airlines, attraction operators, land operators and other relevant experts in travel and tourism industry. According to Ipsos, information gathered was cross-referenced to ensure accuracy and intelligence gathered has been analysed, assessed and validated using Ipsos' in-house analysis models and techniques.

The following assumptions are used in the Ipsos Report:

- the supply and demand of products and services provided by travel service industry in Hong Kong and Macau are assumed to be stable and without shortage over the forecast period;
- it is assumed that there is no external shock such as financial crisis or natural disasters in the global market to affect the demand and supply for the inbound and outbound travel products and services of Hong Kong and Macau over the forecast period;
- it is assumed that there will be no changes in the tax rates in all relevant jurisdictions in the forecast period; and
- exchange rate of all relevant currencies against HKD and MOP is assumed to remained stable in the forecast period.

The following parameters are considered in Ipsos' market sizing and forecast model:

- nominal GDP, GDP growth rate and GDP per capita in Hong Kong and Macau from 2009 to 2018;
- average annual household disposable income and consumption expenditure in Hong Kong and Macau from 2009 to 2018;
- number of travel companies in Hong Kong and Macau from 2009 to 2013;
- outbound levy collected by TIC Hong Kong from 2009 to 2013;
- number of outbound visits of Hong Kong residents and Macau residents from 2009 to 2013; and
- total spending of outbound travel of Hong Kong residents and Macau residents from 2009 to 2013.

The research conducted by Ipsos may be affected by the accuracy of the assumptions and choice of parameters as stated above.

INDUSTRY OVERVIEW

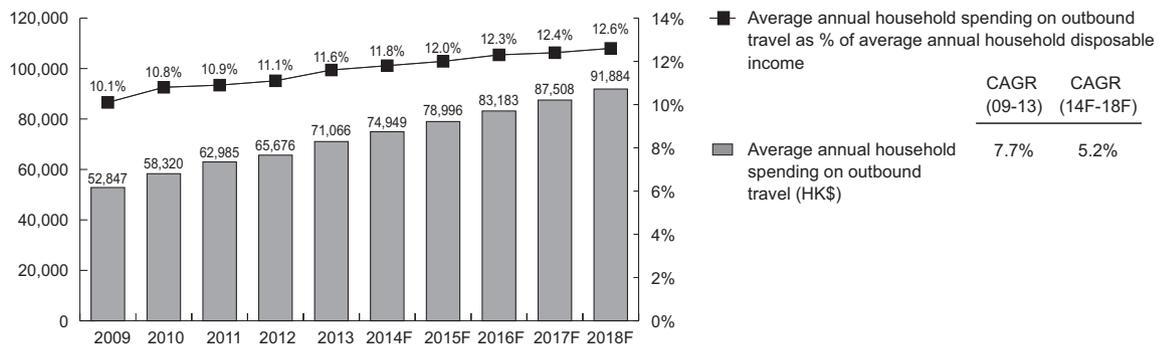
CHARACTERISTICS OF THE HONG KONG AND MACAU ECONOMY RELEVANT TO THE TRAVEL SERVICE INDUSTRY

Affluent Economy at Increasing Disposable Income

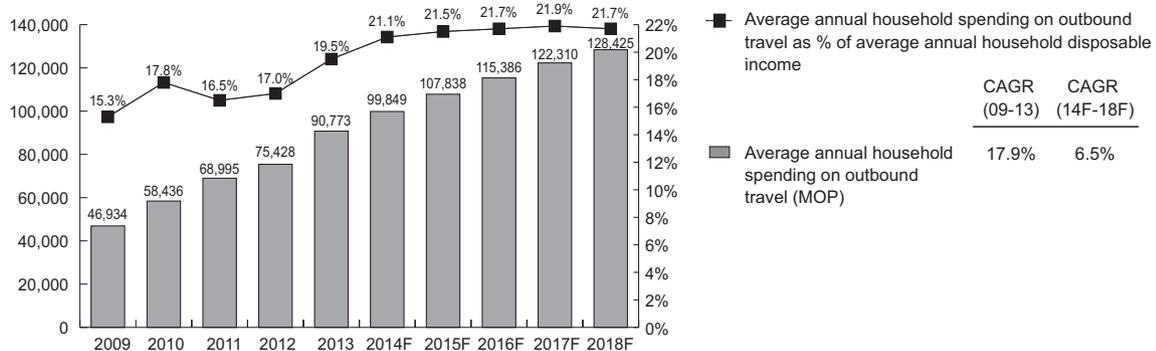
Residents in Hong Kong and Macau often choose to spend their holidays abroad. Demand for vacation, recreation and other forms of leisure travel has been on the rise, driven by increasing levels of disposable income and growing interests in leisure activities. Hong Kong and Macau are one of the most densely populated areas in the world, with a general lack of local recreational options, it is likely that residents in Hong Kong and Macau will maintain their general interest in taking leisure holidays abroad according to the Ipsos Report.

According to the Ipsos Report, the average nominal annual household disposable income in Hong Kong amounted to approximately HK\$615,000 in 2013, up from approximately HK\$522,700 in 2009, representing a CAGR of approximately 4.1%. For Macau, the average nominal annual household disposable income amounted to approximately MOP466,600 in 2013, up from approximately MOP307,200 in 2009, representing a CAGR of approximately 11.0%. Going forward, the nominal household disposable income in Hong Kong and Macau is forecast to grow at a CAGR of approximately 3.6% and approximately 5.7% from 2014 to 2018, respectively. According to the Ipsos Report, people tend to spend a higher proportion of their disposable income on vacation recreation and leisure travel when they get wealthier. As a result, demand for vacation recreation and other forms of leisure travel is expected to accelerate since households in Hong Kong and Macau are expected to increase the portion of their disposable income on such expenditure from 11.8% and 21.1% in 2014 to 12.6% and 21.7% in 2018 respectively. The diagrams below illustrate the average annual household spending on outbound travel in Hong Kong and Macau and that as percentage of average annual household disposable income in Hong Kong and Macau from 2009 to 2018.

Hong Kong



Macau



Source: Ipsos Report

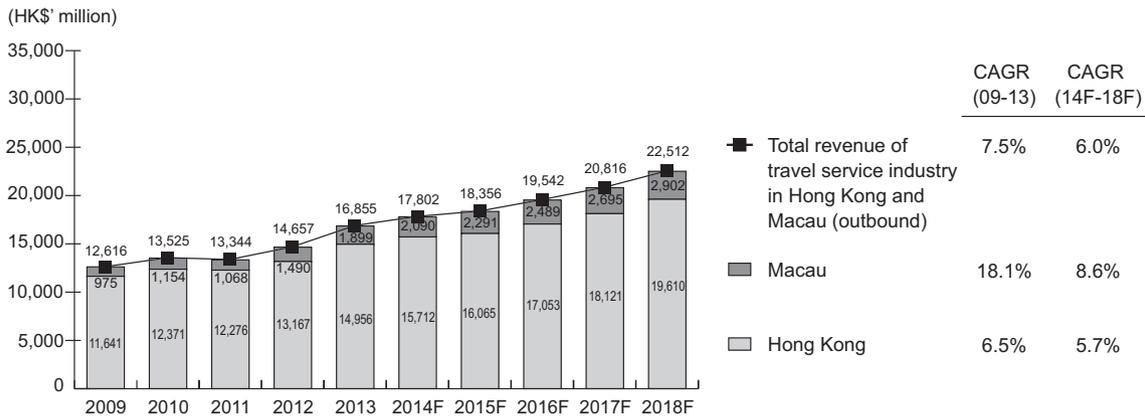
INDUSTRY OVERVIEW

TRAVEL SERVICE INDUSTRY IN HONG KONG AND MACAU

According to the Ipsos Report, the main function of travel companies is to sell tour products, accommodation and various means of transportation. As the role continues to evolve, travel company's function is also about being the provider of advisory services to potential travellers and consumers of suitable places to visit, the type of tour products that would cater for their needs and providing timely booking information.

Continuing Increase in Spending on Travel Products and Services in Hong Kong and Macau

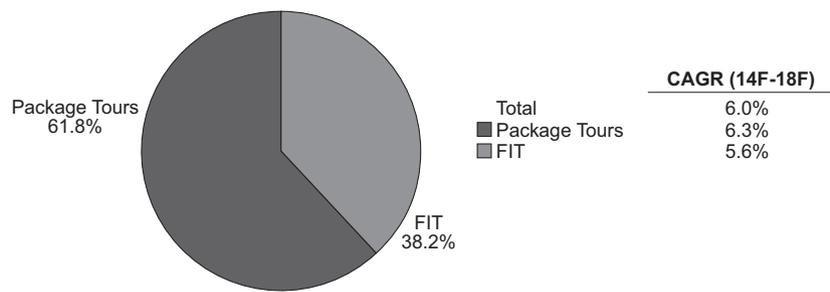
According to the Ipsos Report, the aggregate revenue of travel service industry in Hong Kong and Macau increased from approximately HK\$12,616 million in 2009 to approximately HK\$16,855 million in 2013, at a CAGR of approximately 7.5%, and it is expected to grow further from approximately HK\$17,802 million in 2014 to approximately HK\$22,512 million in 2018, at a CAGR of approximately 6.0%. Ipsos believes that such increase is mainly driven by the factors in the paragraph "Key drivers of the travel service industry in Hong Kong and Macau" below in this section. In particular, Ipsos considers that the "wealth-sharing" cash handout in recent years by the Macau Government has also contributed to the said increase in spending on travel products and services by residents in Macau.



Source: Ipsos Report

Product Segmentation in Hong Kong and Macau

According to the Ipsos Report, out of the aggregate revenue of travel service industry in Hong Kong and Macau in 2013, approximately 61.8% was generated from package tours and approximately 38.2% was generated from FIT products. The growth of package tours and FIT products is expected to remain stable from 2014 to 2018 at CAGR of approximately 6.3% and 5.6%, respectively.



Total 2013 revenue: HK\$16,855 million

Source: Ipsos Report

INDUSTRY OVERVIEW

Note:

- (1) According to the Ipsos Report, revenue generated from the sale of FIT products is determined by netting associated direct costs from the gross sales proceeds while revenue generated from the sale of package tours is determined by aggregating the relevant gross sales proceeds from package tours.

According to the Ipsos Report, the selling prices of package tours and FIT products available in Hong Kong and Macau are normally determined on a cost-plus basis of the travel elements including accommodation and air tickets. Consumers generally base their purchase decision on criteria such as brand recognition and quality of services experienced with the relevant travel company in the past. Ipsos believes that consumers in Hong Kong and Macau are willing to pay premium for products and services offered by travel companies with higher brand recognition and that are more reputable in terms of quality of services despite the fact that many of the travel elements including accommodation and air tickets are perceived to be homogeneous in nature. Furthermore, consumers are particularly concerned whether they will be duly looked after, financially covered and able to obtain assurance from major travel companies in case anything goes wrong.

KEY DRIVERS OF THE TRAVEL SERVICE INDUSTRY IN HONG KONG AND MACAU

- ***Economy-driven outbound travel behaviour.*** There is a strong positive correlation between household disposable income and demand for travel products and services. According to the Ipsos Report, Hong Kong and Macau's average annual household spending on outbound travel is expected to rise at a CAGR of approximately 5.2% and approximately 6.5% from 2014 to 2018, respectively. Robust economic growth and increasing household disposable income in Hong Kong and Macau, resulting corresponding increase in consumer spending power, driving demand and spending on travel products and services.
- ***Ageing population actively seeking all-inclusive package travel products and services.*** Hong Kong and Macau are having an ageing population like many other developed economies. According to the Ipsos Report, there were approximately 1.1 million people aged between 60 and 79 in Hong Kong in 2012 and it is estimated that size of this age group will grow at a CAGR of approximately 5.3% to approximately 1.4 million by 2017. Population of this age group is entitled the aggregate benefits in their provident fund accounts under the respective mandatory provident fund schemes in Hong Kong and Macau. With accumulated wealth and ample leisure time, the aged population in Hong Kong and Macau is expected to be actively looking for relaxing outbound travel experience by enrolling into all-inclusive and hassle-free package tours which cater for their physique, mobility and desired pace of travel after they retire. Cruise tours are generally considered to be less demanding in fitness and its popularity is expected to grow upon the commencement of operations of the Kai Tak Cruise Terminal in 2013.
- ***Holidays as antidote to the stressful working population.*** Working population (i.e. the labor force, aged 20 and above, who satisfy the criteria for being classified as employed persons including self-employed persons, employers, employees and unpaid family workers) in Hong Kong and Macau are known to live a highly intensive and stressful lifestyle with long working hours. They often seek ways to relax and relieve pressure slowly piled up from work life and outbound travel easily becomes one of the best solutions for them. Population of this age group usually opt for convenient travel products with transportation and accommodation pre-arranged by travel companies, whether they are in the form of package tours or FIT packages. According to the Ipsos Report, the working population of Hong Kong has remained stable at over 3.6 million from 2009 to 2013. Their demand for outbound travel products and services is growing with their increasing disposable income and becomes one of the key driving forces to the travel service industry.

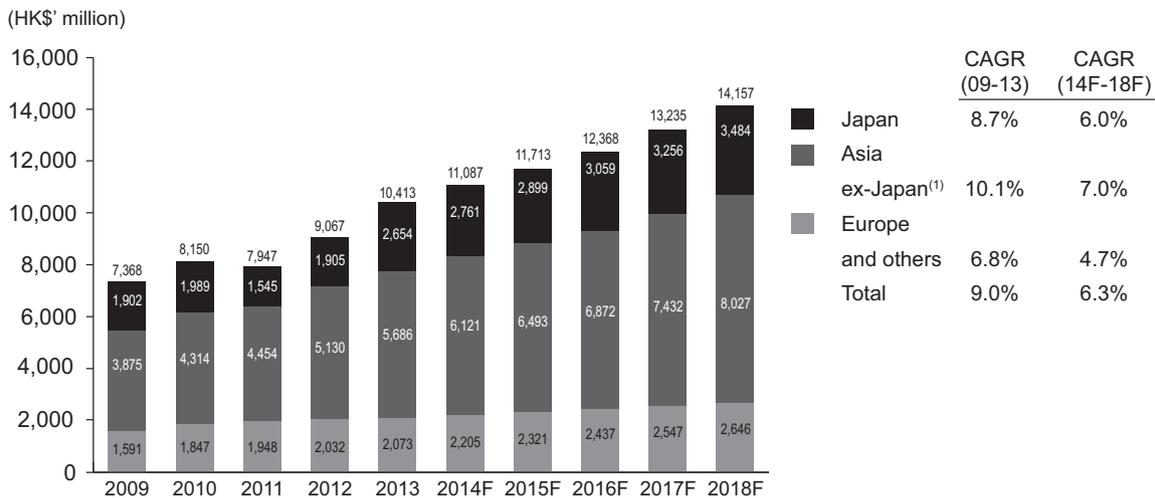
INDUSTRY OVERVIEW

- Availability of new flight destinations and flight times.** According to the Ipsos Report, traditional airlines and low-cost carriers introduce flight routes to new destinations and increase frequency of flights to existing destinations from time to time in view of the growing demand for international flights from Hong Kong and Macau. The yearly air traffic statistics published by Hong Kong International Airport indicated that the number of international passenger flights from Hong Kong increased at a CAGR of approximately 7.1% from 2009 to 2013, while the number of flights departing from Macau increased at a CAGR of approximately 4.8% from 2009 to 2013 according to Macau International Airport Company Limited.

With the availability of new flight destinations and more choices of flight times to existing destinations, travel companies can structure and offer a wider range of package tours and FIT products with diverse flight times and destinations at affordable rates for travellers who are confined by length of annual leaves and budgets. Such flexibility offered due to availability of new flight destinations and flight times is expected to drive demand for travel products and services further in the future.

PACKAGE TOUR MARKET IN HONG KONG AND MACAU

According to the Ipsos Report, the total revenue from outbound package tours in Hong Kong and Macau is expected to increase from approximately HK\$11,086 million in 2014 to approximately HK\$14,157 million in 2018, at a CAGR of approximately 6.3%.



Source: Ipsos Report

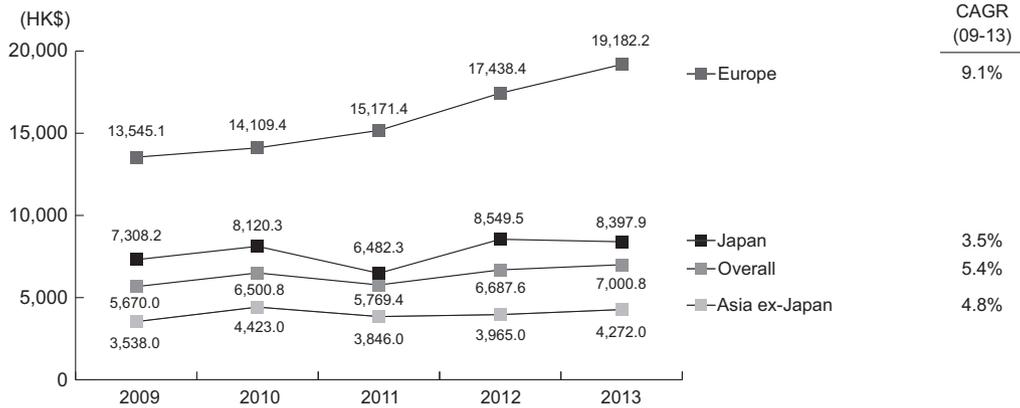
Note:

- (1) According to the Ipsos Report, "Asia ex-Japan" include countries such as Brunei, China, Dubai, India, Indonesia, Israel, Malaysia, Mongolia, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

INDUSTRY OVERVIEW

Historical Price Trend of Package Tours in Hong Kong

According to the Ipsos Report, the average price of package tours per person for major destinations over the period from 2009 to 2013 increased steadily with an exception for package tours bound for Japan in 2011 due to the earthquake and tsunami in Japan in March 2011. The following sets forth the average price of package tours per person by major destinations, including Japan, Asia ex-Japan and Europe, from 2009 to 2013.



Source: Ipsos Report

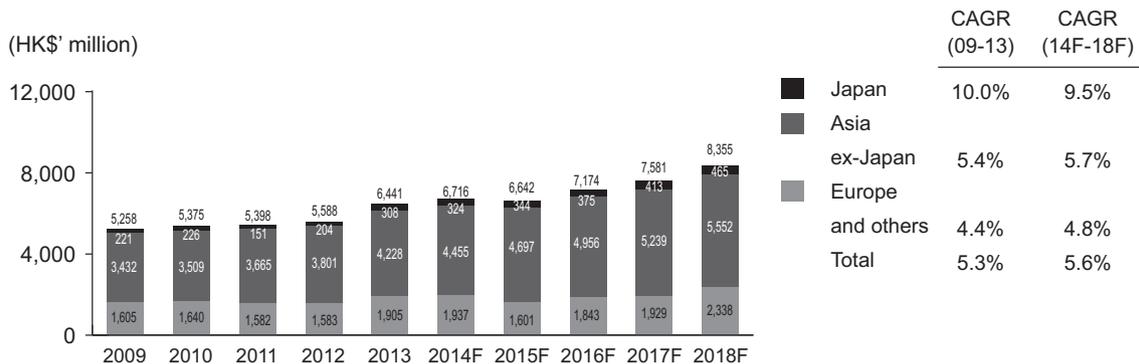
Note:

- (1) According to the Ipsos Report, the above average prices represent typical package tours in Hong Kong and Macau bound for the following destinations and their respective length:

Destinations	Length of package
Japan	5 days and 4 nights
Asia ex-Japan	5 days and 4 nights
Europe	10 days and 9 nights

FIT MARKET IN HONG KONG AND MACAU

The Ipsos Report stated that FIT packages are expected to pose a growth in terms of total revenue at a CAGR of approximately 5.6% in the period from 2014 to 2018. The respective revenue generated from FIT packages in the period from 2009 to 2018 by different destinations have been set out as follows:

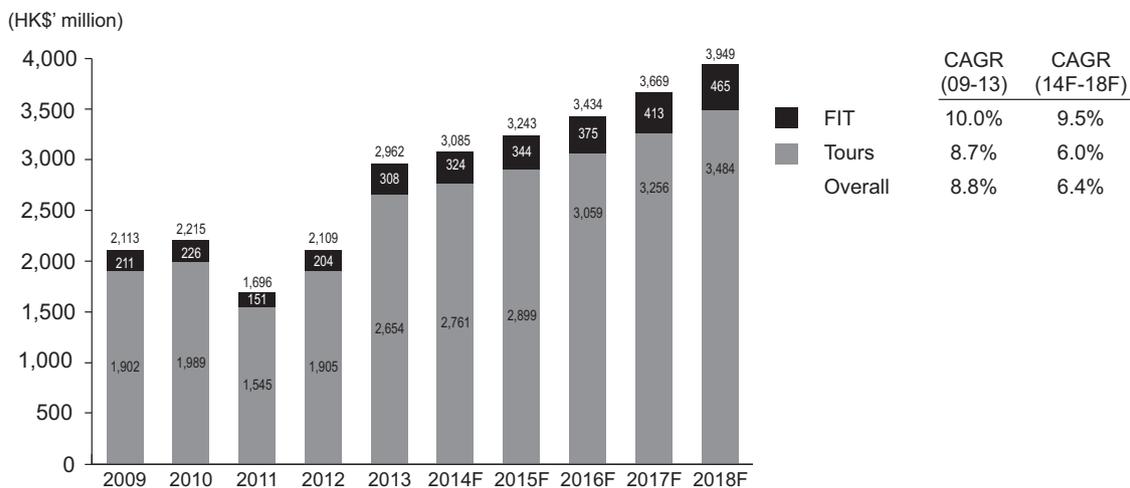


Source: Ipsos Report

INDUSTRY OVERVIEW

PACKAGE TOURS AND FIT PACKAGES BOUND FOR JAPAN FROM HONG KONG AND MACAU

According to the Ipsos Report, the total revenue from package tours and FIT packages bound for Japan from Hong Kong and Macau is expected to increase from approximately HK\$3,085 million in 2014 to approximately HK\$3,949 million in 2018, at a CAGR of approximately 6.4%. Furthermore, the Ipsos Report stated that FIT packages bound for Japan are expected to pose a higher growth rate of 9.5% in terms of total revenue as compared to that for package tour bound for Japan of 6.0%. In forecasting the above growth rates, Ipsos had taken into account (i) the historical and forecast growth of the average nominal annual household disposable income from 2009 to 2018, derived from the expected GDP growth in Hong Kong and Macau based on statistics and forecast published by Hong Kong and Macau government; (ii) the historical and expected proportion of household disposable income spent on travel products from 2009 to 2018; and (iii) the historical proportion and growth momentum of revenue from outbound package tours and FIT packages bound for Japan in Hong Kong and Macau from 2009 to 2013 with reference to market consensus on the demand for package tours and FIT packages bound for Japan among travel companies in Hong Kong and Macau.



Source: Ipsos Report

COMPETITIVE ANALYSIS OF TRAVEL SERVICE INDUSTRY IN HONG KONG AND MACAU

Competitive Landscape

According to the Ipsos Report, in 2013, there were approximately 1,698 licensed travel companies in Hong Kong, of which 1,466 are licensed to provide outbound travel products and services while there were approximately 207 licensed travel companies providing inbound and outbound travel products and services in Macau.

IATA is a global trade organisation in the air travel industry and the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of airline tickets. Only IATA accredited agents are allowed to represent the member airlines of IATA to sell international air passenger tickets. As of July 2014, there were about 322 and 18 IATA accredited travel companies in Hong Kong and Macau respectively and our Group is one of these IATA accredited travel companies in Hong Kong and Macau.

In terms of total aggregate revenue from outbound travel products and services in Hong Kong and Macau for 2013, the top five licensed travel companies in Hong Kong and Macau accounted for almost 50% of the total industry revenue in 2013 largely due to their scale of establishment, industrial recognition and their abilities to explore new travel options. In Hong Kong and Macau, our Group ranked third and captured approximately 9.3% of the total market share in 2013. The travel companies ranked

INDUSTRY OVERVIEW

higher than our Group in terms of total aggregate revenue in 2013 maintained a larger market share by focusing on developing travel products of greater variety. Their advertisements in 2013 covered destinations such as Africa, Australia and the Americas with variations in pricing and routes to attract new and recurring business.

Major market players of the travel service industry in Hong Kong and Macau and their respective market shares in the three years ended 31 December 2013, in terms of revenue from outbound travel products and services, are set out in the following table:

Rank	2011		2012		2013	
	Name	Market share	Name	Market share	Name	Market share
1	Company A	12.6%	Company A	12.5%	Company A	10.8%
2	Company B	11.9%	Company B	11.5%	Company B	10.6%
3	Company C	11.1%	Company C	10.7%	Our Group	9.3%
4	Our Group	8.9%	Our Group	8.9%	Company C	8.5%
5	Company D	7.5%	Company D	7.3%	Company D	6.9%

Entry Barriers to Travel Service Industry

According to the Ipsos Report, the main entry barriers to the travel service industry in Hong Kong and Macau include the following:

- **Brand reputation.** Brand reputation influences customers' choice of travel products from different travel companies in Hong Kong. According to the Ipsos Report, customers generally assess a travel company in terms of their service quality, pricing, years of establishment and variety of product offerings. New entrants to the travel service industry with little or no reputation in the industry and among customers at the beginning of business takes time and costs to build up reputation and brand recognition and, therefore, may be posed as an entry barrier to new entrants to the industry.
- **Licences and industry membership.** In order to become an eligible travel company in Hong Kong or Macau, new entrant must comply with the travel agent licence requirements set out in the relevant legislations in Hong Kong or Macau. Without the licence required, a new entrant is not allowed to carry on outbound and/or inbound travel business. Please see the section "Laws and Regulations" for details of the licence requirements by the relevant regulations in Hong Kong and Macau respectively and these licence and industry membership requirements may pose an entry barrier to new entrants to the industry.
- **Business networks with suppliers.** According to the Ipsos Report, business networks with suppliers such as land operators at tour destinations, airlines and hotels are required for a travel company to operate effectively. Due to the fragmented nature of the travel service industry in Hong Kong, new entrants may not have access to these business networks at reasonable costs for effective operation.
- **Recruitment of high quality sales representatives and tour escorts.** Ipsos believes that the operations of travel companies rely heavily on sales representatives and tour escorts. In order for travel companies to operate effectively and deliver intimate services to its customers, these sales representatives and tour escorts shall be equipped with the experience and skills to cater for the specific preference and requirements of individual customers up to small details. Difficulty in the recruitment of high quality sales representatives and tour escorts may become entry barrier to new entrants to the industry.

INDUSTRY OVERVIEW

Opportunities

- **Emergence of theme tours.** According to the Ipsos Report, one of the major trend developed in the travel service industry is the emergence of theme tours, such as wedding tours, student tours, cruise tours, excursion train tours, ecology-themed tours, festival-themed tours, sports-themed tours and gourmet-themed tours. These tours target specific groups of travellers and can help to capture the unmet diverse demand in the past.
- **Introduction of new tourist attractions in popular destinations.** According to the Ipsos Report, governments of popular destinations, e.g. Japan, are actively promoting tourist industry in recent years and is expected to continue in the foreseeable future. They increase expenditures on tourism infrastructure and introduce new tourist attractions, such as the amusement theme parks opened in Malaysia in 2012 and in Osaka of Japan in 2014. This enables travel companies to include new features and develop new itineraries for outbound travel products and services bound for relevant destinations which is expected to boost their sales eventually.
- **Growing awareness of the importance and relevance of overseas study tours.** Students and their parents are more aware of the importance and relevance of overseas study tours such as cultural and educational exchange programmes, customised visits to famous foreign universities. Hong Kong government also encourages students to participate in study tours abroad by offering subsidies to students from low-income families. According to the Ipsos Report, the number of student tours visiting China and overseas increased by approximately 20.0% and approximately 12.0% respectively from 2011 to 2012. The increased popularity of these excursion tours will increase demand and business opportunities for travel companies.
- **Advancement of information technology and surging online sale of travel products and services.** Internet offers an alternative way for outbound travellers to access travel related information beyond opening hours of our branches of travel companies. With the growing popularity of social media and instant sharing of information through the internet, outbound travellers can also conveniently locate detailed information, such as local transportation and scenic spots available, of their preferred destinations through computers or mobile devices. Such accessibility fits the busy life style of working population in Hong Kong and Macau. Consumers can also obtain detailed information on different travel products and services online which may enable them to make purchase decision easier. As a result of the increased popularity and growing penetration of internet in Hong Kong, the number of people who were 15 years old or elder (which are considered as having the ability to make purchasing decision independently according to the Ipsos Report) and had made purchase of travel products and services online increased at a CAGR of approximately 15.1% over the period from 2009 to 2012 according to the Ipsos Report. This trend is expected to continue in the future.

Threats

According to the Ipsos Report, the major threats to the travel service industry in Hong Kong and Macau are as follows:

- **Economic fluctuations.** As mentioned in the paragraph headed “Affluent Economy at Increasing Disposable Income” above, the travel service industry is highly sensitive to economic fluctuations. The travel service industry is among one of the hardest hit industries amid the global financial crisis in Hong Kong in 2008. The revenue of the travel service industry plunged by more than 30% in January 2009 when compared with that in the corresponding period in 2008. As a result, any unfavourable fluctuation of the economy may pose threat to the travel service industry in Hong Kong and Macau.
- **Political instability and unrest in the destinations of travel products.** The travel service industry is sensitive to regional political instability and unrest as rated according to the Outbound Travel Alert System issued by the Security Bureau of the HKSAR. As a consequence of the political instability and unrest happened in Thailand from late 2013 to early 2014, Vietnam in early 2014 and the Manila hostage crisis in the Philippines in 2010, certain outbound package tours to these destinations were cancelled and the travel service industry was badly affected. Therefore, political instability and unrest in popular tourist destinations will pose threat to the travel service industry in Hong Kong and Macau.

INDUSTRY OVERVIEW

- **Reducing proportion of air tickets allocated to package tours.** Airlines may reduce the proportion of air tickets allocated to package tours organised by travel companies if they are able to sell air tickets via their own retail channels. Although travel companies can alternatively obtain charter flights services from airlines upon negotiations, the business volume and profitability of travel companies may still be affected by the constraints imposed on the number of tour participants for each tour or requiring travel companies to acquire air tickets at higher costs from airlines.
- **Relative strength of foreign currencies against HKD and MOP.** Ipsos considers that relative strength of foreign currencies against HKD and MOP can affect the demand for outbound travel products for different destinations. They believe that weak exchange rates of specific foreign currencies against HKD and MOP will influence the decision of potential travellers and encourage them to travel to relevant destinations as they may benefit from cheaper local purchases in terms of their domestic currencies. In 2013, there was a 54.9% increase in number of visitors from Hong Kong to Japan mainly due to weaker Japanese Yen against Hong Kong dollar over the period according to the Ipsos Report. On the contrary, if Japanese Yen appreciates against HKD and MOP, appeal of travelling in Japan to potential travellers may decrease and, in turn, affect the demand for travel products and services with destinations in Japan.

PRICE TREND OF THE KEY TRAVEL ELEMENTS

During the track record period, air tickets and hotel accommodation are the two largest travel elements. There are no official statistics available from the public domain on the average price for air tickets and hotel rooms because air tickets and hotel rooms are of great varieties and can easily be customised with different features. According to the Ipsos Report, air tickets and hotel room charges have generally accounted for 50% and 25% of the total cost of sales of travel companies in Hong Kong and Macau. Despite the fact that there are no official statistics available from public domain, Ipsos noted that average prices of air tickets are closely correlated to international oil prices and the prices for regular scheduled flight tickets offered by traditional airlines have generally gone up during the period from 2009 to 2013. Ipsos further pointed out that average prices of hotel accommodation are generally affected by the demand of the relevant destinations and the supply of hotel accommodation in destinations. The average prices of hotel accommodation of Japan, South Korea and Southeast Asia, which are popular to people in Hong Kong and Macau, have become more expensive during the period from 2009 to 2013.

LAWS AND REGULATIONS

LAWS AND REGULATIONS ON TRAVEL AGENCY IN HONG KONG

Travel Agents Registry

The TAR was established in December 1985. It is responsible for the administration of the TAO. The TAR aims to raise the standard of the trade through regulation of travel agents. The TAR strives to protect the interest of outbound travellers and inbound visitors and enhance the reputation of Hong Kong as a tourist-friendly city.

Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong)

The TAO provides the legislative framework, among others, for the control and regulation of travel agents, for the licencing of travel agents and for the operation of the TICF.

Under the TAO, any person carrying on a business as an inbound travel agent or an outbound travel agent in Hong Kong must obtain a licence from the TAR and carry on business in accordance with the conditions imposed on the licence.

An outbound travel agent is defined under TAO to mean any person who carries on the business in Hong Kong of obtaining for another person:

- (a) carriage, by any means of conveyance, on a journey which is to commence in Hong Kong and which thereafter is to take place mainly outside Hong Kong; or
- (b) accommodation at a place outside Hong Kong for which payment is, or is to be, made to that person by or on behalf of that other person of an amount of the cost of that accommodation,

except where:

- (a) the provider of the carriage is himself the operator of that carriage; or
- (b) the accommodation being provided at any one place is intended to be occupied by the same person for a period exceeding 14 days.

An inbound travel agent is defined under TAO to mean any person who carries on the business in Hong Kong of obtaining for a visitor to Hong Kong:

- (a) carriage, by any means of conveyance, on a journey which is to commence outside Hong Kong and which either:
 - i. terminates in Hong Kong; or
 - ii. involves the visitor passing through immigration controls before departing from Hong Kong; or
- (b) accommodation in Hong Kong for which payment is, or is to be, made to that person by or on behalf of the visitor of an amount on account of the cost of that accommodation; or

LAWS AND REGULATIONS

- (c) one or more of the following prescribed services:
 - i. sightseeing or visits to local places of interests;
 - ii. restaurant meals or other catered meals;
 - iii. shopping trips; and
 - iv. local transport in connection with an activity referred to in item (c)i., (c)ii. or (c)iii. above.

except where:

- (a) the provider of the carriage is himself the operator of that carriage;
- (b) the accommodation being provided is intended to be occupied by the same person for a period exceeding 14 days; or
- (c) the provider of the prescribed services is himself the owner or operator of the services being provided to the visitor.

TAO prohibits any person to carry on business as a travel agent without a license at a place other than the specified in that license or otherwise than in accordance with the conditions of that licence, which includes membership of TIC Hong Kong.

The TAR may grant a licence and may impose such conditions as it thinks are necessary to protect the interests of persons who have recourse to travel services offered by a travel agent.

Section 12(1)(b) provides that the TAR may refuse to grant a licence to a body corporate applicant if it is of the opinion that:

- (a) the applicant is not a “fit and proper” person to carry on business as a travel agent; or
- (b) any person who controls the applicant or any of its directors, secretary or officers in Hong Kong is not a “fit and proper” person to be associated with the business of a travel agent; or
- (c) the premise to which the application relates or the situation thereof are not suitable for the carrying on of travel agent.

Under the TAO, in determining whether a person is fit and proper, the TAR shall have regard to whether that person:

- (a) has been convicted of an offence involving fraudulent, corrupt or dishonest acts whether in Hong Kong or elsewhere;
- (b) has been convicted of an offence against any provision of the TAO;
- (c) if that person is an undischarged bankrupt, has entered into a composition or scheme of arrangement with his creditors or has made an assignment of his estate for the benefit of his creditors;

LAWS AND REGULATIONS

- (d) in the case of a body corporate, is in liquidation or the subject of a winding up order, a receiver or manager of its property has been appointed, has entered into a composition or scheme of arrangement with its creditors or has made an assignment of its estate for the benefit of its creditors; or
- (e) is otherwise not a fit and proper person.

A licence for travel agency is valid for a period of twelve months or a lesser period, subject to payment of the prescribed licence fee and continuous compliance with the requirements under the TAO. A licence is renewable for a period not exceeding twelve months. In order to renew a licence, a licensee must submit to the TAR the latest statement of accounts in respect of its business as a travel agent and any other documents required by the TAR. Each of EGL Tours and i-Evertravel was an licensed travel agent of TAR throughout the Track Record Period.

The following table sets out a summary of the details of travel agent licences issued to our Group as at 30 September 2014:

Licence number	Date of expiry	Member
350805	5 March 2015	EGL Tours
350805(1)	5 March 2015	EGL Tours
350805(2)	5 March 2015	EGL Tours
350805(3)	5 March 2015	EGL Tours
350805(4)	5 March 2015	EGL Tours
350805(5)	5 March 2015	EGL Tours
350805(6)	5 March 2015	EGL Tours
350805(7)	5 March 2015	EGL Tours
352271	20 September 2015	i-Evertravel

As at Latest Practicable Date, each of our seven branches and call centre in Hong Kong has obtained a travel agent licence as required under the TAO.

The TAR may suspend or revoke a licence if:

- (a) a licensee who is an individual becomes a mentally disordered person or patient;
- (b) the licensee has ceased to carry on business as a travel agent;
- (c) upon investigation, the TAR considers that any matter under section 12(1) applies or the licensee has been carrying on business as a travel agent contrary to public interest; or
- (d) the licensee has without reasonable excuse failed to pay any levy or any financial penalty under the provisions of the TAO.

TAR shall revoke a travel agent licence if the licensee is no longer a member of TIC Hong Kong during the licence period.

Section 16 of the TAO stipulates that any change in the ownership or control of the licensee's business as a travel agent requires the prior written approval of the TAR. As part of the Reorganisation, each of EGL Tours and i-Evertravel sought approval from the TAR about its intended change of ownership on 27 June 2014. EGL Tours and i-Evertravel received TAR's notice of approval in relation to their respective changes of ownership on 4 August 2014 and 9 July 2014, respectively. Please see the section "History, Reorganisation and Corporate Structure – Reorganisation" for more details regarding the Reorganisation.

LAWS AND REGULATIONS

Section 48 of the TAO sets out the offences in contravention of the various provisions of the TAO and the maximum penalties for such offences.

Travel Industry Compensation Fund

TICF was established in 1993 under section 32C of the TAO. TICF provides protection to outbound travellers when travel agents default and when they sustain death or injury in accidents during activities provided or organised by travel agents whilst touring abroad in the form of group and package tours.

TICF provides protection to outbound travellers who may claim:

- (a) up to 90% of the outbound fare paid if a licensed travel agent patronised defaults; and
- (b) up to a maximum amount of HK\$300,000 as financial relief in case of death or injury caused by an accident abroad in an activity of an outbound package tour provided or organised by a licensed travel agent under the package tour accident contingency fund scheme, subject to the maximum limit for each item:

Medical expenses incurred in the place of accident outside Hong Kong	up to HK\$100,000
Expenses incurred in the place of accident outside Hong Kong for funeral or return of dead body/ashes to Hong Kong	up to HK\$100,000
Expenses incurred by relation of an outbound traveller for compassionate visit to the place of accident	up to HK\$100,000 (HK\$25,000 per relative)

Levy and Franking Machine

Sections 32H and 32I of the TAO provide for contribution by travel agents of levies to the TICF and TIC Hong Kong. The TICF levy has been suspended with effect from 3 July 2009. Travel agents are only required to contribute 0.15% of every outbound fare to TIC Hong Kong as council levy.

All licensed travel agents must install a franking machine. The 0.15% levy should be franked on all tour receipts, including deposit, balance and any documents acting as receipts. All receipts shall be printed/stamped with a levy sentence in both English and Chinese, saying: "All package tour receipts must be franked for your protection" and "旅行團收據應蓋上印花方可獲得保障".

TRAVEL INDUSTRY COUNCIL OF HONG KONG

Under sections 9 and 11 of the TAO, any person carrying on business as a travel agent is required to obtain a licence from the TAR. During the period that the licence is in force, a travel agent must be and remain a member of an approved organisation. TIC Hong Kong is an approved organisation under the TAO.

Established in 1978, TIC Hong Kong is an organisation for and fully representative of member travel agents and tour operators in Hong Kong. According to article 3 of the articles of association of TIC Hong Kong, there are three classes of members, namely association member, ordinary member and affiliate member. EGL Tours and i-Evertravel are both ordinary members of TIC Hong Kong. Ordinary members of TIC Hong Kong may conduct any travel and tourism business, and open branch offices.

LAWS AND REGULATIONS

To apply for ordinary membership of TIC Hong Kong, the applicant shall meet at least the following criteria:

- (a) it is a limited company incorporated or registered in Hong Kong;
- (b) its only business is travel-related and tourism;
- (c) it is a member of one of the association members of TIC Hong Kong;
- (d) it has a minimum paid-up capital of HK\$500,000, plus an additional HK\$250,000 for each branch office;
- (e) it conducts its travel-related and tourism business within separate and independent commercial premises/buildings; and
- (f) it employs at each premises at least one manager who has a minimum of two consecutive years' relevant practical experience within the recent five years and another full-time staff member.

As shown in criteria (c) above, an ordinary member of TIC Hong Kong must be a member of one of eight association members of TIC Hong Kong. Each TIC Hong Kong's association member has unique characteristics and caters for the specific needs of different markets and travel agents. EGL Tours has memberships in three out of the eight association members, including Society of IATA Passenger Agents Limited, Hong Kong Association of China Travel Organisers Limited and Hong Kong Japanese Tour Operators Association Limited. Further, i-Evertravel is a member of Hong Kong Outbound Tours Operators' Associated Limited, which is also an association member of TIC Hong Kong.

A TIC Hong Kong membership is valid from 1 July to 30 June of the following year. TIC Hong Kong members must pay their annual subscription and renew their membership one month before its expiry. Each of EGL Tours and i-Evertravel was a TIC Hong Kong member throughout the Track Record Period.

The following table sets out a summary of the details of our Group's membership in TIC Hong Kong and its association members as at 30 September 2014:

Membership Type	Membership number	Date of expiry	Member
Travel Industry Council of Hong Kong (Ordinary member)	20068-O	30 June 2015	EGL Tours
	20068-O-01	30 June 2015	EGL Tours
	20068-O-03	30 June 2015	EGL Tours
	20068-O-04	30 June 2015	EGL Tours
	20068-O-06	30 June 2015	EGL Tours
	20068-O-08	30 June 2015	EGL Tours
	20068-O-14	30 June 2015	EGL Tours
	20068-O-21	30 June 2015	EGL Tours
	21262-O	30 June 2015	i-Evertravel
Society of IATA Passenger Agents Limited	–	30 June 2015	EGL Tours
Hong Kong Association of China Travel Organisers Limited	–	31 December 2014	EGL Tours
Hong Kong Outbound Tours Operators' Associated Limited	–	31 December 2014	i-Evertravel
Hong Kong Japanese Tour Operators Association Limited	3069/nn	31 March 2015	EGL Tours

LAWS AND REGULATIONS

TIC Hong Kong members are required to notify TIC Hong Kong in writing of any change in their shareholders, directors, controllers, partners or owners and apply for continuation of membership within 14 days of the changes. As part of the Reorganisation, EGL Tours notified TIC Hong Kong its intended change of shareholders on 27 June 2014. Please see the section “History, Reorganisation and Corporate Structure – Reorganisation” for more details regarding the Reorganisation.

Hong Kong Association of China Travel Organisers Limited requires members to notify them of any major change in their shareholders (including directors or licence holders) within 14 days after the change. On 29 October 2014, EGL Tours notified Hong Kong Association of China Travel Organisers Limited of its change of ownership.

TIC Hong Kong’s Codes of Conduct

Under article 10 of the articles of association of TIC Hong Kong, every member of TIC Hong Kong is bound by the codes of conduct promulgated by TIC Hong Kong. As of 30 September 2014, there were a total of seven TIC Hong Kong’s codes of conduct. The principal TIC Hong Kong’s codes of conduct most relevant to our Group are the general code of conduct for TIC Hong Kong members, code of business practice on outbound package tours, code of advertising practice for TIC Hong Kong members and code of conduct for outbound tour escorts. These codes represent the minimum standards which a travel agent or tour escort is required to follow in all business transactions and practice.

The general code of conduct for TIC Hong Kong members sets out the professional principles and ethics that a TIC Hong Kong member is required to follow in order to uphold the principle of fair trading and an honourable standard of professional ethics. It also requires TIC Hong Kong members to answer questions and all correspondence from TIC Hong Kong concerning their conduct in accordance with the memorandum and articles of association and any codes of TIC Hong Kong promptly and efficiently.

The code of business practice on outbound package tours regulates the operating standards and sales procedures of outbound tour package tours. It also regulates competitive commercial practices that are considered to be in conflict with public measures by setting out various codes, including conditions of tour booking and responsibilities, service charges, surcharges and levy franking.

The code of advertising practice for TIC Hong Kong members sets out the codes in relation to the content of advertisements and the information that should be contained in package tour brochures and pamphlets. This aims to ensure that member of the public receive clear and accurate information when purchasing a package tour. All brochures/pamphlets to be used for advertising purposes must also be approved by and registered with TIC Hong Kong two days before their despatch.

The code of conduct for outbound tour escorts sets out various professional ethics in relation to tour escorts to ensure they uphold the image and reputation of travel agents and the outbound industry.

TIC Hong Kong’s directives

Article 11 of the articles of association of TIC Hong Kong provides that, amongst other things, a TIC Hong Kong membership may be terminated if the member fails to observe any of the directives issued by TIC Hong Kong from time to time. According to the TIC Hong Kong’s website as at the Latest Practicable Date, the currently effective directives issued by TIC Hong Kong are categorised by TIC Hong Kong as follows:

Categories of TIC Hong Kong’s directives

General	13, 24, 76, 142, 149, 154, 171, 178, 197, 205, 214
Membership	6, 175, 176

LAWS AND REGULATIONS

Outbound	Package Tour	54, 77, 79, 98, 106, 129, 135, 150, 153, 161, 169, 177, 189, 203, *204 (*partly related to advertising), 213, 215, 217
	Ticketing	64, 88B, 112, 140, 157, 219
	Advertising	45, 62, 81, 82, 95, 101, 102, 110, 128, 130, 141, 207, 208, 209
	Levy	16, 18, 34, 59
	Others	166
Inbound		123, 137, 146, 152, 158, 181, 182, 183, 184, 188, 192, 193, 194, 195, 196, 198, 199, 200, 201, 202, 218

TIC Hong Kong directives in the outbound category, especially those relating to ticketing and advertising, are most relevant to our Group.

- in relation to outbound tour escort accreditation system, directive no. 169 issued on 15 October 2007 requires all outbound tour escorts shall be, and continue to be, holders of a valid Tour Escort Pass issued by the Travel Industry Council of Hong Kong in accordance with applicable terms and conditions as in force and as amended from time to time;
- in relation to ticketing services, directive no. 219 issued on 15 July 2014 contains various recommended services fees relating to the provision of tickets and booking of hotels;
- in relation to advertising services, directive no. 208 issued on 13 July 2012 provides that advertisements for package tours must clearly mention the prices and duration of the tours, together with the full names, abbreviations or logos of the relevant carriers;
- in relation to self-pay activities of outbound package tours, directive no. 213 issued on 16 May 2013 sets out the points that need to be observed irrespective of whether self-pay activities are included in the itinerary of outbound package tours;
- in relation to provision of products or services by licensed suppliers, directive no. 214 issued on 11 October 2013 requires that travel products or services arranged by members of TIC Hong Kong for outbound travellers and inbound visitors shall be provided by licensed or legally registered suppliers in order to enhance protection for consumers and members;
- in relation to package tour brochures and collection of tour payment, directive no. 217 issued on 13 June 2014 amends the code of business practice on outbound package tours and sets out the information that needs to be included in package tour brochures and requires that all package tour brochures shall be registered with TIC Hong Kong two working days before their despatch or dissemination, or the promotion or sale of the tours therein. Member of TIC Hong Kong shall not despatch or disseminate the brochures, or promote or sell the tours therein until the registration is approved. The information submitted to TIC Hong Kong for registration shall clearly specify the lower limits of tour fares and members of TIC Hong Kong shall not sell package tours whose fares are below such limits. If members of TIC Hong Kong intend to adjust tour fares below the registered lower limits, such information needs to be re-registered with TIC Hong Kong and members of TIC Hong Kong shall not despatch or disseminate the revised brochures, or promote or sell the tours therein until the registration is approved.

LAWS AND REGULATIONS

Outbound Tour Escort Accreditation Scheme

The outbound tour escort accreditation scheme was introduced by TIC Hong Kong to raise the standard of outbound tour escorts. Under the scheme, tour escorts leading outbound tours must have passed the certificate examination for outbound tour escorts and hold a valid tour escort pass issued by TIC Hong Kong. An outbound tour escort must abide to TIC Hong Kong's code of conduct for outbound tour escorts. A tour escort pass is valid for three years and may be renewed three months before it expires. As of 30 June 2014, 204 employees of our Group are accredited tour escorts of TIC Hong Kong.

LAWS AND REGULATIONS ON TRAVEL INSURANCE

The Hong Kong Federation of Insurers

The HKFI was established in August 1988 to advance and promote the development of the insurance business in Hong Kong. Travel agents can be registered as insurance agents with IARB set up by the HKFI in order to hold himself out to advise on or arrange contracts of insurance in or from Hong Kong as an agent or subagent of one or more insurers. The responsible officer of an insurance agent is responsible for the conduct of the insurance agency business of such insurance agent.

Administration of Insurance Agents

Insurers and insurance agents are regulated by the ICO. Under section 65 of the ICO, a person is prohibited from holding himself out as an insurance agent unless he is properly appointed or authorised. Under section 66 of the ICO, an insurer is required to comply with the IA Code of Practice which is issued by the HKFI and endorsed by the IA. The IA Code of Practice, together with the guidelines issued by the IARB from time to time, govern the administration of insurance agents by insurers.

The IA Code of Practice specifies, among others, the rules and procedures governing the registration and de-registration of insurance agents, the power of the IARB to handle complaints and require the insurers to take disciplinary actions against their insurance agents, the fit and proper criteria of insurance agents and the minimum requirements of the agency agreement.

The guidelines issued by the IARB specify how it intends to exercise its powers and fulfil its responsibilities under the IA Code of Practice. The guidelines issued by the IARB include guidelines on misconduct, guidelines on handling of premiums and guidelines on the effective date of registration of insurance agents, responsible officers and technical representatives.

The following table sets out a summary of the details of the Group's registration with IARB:

Name of insurance agent	Registration number	Expiry date of registration fee	Responsible officer	Appointing insurer
EGL Tours	96903803(T)	20 October 2015	Kwok Yin King	Assicurazioni Generali S P A

Insurance Intermediaries Quality Assurance Scheme

Under the insurance intermediaries quality assurance scheme, responsible officers and technical representatives of all insurance intermediaries, such as insurance agents, are required to pass the insurance intermediaries qualifying examination conducted by the PEAK Examination Centre of the Vocational Training Council as one of the requirements for entry to the profession (unless otherwise exempted), and to comply with the requirements of the continuing professional development programme thereafter. Failure to comply with the requirements of the continuing professional development programme may lead to application of disciplinary actions to or deregistration of the insurance agent.

LAWS AND REGULATIONS

LAWS AND REGULATIONS ON ADVERTISING AND PROMOTION PRACTISE

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)

The Trade Descriptions Ordinance prohibits vendors from providing false trade descriptions, false, misleading or incomplete information and false marks and misstatements in respect of goods provided in the course of trade. It is an offence to apply a false trade description to any goods, or supply any goods which a false trade description is applied, or possess for sale, trade or manufacture any goods which a false trade description is applied. False and misleading trade descriptions of products in advertisements are also prohibited.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)

The Personal Data (Privacy) Ordinance protects the privacy of individuals' personal data. It regulates the collection, retention, use, handling, processing, disclosure, transfer and security of any data relating directly or indirectly to a living individual, from which it is practicable for the identity of the individual to be ascertained and is in a form in which access to or processing of the data is practicable.

LAWS AND REGULATIONS ON TRAVEL AGENCY IN MACAU

The travel agency activities are fundamentally addressed by three bodies of laws in Macau: Decree-Law n° 48/98/M (amended by Administrative Regulation no 42/2004), which rules the establishment requirements, licencing process and activity of a travel agency, tourist guides and transferists (“escorts”) in Macau, Order 263/99/M, which sets the terms required for the travel agency professional liability insurance and policy, and Order 265/99/M, which sets the professional liability insurance tariffs in Macau.

Travel Agency Requirements

There are several requirements for the establishment and operations of a travel agency in Macau SAR:

- The interested party (i.e. the travel agency applicant) shall incorporate a company under the laws of Macau SAR which sole business object shall be the operation of a travel agency;
- The name of the travel agency has to be in both of the Macau SAR official languages (Chinese and Portuguese) but, in addition to these languages, there can be another version in another language, specifically English;
- The travel agency has to have a minimum share capital of MOP1.5 million;
- The travel agency shall guarantee and assume responsibility for its business affairs in the clients' interests. Therefore a travel agency is obliged to undertake a bank guarantee in the name of the MGTO in the amount of MOP500,000 and to contract a professional liability insurance that covers the liability imputable to travel agencies within their own and/or complementary activities, with the terms established in Order 263/99/M, which shall have an insured amount not less than MOP700,000;
- In relation to the business premises, the business activities of a travel agency shall be carried out in an autonomous office, commercial or services unit with independent access, exclusively intended for the travel agency activities. In addition, the premises shall have a minimum gross area of 40 square metres, an area for attending costumers and appropriate equipment for the travel agency activities. The opening hours of a travel agency shall be from 10:00 to 13:00 and from 15:00 to 18:00 on working days, but the travel agency may opt to open during weekends and public holidays and have longer business hours than those stipulated by the law;

LAWS AND REGULATIONS

- Finally, the travel agency should have at least one operations manager (“**director tecnico**”) which shall be exclusive for each Agency. Although the operations manager is required to be present during the operation hours of the agency, there is no specific requirement for an operations manager to be retained for every branch of a travel agency. The operations manager is required to be a Macau resident, have fluent knowledge of two languages, one of which must be an official language in Macau (Chinese or Portuguese), to have a technical-professional degree in the tourism area and experience in such area of a minimum of 3 years, all of which have been verified by the MGTO prior to granting the licence (Sections 15, d, 28 and 29);
- Macau travel agencies are required to submit quarterly to the MGTO statistical information on the number of individual or group travel arrangements organised by them in and outside Macau during the reporting period, indicating the nationalities of the travellers and the destination countries or territories (Section 103).

Application requirements for the opening of a Travel Agency and licence validity

For the opening of a travel agency in Macau SAR, the Company shall submit an application to the MGTO that shall be authorised by the Chief of Executive of Macau.

The applicant should apply for the premises inspection within six months from the Macau Government Tourism Office approval.

With the application form for the premises inspections the applicant shall pay the fee for the licence issuing (MOP25,000 plus 10% of stamp duty); the fee for the premises inspection (MOP500) and the fee for the publication of the licence in the Official Gazette of the Macau SAR (MOP1,000).

The licence is valid for one year and shall be renewable upon expiration. The application for renewal shall be submitted thirty days prior to the expiry of the licence.

Establishment of Branches and Desks

The travel agency duly authorised to operate in Macau can open a branch in Macau SAR if it complies with the following requirements:

- For each and every branch, the company shall raise the share capital by an additional minimum amount of MOP300,000;
- Comply with the same premises requirements as for the main office except as to the minimum gross area which is reduced to 20 square metres.

The travel agency can also open a sales desk in the Macau International Airport, ferry, train and buses terminals and borders or any other places authorised by the MGTO, namely in hotels.

Information required to be provided to the customer

Prior to the travel arrangements the travel agency is required to inform the customer about:

- (a) the contents of the clauses to be included in their contract;
- (b) travelling schedule, flight scales and correspondences;
- (c) contact information of the travel agency or local representatives to assist the customer in case of difficulty;

LAWS AND REGULATIONS

- (d) how to contact travelling minors or the persons in charge of them;
- (e) possibility of contracting insurance to cover repatriation or assistance in case of sickness or accident; and
- (f) travelling documents needed and any eventual visas or other formalities required.

Tourist Guides and Transferists

Pursuant to Section 64, the exercise of the profession of tourist guide in Macau, is dependent upon the following requirements:

- (a) Macau residency;
- (b) Approval in a course from the Institute for Tourism Studies in Macau or equivalent degree;
- (c) Registration with the MGTO and obtaining tourist guide card; and
- (d) Contractual relationship with a travel agency.

Tour groups shall be accompanied by tourist guides, except in the cases where transferists may operate. A transferist in Macau is hired by travel agencies for receiving and accompanying tourists between border gates, and taking them to their accommodation. The transferist is subject to general secondary studies and completion of related seminar with the Institute for Tourism Studies, and requires registration with the Tourism Department and an escort card.

EGL Macau currently holds the following license for the operation as a travel agency in Macau:

Licence/permits	Licence holder	Administrative body	Date of expiry
Travel agency licence	EGL Macau	MGTO	28 May 2015

Insurance Mediation in Macau

Insurance mediation is regulated in Macau by Decree Law no. 38/89/M, published in the Macau Official Gazette no. 23, dated 5th June 1989 (the “**Insurance Mediation Regulation**”), being defined under Section 2, a) as the prospection, performance and/or assistance of insurances between natural or legal persons and insurance companies. The Insurance Mediation Regulation governs, among others, the application procedures and requirements, the categories of insurance intermediaries and respective rights and obligations, and applicable sanctions.

Pursuant to Section 3 of the Insurance Mediation Regulation, insurance mediation activities are subject to prior authorisation of the Monetary Authority of Macau (AMCM).

Travel agencies, within their scope of activities provided by Section 4, c) of the Travel Agency Law, may offer to customers insurances that cover risks arising from tourism activity, to be executed with authorised insurance companies. This activity falls under the definition of insurance mediation established by the Insurance Mediation Regulation and, as a consequence, EGL Macau requires an authorisation to be granted by AMCM in order to offer travel insurances to customers.

LAWS AND REGULATIONS

EGL Macau currently holds a license to offer travel insurances to customers, as per the following details:

Insurance Agent	Category	Registration Number	Issuer	Expiry Date
EGL Macau	Non-life insurance	077/APC	AMCM	06/06/2015

Applicable Taxes

Income Tax (Complementary Tax) – Law 21/78/M, dated 9 September

Complementary tax is levied on all income derived by individuals or companies in Macau. Only income or profits arising in or derived from Macau are subject to tax. There is no distinction between residents and non-residents.

Average progressive rates range from 3% to 12%. Annual profits of over MOP300,000 are taxed at 12%.

Professional Tax – Law 2/78/M, dated 25 February

Levied on income from employment at rates varying between 7% and 12% charged on the individual annual income of the contributor (salaried employees, as well as self-employed professionals) in excess of MOP95,000 (amount exempted) per year.

In the case of employees, the employer is required to deduct the professional tax from their employees and pay the same to the Tax Department. Professional tax is charged at progressive rates, the maximum being 12% over annual taxable income above MOP280,000.00.

Industrial Tax (Business Tax) – Law 15/77/M, dated 31 December

Before commencement of operations, individuals and corporations engaged in commercial or industrial activities are required to apply to the Macau Financial Services Bureau for tax registration. Thereafter the taxpayer has to pay industrial tax on every registered activity to the authority.

In most cases, activities are taxed at MOP300 annually. The industrial tax has been exempted in total since the year of 2002, including for the current year of 2014.

There have not been any recent changes in the laws and regulations related to the travel agencies activities in Macau as described above.

LAWS AND REGULATIONS ON GUIDE INTERPRETERS IN JAPAN

The guide interpretation activities are mainly regulated by the Guide-Interpreter Law in Japan (通訳案内士法) (Act No. 12 of May 10, 1949) (the “**Guide-Interpreter Law**”). Article 36 of the Guide-Interpreter Law states that “any person who is not qualified as a guide-interpreter may not engage in the business of guide interpretation with receipt of a reward” and article 2 of the Guide-Interpreter Law defines “guide interpretation” as the provision of guide on travel by attending a foreigner and using a foreign language.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law on 24 July 2014 in preparation for the Listing and is the holding company of our Group. Our Company was incorporated as part of our Reorganisation, the details of which are set out in the paragraph “Reorganisation” below in this section.

EGL Tours, our major operating subsidiary, was incorporated in 1987 and has been managed by our Executive Directors, namely Mr. Yuen, our founder, Mr. Huen, our brand spokesperson, Mr. Leung and Ms. Lee. During the Track Record Period, our shareholding structure has remained unchanged. For further details on the shareholding structure of our Group companies, please see the paragraph “Corporate History and Shareholding Changes of the Members of our Group” below in this section.

Immediately following the completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares to be issued upon exercise of the Share Options), Evergloss will hold 75% of the issued share capital of our Company.

BUSINESS DEVELOPMENT

History and Origin

We trace our origin back to 1987 when Mr. Yuen initiated the set up of EGL Tours (formerly known as Evergloss Tours Company Limited until 2008) with the aim to provide travel tour ground handling services in Japan for tours from Hong Kong to Japan for other travel agents in Hong Kong, and was joined by Mr. Huen and Mr. Leung in the same year. They, together with Ms. Lee have managed EGL Tours and our Group since 1987. Mr. Yau Shui Fung, Mr. Lam Wai Man, Ms. Lo Chung Lai (ex-spouse of Mr. Lui Lok Pun) and Ms. Wong Chor Chun (currently the spouse of Mr. Chong Cheung Po) also became shareholders of EGL Tours later in 1987. These initial shareholders used their personal resources to invest in EGL Tours.

Mr. Yuen, Mr. Huen and Mr. Leung had gained substantial experience in the travel industry by serving Japanese tourists in Hong Kong or as tour escorts for tours bound for Japan prior to setting up EGL Tours. Ms. Lee also possessed experience in the travel industry as tour escort Southeast Asia tours and in itinerary planning for Japan and Korea tours prior to joining our Group in 1987. As they began their career in frontline positions, they accumulated vast experience and developed strong acumen for travel products that match up to customers’ preference, as well as deep understanding of customers’ needs and concerns. For further details on their experience and qualifications, please see the section “Directors and Senior Management”.

In 1994, Ms. Lo Chung Lai transferred her entire shareholding in EGL Tours to Mr. Lui Lok Pun. In 1996, Mr. Chong Cheung Po became a shareholder of EGL Tours by acquiring the shareholding of Ms. Wong Chor Chun and in 2005, Ms. Lee also became a shareholder after acquiring part of the shareholding held by Mr. Yau Shui Fung in EGL Tours.

Since the commencement of our operation, we have stood by our motto: “*Strive for consistent improvement of high-quality service, with customer in our heart and sincerity in our practice*” (以誠為本、以客為尊、不斷提高優質服務). We strive to deliver quality travel products and services that leave a pleasant impression with our customers as epitomised by “EGL – Everything Good and Long-lasting”.

In 1994, we started to introduce our own package tours bound for Japan under the brand of “EGL Tours (東瀛遊)” and moved to our then Tsim Sha Tsui branch. Thereafter, we opened a number of branches in other strategic locations in Hong Kong and Macau, and continued to diversify our products and services to offer package tours to over 250 cities in over 60 countries, including Japan, China, Korea, Malaysia and Singapore, Taiwan, Thailand, Europe, Australia, Vietnam, Indonesia, Brunei, Dubai, Turkey and India during the Track Record Period. At the same time, we have offered a variety of travel products and services including comprehensive FIT products and ancillary travel related services.

In 2000, we registered our company website www.i-evertravel.com and we further registered www.egltours.com in 2002 to provide customers with a more convenient platform to obtain information about, and to purchase our designated travel products and services online. In addition, we established our call centre to handle customer enquiries and sales activities in 2004.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In light of the economic downturn in Hong Kong in 2003, we further diversified our product offerings by introducing local tours in Hong Kong and value-for-money package tours bound for Bali and Taiwan, as well as special tour destinations in East and South Africa with discounted air tickets offered by airlines during the economic downturn. These tours helped to attract customers and sustain our business during the recession.

Evergloss Tours (Macau) Company Limited was established in 2005, to operate our travel business in Macau. In light of the economic growth and the increase in the number of flight routes departing from Macau, Macau has offered good business development opportunities for our continuous growth.

Leveraging on our strong brand and extensive experience, we have diversified our product offering from our original focus on Japan Tours under our Chinese name “東瀛遊”, to a wide array of tours and FIT products for worldwide destinations and travel-related services. As we enter into the 28th year of our operation under the leadership of our Executive Directors, we believe we have successfully built up our “ 東瀛遊 EGL Tours” brand to represent safe and carefree travelling and we have become a travel enterprise with (i) revenue of over HK\$1.6 billion and 29% of repeat customers in 2013; and (ii) 679 employees as at the Latest Practicable Date.

Business Milestones

<i>Corporate milestones</i>	<i>Product offerings</i>
1987 Our principal operating subsidiary, Evergloss Tours Company Limited (which was renamed to EGL Tours Company Limited in 2008), was established in Hong Kong, with the aim to provide travel tour ground handling services and organising leisure tours from Hong Kong to Japan for other travel agencies in Hong Kong.	
1994 We moved to our then Tsim Sha Tsui branch.	We began to operate our own package tours under the brand name of “EGL Tours (東瀛遊)”.
1997 We opened our branch in Tsuen Wan.	
1999 We opened our branch in Shatin.	
2000 We tapped into the FIT product business, selling air tickets and hotel accommodation as an agent.	
2001 We opened our branch in Causeway Bay. We launched our website at www.i-evertravel.com which allowed customers to obtain information about our package tours and make bookings for designated products directly.	
2002 We opened our branch in Mongkok.	
2003 We changed our trade name from “Evergloss” to “EGL Tours” and adopted our current trademark. Our website address was changed to www.egltours.com .	We began to offer study tour.
2004 We launched our call centre for hotline booking services for retail customers.	

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

2005 We opened our branches in Tuen Mun and Kwun Tong.

We incorporated Evergloss Tours (Macau) to develop our travel agency business in Macau.

2006 We opened our branch in Macau.

2007 EGL Tower in Kwun Tong, where our office premises and call centre are located was named under our corporate brand name “EGL Tours (東瀛遊)”.

2008 We changed our Company name from Evergloss Tours Company Limited to EGL Tours Company Limited.

We began to offer cruise tours and self-driving travel products.

2009

We began to organise gourmet tours to Japan.

2011

We began to offer wedding tours.

2013 We opened our branch in Yuen Long.

We began to offer marathon tours.

GROUP STRUCTURE PRIOR TO OUR REORGANISATION

The corporate structure of our subsidiaries immediately prior to the commencement of the Reorganisation is set out as below:



Note:

- (1) Pursuant to a declaration of trust dated 16 June 2000 and executed by Mr. Yuen in favour of EGL Tours, pursuant to which Mr. Yuen held one share of HK\$1.00 in i-Evertravel on trust for EGL Tours (the “**Declaration of Trust**”).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

Our Group underwent the Reorganisation steps to rationalise our Group structure in preparation for the Listing and the major steps of our Reorganisation are summarised as follows:

(a) Incorporation of Evergloss

On 21 July 2014, Evergloss was incorporated under the laws of BVI with limited liability and was authorised to issue a maximum number of 50,000 shares of US\$1.00 each. Upon incorporation, a total of 33,150 shares of US\$1.00 each were allotted and issued at par and credited as fully paid up to the following persons in the following manner:

Person(s)	Number of shares
Likang	8,850
Yohki Ryokoh	8,700
Kwok Lai	7,650
Mr. Leung	3,300
Lam Wai Man	1,650
Lui Lok Pun	1,650
Chong Cheung Po	1,050
Ms. Lee	300

As a result, Evergloss was legally owned as to approximately 26.69% by Likang (which was wholly-owned by Mr. Yuen), approximately 26.24% by Yohki Ryokoh (which was wholly-owned by Mr. Yau Shui Fung), approximately 23.08% by Kwok Lai, approximately 9.95% by Mr. Leung, approximately 4.98% by Mr. Lam Wai Man, approximately 4.98% by Mr. Lui Lok Pun, approximately 3.17% by Mr. Chong Cheung Po and approximately 0.91% by Ms. Lee, respectively.

(b) Incorporation of EGL Management

On 21 July 2014, EGL Management was incorporated under the laws of BVI and was authorised to issue a maximum number of 50,000 shares of US\$1.00 each. On 21 August 2014, the maximum number of its authorised shares was further increased to 500,000 shares of US\$1.00 each. Upon incorporation, one share of US\$1.00 each were allotted and issued at par and credited as fully paid to Evergloss.

As a result, EGL Management became a wholly-owned subsidiary of Evergloss.

(c) Incorporation of our Company

On 24 July 2014, our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability to act as the holding company of the Group. The initial authorised share capital of our Company was HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each.

On 30 July 2014, the initial subscribing shareholder transferred the one issued Share of HK\$0.10 in our Company at nominal value to Evergloss. On 15 October 2014, 999 Shares of HK\$0.10 each were allotted and issued at par and credited as fully paid up to Evergloss.

As a result, the issued share capital of our Company became HK\$100 divided into 1,000 Shares of HK\$0.10 each and our Company became a wholly-owned subsidiary of Evergloss.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(d) Transfer of one share in i-Evertravel to EGL Tours

Pursuant to the Declaration of Trust, Mr. Yuen held one share of HK\$1.00 in i-Evertravel as a nominee on trust and in favour of EGL Tours as the beneficial owner. On 26 August 2014, Mr. Yuen transferred the one share of HK\$1.00 in i-Evertravel to EGL Tours at nil consideration.

As a result, EGL Tours became the sole legal and beneficial owners of i-Evertravel.

Section 16 of the TAO stipulates that any change in the ownership or control of the licensee's business as a travel agent requires the prior written approval of the TAR. i-Evertravel is a licensed travel agent of TAR. Please see the section "Laws and Regulations – Laws and Regulations on Travel Agency in Hong Kong" for more details. On 9 July 2014, i-Evertravel received TAR's notice of approval in relation to its changes of ownership.

(e) Transfer of the entire issued share capital of EGL Tours and EGL Japan to EGL Management

On 21 October 2014, EGL Management entered into a sale and purchase agreement with Mr. Yuen, Mr. Huen, Mr. Leung, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po, Ms. Lee, Yohki Ryokoh and Mr. Yau Shui Fung, pursuant to which EGL Management agreed to acquire the entire issued share capital of EGL Tours from them, at a consideration of HK\$60,250,487, being net book value of EGL Tours as at 30 June 2014, which was settled by EGL Management allotting and issuing 331,500 shares of US\$1.00 each in EGL Management to Evergloss. Completion of the said acquisition took place on 21 October 2014.

On 21 October 2014, EGL Management entered into a sale and purchase agreement with Mr. Yuen, Mr. Huen, Mr. Leung, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po, Ms. Lee, Yohki Ryokoh and Mr. Yau Shui Fung, pursuant to which EGL Management agreed to acquire the entire issued share capital of EGL Japan from them, at a consideration of HK\$947,676, being net book value of EGL Japan as at 30 June 2014, which was settled by EGL Management allotting and issuing 5,524 shares of US\$1.00 each in EGL Management to Evergloss. Completion of the said acquisition took place on 21 October 2014.

As a result, EGL Tours and EGL Japan became wholly-owned subsidiaries of EGL Management and the issued share capital of EGL Management became US\$337,025 divided into 337,025 shares of US\$1.00 each wholly-owned by Evergloss.

Section 16 of the TAO stipulates that any change in the ownership or control of the licensee's business as a travel agent requires the prior written approval of the TAR. EGL Tours is a licensed travel agent of the TAR. Please see the section "Laws and Regulations – Laws and Regulations on Travel Agency in Hong Kong" for more details. On 4 August 2014, EGL Tours received TAR's notice of approval in relation to its changes of ownership.

(f) Transfer of all the shares in issue of EGL Management to our Company

On 13 November 2014, our Company entered into a sale and purchase agreement with Evergloss pursuant to which our Company agreed to acquire all the shares in issue of EGL Management from Evergloss at a consideration of HK\$61,198,163, being net book value of EGL Tours and EGL Japan, the major subsidiaries of EGL Management, as at 30 June 2014, which was settled by our Company allotting and issuing 9,000 Shares in our Company to Evergloss. Completion of the aforesaid acquisition took place on 13 November 2014.

As a result, the issued share capital of our Company became HK\$1,000 divided into 10,000 Shares of HK\$0.10 each wholly-owned by Evergloss and our Company has since then become the holding company of our Group.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(g) Increase of authorised share capital

On 13 November 2014, the authorised share capital of our Company was increased from HK\$380,000 divided into 3,800,000 Shares of HK0.10 each to HK\$100,000,000 divided into 1,000,000,000 Shares of HK0.10 each by the creation of an additional 996,200,000 Shares of HK0.10 each.

As at the date of this prospectus, all the relevant regulatory approvals necessary in effecting the Reorganisation in Hong Kong have been obtained, including the approvals from the TAR in relation to changes of ownership in EGL Tours and i-Evertravel.

CAPITALISATION ISSUE, SALE OF THE SALE SHARES BY THE SELLING SHAREHOLDER AND GLOBAL OFFERING

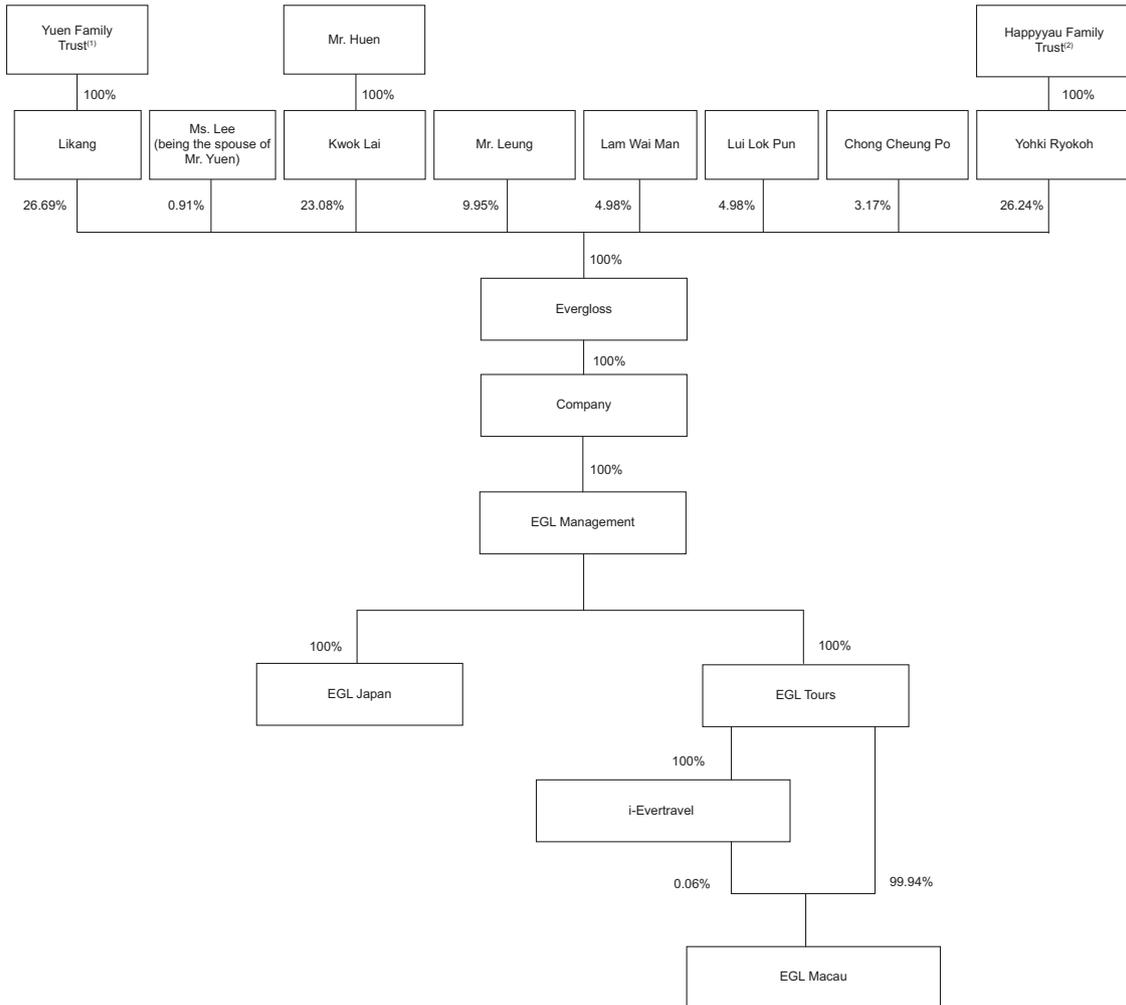
Conditional upon the share premium account of our Company being credited as a result of the Global Offering, the Directors are authorised to capitalise an amount of HK\$39,999,000 from the share premium account of the Company and apply such amount in paying up in full at par for allotment and issue Evergloss a total of 399,990,000 Shares. As a result, Evergloss holds a total of 400,000,000 Shares.

As part of the Global Offering, the Selling Shareholder will offer 25,000,000 Sale Shares for sale pursuant to the International Placing. For details of the Sale Shares by the Selling Shareholder, please see the section "Structure and Conditions of the Global Offering".

Immediately after the Capitalisation Issue and Global Offering (assuming no exercise of the Over-allotment Options), Evergloss and the public will hold 75% and 25%, respectively, of the enlarged issued share capital of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The corporate structure of the Group immediately before the Capitalisation Issue and Global Offering is set out as below:

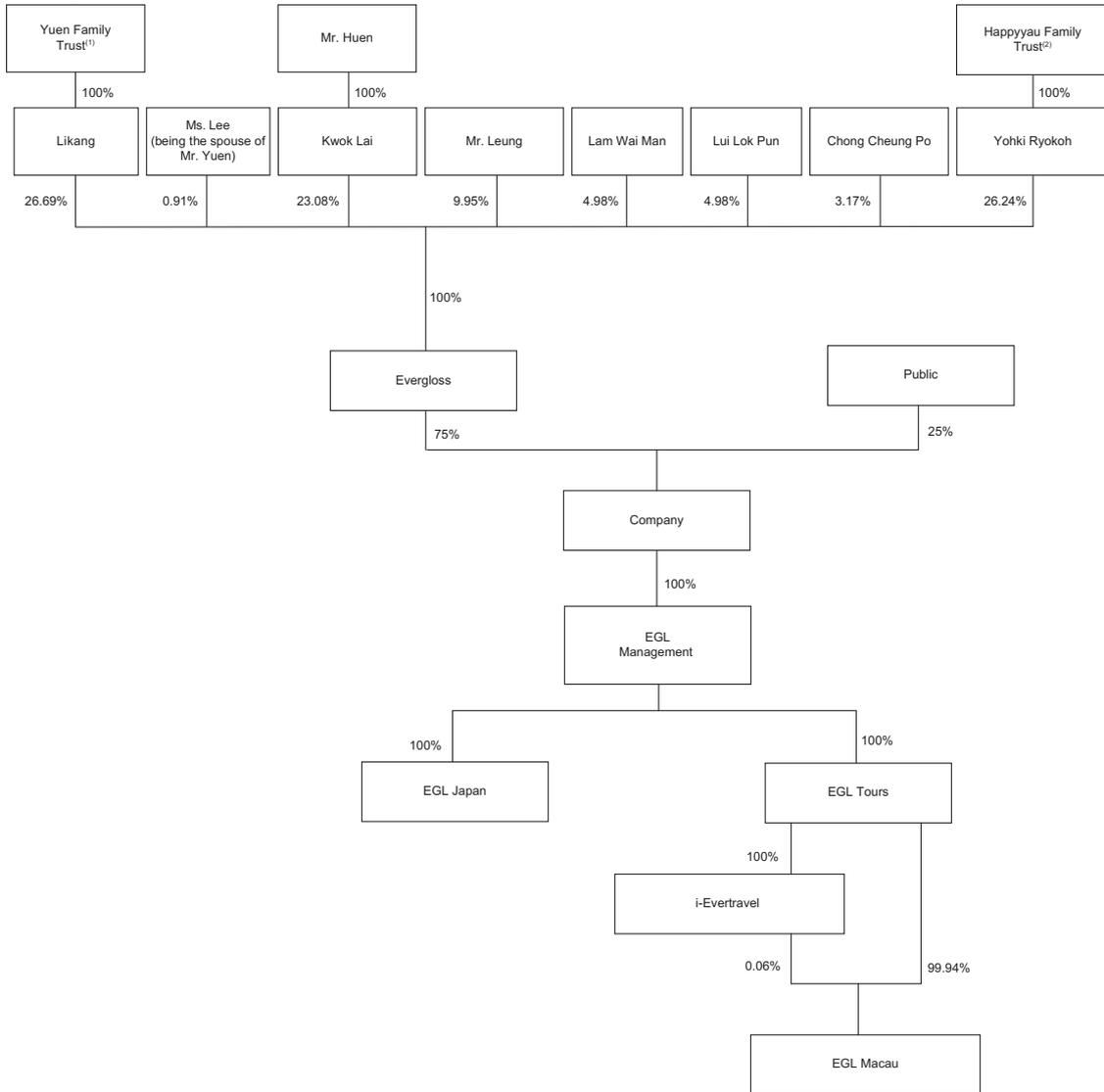


Notes:

- (1) The sole shareholder of Likang is the Trustee acting as trustee of the Yuen Family Trust. Yuen Family Trust 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. Mr. Yuen is the settlor and protector of the Yuen Family Trust.
- (2) The sole shareholder of Yohki Ryokoh is the Trustee acting as trustee of the Happyyau Family Trust. Happyyau Family 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 Family Trust. Ms. Li Siu King is the protector of the Happyyau Family Trust.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The corporate structure of our Group immediately after completion of the Global Offering and Capitalisation Issue (assuming no exercise of the Over-allotment Option) is set out as below:



Notes:

- (1) The sole shareholder of Likang is the Trustee acting as trustee of the Yuen Family Trust. Yuen Family Trust 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. Mr. Yuen is the settlor and protector of the Yuen Family Trust.
- (2) The sole shareholder of Yohki Ryokoh is the Trustee acting as trustee of the Happyyau Family Trust. Happyyau Family 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 Family Trust. Ms. Li Siu King is the protector of the Happyyau Family Trust.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE HISTORY AND SHAREHOLDING CHANGES OF THE MEMBERS OF OUR GROUP

(i) Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as a company with limited liability on 24 July 2014 with an authorised share capital of HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each. On 30 July 2014, the initial subscribing shareholder transferred the one issued Share of HK\$0.10 each in our Company to Evergloss. On 13 November, the authorised share capital of our Company was increased to HK\$100,000,000 divided into 1,000,000,000 ordinary shares of HK\$0.10 each following completion of our Reorganisation, our Company became the holding company of our Group with our business being conducted through our subsidiaries.

(ii) EGL Management

EGL Management was incorporated under the laws of BVI on 21 July 2014 and was authorised to issue a maximum number of 50,000 shares of US\$1.00 each and was a wholly-owned subsidiary of Evergloss. On 21 August 2014, the maximum number of authorised shares was further increased to 500,000 shares of US\$1.00 each. EGL Management is an investment holding company.

Following completion of our Reorganisation, our Company became the sole shareholder of EGL Management. For more details, please refer to the paragraphs headed “(f) Transfer of all the shares in issue of EGL Management to our Company” in this section.

(iii) EGL Tours

EGL Tours was incorporated in Hong Kong with limited liability on 28 July 1987 with an authorised share capital of HK\$300,000 divided into 300,000 shares of HK\$1.00 each. EGL Tours is principally engaged in provision of package tours, FIT products and travel-related products and services.

As at 1 January 2011, the commencement date of the Track Record Period, the authorised share capital of EGL Tours had been increased to HK\$4,000,000 divided into 4,000,000 shares of HK\$1.00 each and was legally and beneficially owned as to approximately 26.69% by Mr. Yuen, approximately 26.24% by Yohki Ryokoh, approximately 23.08% by Mr. Huen, approximately 9.95% by Mr. Leung, approximately 4.98% by Mr. Lam Wai Man, approximately 4.98% by Mr. Lui Lok Pun, approximately 3.17% by Mr. Chong Cheung Po and approximately 0.91% by Ms. Lee, respectively.

Following completion of our Reorganisation, EGL Management became the sole shareholder of EGL Tours. For more details, please see the paragraph “(e) Transfer of the entire issued share capital of EGL Tours and EGL Japan to EGL Management” in this section.

(iv) EGL Japan

EGL Tours (Japan) Company Limited was incorporated in Hong Kong with limited liability on 20 September 2006 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. EGL Japan is principally engaged in provision of package tours, FIT products and travel related products and services to its related companies.

As at 1 January 2011, the commencement date of the Track Record Period, EGL Japan had an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each and was legally and beneficially owned as to approximately 26.69% by Mr. Yuen, approximately 26.24% by Yohki Ryokoh, approximately 23.08% by Mr. Huen, approximately 9.95% by Mr. Leung, approximately 4.98% by Mr. Lam Wai Man, approximately 4.98% by Mr. Lui Lok Pun, approximately 3.17% by Mr. Chong Cheung Po and approximately 0.91% by Ms. Lee, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Following the completion of our Reorganisation, EGL Management became the sole shareholder of EGL Japan. For more details, please see the paragraph “(e) Transfer of the entire issued share capital of EGL Tours and EGL Japan to EGL Management” in this section.

(v) i-Evertravel

i-Evertravel was incorporated in Hong Kong with limited liability on 16 June 2000 with an authorised share capital of HK\$550,000 divided into 550,000 shares of HK\$1.00 each. i-Evertravel is principally engaged in sale of air tickets to its ultimate holding company.

As at 1 January 2011, the commencement date of the Track Record Period, EGL Japan had an authorised share capital of HK\$550,000 divided into 550,000 shares of HK\$1.00 each and was legally and beneficially owned as to approximately 99.999% by EGL Tours and approximately 0.001% by Mr. Yuen (as trustee for EGL Tours), respectively.

Following completion of our Reorganisation, EGL Tours became the sole shareholder of i-Evertravel. For more details, please see the paragraph “(d) Transfer of one share in i-Evertravel to EGL Tours” in this section.

(vi) EGL Macau

EGL Macau was established in Macau as a limited liability company on 27 May 2005 with a share capital of MOP1,500,000. EGL Macau is principally engaged in operating as a travel agency in Macau.

As at 1 January 2011, the commencement date of the Track Record Period, EGL Macau had a share capital of MOP1,800,000 and was legally and beneficially owned as to approximately 99.94% by EGL Tours and approximately 0.06% by i-Evertravel, respectively.

Upon completion of our Reorganisation, EGL Tours, EGL Japan, i-Evertravel and EGL Macau became indirectly wholly-owned subsidiaries of the Company.

Save as disclosed above and save as pursuant to the Reorganisation, there has been no major shareholding changes in respect of our Group during the Track Record Period.

BUSINESS

BUSINESS OVERVIEW

Founded in 1987, we are a leading travel company in Hong Kong and Macau with 9.3% market share and ranked third for outbound travel in 2013, and in particular, we have been the top travel company in the Japan-bound package tour market in Hong Kong with 32.5%, 29.6% and 31.6% market share based on revenue in 2011, 2012 and 2013, respectively, according to the Ipsos Report. We are principally engaged in the design, development and sale of package tours and FIT products. In 2011, 2012 and 2013, around 322,402, 318,123 and 354,434 customers, respectively, purchased our package tours and FIT products under our well-established and award-winning “ 東瀛遊 EGL Tours” brand to over 250 cities in over 60 countries. We believe we have a powerful brand image that our customers trust us to have their best interest at heart.

Mr. Yuen, our founder, Mr. Huen, our brand spokesperson, Mr. Leung and Ms. Lee, who are our Executive Directors, possess over 30 years of experience in the travel industry. Mr. Yuen, our Chairman, has been appointed as sightseeing ambassador (觀光大使) of ten prefectures and cities in Japan, and recognised as the Capital Outstanding Leader of 2013 (資本傑出領袖2013) by the “Capital” magazine. Mr. Huen is the honorary advisor of the Advisory Committee of Promoting Korea Tourism of Korea National Tourism Organization Hong Kong Office. As we enter into the 28th year of our operation under the leadership of our Executive Directors, we believe we have successfully established our Group under our “ 東瀛遊 EGL Tours” brand, with (i) revenue of over HK\$1.6 billion and 29% of repeat customers in 2013, and (ii) 679 employees as at the Latest Practicable Date.

In recognition of our achievements in the travel industry, we have received numerous awards and recognitions. We received the “JNTO Chairman Award (JNTO 理事長表揚獎)” from Japan National Tourist Organization in 2014, “2013 Hong Kong Premier Service Brand (2013 香港卓越服務品牌)” from The Chinese Manufacturers’ Association of Hong Kong and Hong Kong Brand Development Council, the “2013 Best Travel Agency Service Award (2013 最佳旅行社服務大獎)” from Sing Tao Daily, and the “Best Travel Agency Hong Kong” from TTG, a worldwide travel publication group, in 2011.

Leveraging on our extensive experience and strong brand, we have diversified our product offerings from our original focus on Japan Tours under our Chinese name “東瀛遊” to a wide array of traditional outbound package tours, theme tours (such as gourmet, pre-wedding, study and sports tours), MICE tours and FIT products for worldwide destinations and travel-related services (such as car rental services in Japan for self-driving travel) to cater for the diverse interests and requirements of our customers. We strive to deliver consistent quality tours and travel products and services that leave a pleasant impression with our customers as epitomised by “EGL – Everything Good and Long-lasting”.

COMPETITIVE STRENGTHS

Our Directors believe we have the following competitive strengths:

Leading position with a well-established and popular brand in the Hong Kong and Macau travel industry

Founded in 1987, we are a leading travel company in Hong Kong and Macau with 9.3% market share for outbound travel in 2013, and in particular, we have been the top travel company in the Japan-bound package tour market in Hong Kong with 32.5%, 29.6% and 31.6% market share based on revenue in 2011, 2012 and 2013, respectively, according to the Ipsos Report. As we enter into the 28th year of our operation under the leadership of our Executive Directors, we believe we have successfully built up our “ 東瀛遊 EGL Tours” brand as a reputable brand, representing safe and carefree travelling. In 2011, 2012 and 2013, around 322,402, 318,123 and 354,434 customers purchased travel products and services from us.

BUSINESS

Our achievements in the travel industry are reflected by the various awards we have received in relation to our tours, services and management, as set out in the paragraph “Awards” below in this section. As a leading travel company in Hong Kong and Macau, we believe our strong and well-recognised brand, market-leader status and established business model provide us with a favourable position to capture the overall growth trend of the travel service market and to increase our market share in Hong Kong and Macau.

Provision of quality services and diversified product offerings to attract new and repeat customers

We believe our dedication to providing quality travel products and services, coupled with our ability to continuously offer new products, helps us differentiate ourselves from our competitors and attract new and repeat customers.

- ***Commitment on tour safety and service quality.*** We strive to distinguish our brand with our commitment on tour safety and quality service and our focus on customer satisfaction. Our objective is to ensure that our customers can enjoy carefree travelling, through our close attention to service quality, as illustrated by the consistently high customer satisfaction based on internal and external customer surveys and the absence of any successful professional insurance claim against us during the Track Record Period. We pay particular attention to the training and assessment of our tour escorts, and our Executive Directors who are experienced tour guides themselves often directly communicate with our staff to maintain their focus on service quality, with attention to details of each customer’s preference and requirements. We also strongly emphasise on safety and emergency handling procedures in their training. We require the land operators engaged by us for our Non-Japan Tours to strictly observe the safety standards and code of conduct as stipulated by us when serving our customers, and our Executive Directors and heads of tours for the relevant destinations often conduct site visits at different destinations to ensure satisfactory performance by the service providers and to source for new tour ideas.
- ***Building customers’ confidence with good business ethics.*** We strive for consumer confidence in our Group with our commitment to good business ethics to build up customer loyalty and repeat purchase in the long run, instead of focusing on short-term cost saving at the expense of quality. Our dynamic pricing policy aims to avoid hidden costs which may inflate the final travel bill. For instance, it is our practice to specify the actual tour price instead of an attractive minimum tour price on our marketing materials to attract customers; and if the price for a tour is subsequently reduced after a customer has already signed up for that tour, it is our policy to voluntarily refund the price difference to such customer. In case where the hotel specified in our tour is over-booked, which might sometimes happen through no fault on our part, it is our policy to use our best efforts to arrange for alternative hotel with the same or better standards, as determined based on the room rate.
- ***Diversified products and services.*** In order to attract both new and repeat customers, we pay efforts to maintain the diversity of our product and service offerings. Our Executive Directors and heads of tours often conduct site visits to different destinations and research for new travel ideas and activities to include in our tours. We closely observe the market trends and develop tours which cater for changing customer demands and preferences. We have a track record of successful tour product development, such as our theme tours which aim to deliver a special and refreshing experience to customers. In addition, we introduced our pre-wedding and wedding tours to Japan in 2011 which combine tour arrangements with additional services such as arrangements for wedding ceremony, as well as booking of venue, banquet and wedding-photography service. We have also arranged for charter flights to destinations in Japan which were exclusive for our Japan Tours, such as Totori (鳥取) and Nagasaki (長崎) in 2013. We have also introduced cruise train tours to Kyushu, Japan in 2014 with chartered “seven-star” luxury cruise train for serving our tour groups exclusively. We also cooperate with a car rental service provider and provide car rental services for self-driving travel in Japan. By offering a comprehensive range of long haul and short haul tours, we are able to attract customers with different preferences and demand.

BUSINESS

We believe our consistent service quality and comprehensive range of travel products have enabled us to maintain a high customer return rate. In 2011, 2012 and 2013, approximately 28.6%, 29.5% and 29.0%, respectively, of our customers were repeat customers who had previously purchased our package tours or FIT products in the two previous years. We believe sustainable customer retention is vital for our maintenance of a stable customer base and for supporting our growth.

Well-established operation and efficient management system as a platform for future growth

We believe our well-established operation and efficient sales network have enabled us to achieve economies of scale, enhance profitability and establish a scalable business model. Our established and efficient operation system primarily consists of the following aspects:

- **Centralised purchasing and well-established relationship with suppliers.** We centralise the procurement of travel elements, such as air tickets, hotel rooms, buses, and other supplies, in our head office. Given our sizable demands for such items and well-established relationship with suppliers, we are often in a good position to negotiate for competitive pricing from our suppliers. This enables us to structure more attractive tour packages for our customers' selection and to enhance the profitability of our tour products.
- **Multi-channel and cost effective sales network.** Our multi-channel sales network, comprising our seven branches in Hong Kong and one branch in Macau located at strategic locations, call centres and an online sales platform, serves as a convenient and cost-effective channel for promotion and sales of our products and services. We believe that as a result of our strong brand recognition and customers' confidence in us, we do not need to rely on a large number of branches to attract business, which is considered very costly in view of the high property rental. Instead, we are able to make use of our focused network of branches in strategic locations, our call centres and online sales platform to meet our growing business needs during the Track Record Period. We believe our cost effective multi-channel sales network enables us to enhance customer reach and facilitates the customers' booking process.

Excellent frontline management

- **Well-supported tour escorts.** We always strive for maximum customer satisfaction. To enable our tour escorts to be fully available for attending to customers' needs during the tour, we have internal operating procedures and our back office staff to handle all the incidental tour necessities, such as preparing trip itinerary and customer name tags, confirmation of hotel, restaurant and land transport arrangements, before and during the trip. In case of any emergency event when the tour is abroad, we have standard procedures and experienced staff stationed in the head office to assist the tour escorts to handle the situation. This helps to relieve the tour escorts from unnecessary work pressure and, as a result, our tour escorts can focus on customer service.
- **Effective and regular staff training and incentive programmes.** We provide standardised and comprehensive training and guidelines to our staff, in particular our frontline sales representatives and tour escorts, to equip them with the necessary skills and to imbue them with our philosophy of attending closely to the preference and requirements of individual customers. In order to incentivise our staff and attract new talents, we provide our staff with attractive remuneration, staff appraisal system, and career path with prospects that are aimed to enhance their morale and loyalty to our Group, including training programmes in Japan for selected staff. To recruit qualified candidates, we have started a talent development system since 2009 to recruit suitable university graduates to join us and provide training and attractive career opportunities for them. Please refer to the paragraph "Employees" below in this section for details.

BUSINESS

Experienced and dedicated management team with proven track record of effective leadership and execution and over 10 years of relevant experience with our Group on average

Mr. Yuen, our founder, Mr. Huen, our spokesperson, Mr. Leung and Ms. Lee, our Executive Directors, possess over 30 years of experience in the travel industry including extensive experience as tour escorts serving Japan-bound tours from Hong Kong and Japanese tourists visiting Hong Kong and have established close relationship with many business partners. In particular, Mr. Yuen, our Chairman, has been appointed as sightseeing ambassador (觀光大使) of ten prefectures and cities in Japan, and recognised as the Capital Outstanding Leader of 2013 (資本傑出領袖2013) by the “Capital” magazine. Mr. Huen is the honorary advisor of the Advisory Committee of Promoting Korea Tourism of Korea National Tourism Organization Hong Kong Office. In addition, we have built a loyal, experienced and capable senior management team with a proven track record as well as a team of committed and well-trained frontline staff. Our senior management has, on average, over 10 years of relevant experience with our Group. Please refer to the section “Directors and Senior Management” for further information on our Directors and senior management.

BUSINESS STRATEGIES

We aim to become the leading tour operator and travel service provider in Hong Kong. We intend to achieve our objective by implementing the following strategies:

Continue to promote our brand through strategic marketing

It is our management philosophy to have customers’ best interest always at our heart and communicating our dedication to this goal, through a powerful brand image, which is paramount to our success. We will continue to promote our reputable and award-winning “ 東瀛遊 EGL Tours” brand to enhance brand recognition and awareness. Our major marketing and promotional initiatives include the following:

- **Promote our brand image.** As a brand-wide marketing strategy, we will continue to promote our brand image as a reliable and quality travel agency, with our motto: “*Strive for consistent improvement of high-quality service, with customers in our heart and sincerity in our practice* (以誠為本、以客為尊、不斷提高優質服務)”. We intend to continue our integrated marketing initiatives with conventional media channels, such as television commercials, sponsorship of television travel programmes and regular advertisements on newspapers and magazines, as well as holding travel seminars at our headquarters. We believe that, after the Listing, our status as a listed company will further enhance our brand image and the confidence of our consumers and business partners in our Group, which will facilitate our operation and expansion outside Hong Kong and Macau.
- **Develop signature tours and products to promote popularity of our package tours.** We will continue to develop and highlight our signature tours and products with our brand spokespersons, such as high-end gourmet tours hosted by Mr. Huen, our Executive Director, which we believe has been effective in increasing our brand recognition and the popularity of our package tours during the Track Record Period. We intend to promote such products through media promotion campaigns.
- **Enhance and consolidate our membership system.** We plan to enhance various marketing initiatives under our VIP membership system to increase customer loyalty as well as to attract new customers, in particular to those high-spending customers. At present, customers who are our members receive discounts for each purchase of our tour products. We are considering to set up more arrangements with other merchants that allow our members to enjoy discounts and/or reward points at their shops. Furthermore, we will regularly analyse the spending pattern and preference of our customers so as to develop products that match customers’ preference and carry out targeted product promotion based on such analysis.

BUSINESS

Strengthen our sales by improving our sales channels

We intend to extend our customer reach by enhancing our online sales platform and improving our branches.

- **Further develop our online and mobile sales platforms.** We plan to develop a comprehensive online web portal with an integrated online booking system, which will offer comprehensive travel products and services, allowing users to purchase items including airline tickets, hotel accommodation, driving tour products, transportation and tour packages, with real-time confirmation and online payment options. We also plan to revamp our mobile website to support real-time purchase of travel products and services (e.g. restaurant booking and/or theme park ticket reservations) and electronic payment gateway.
- **Refurbish our branches.** We plan to refurbish or facelift our existing branches in stages with the aim of improving operation efficiency and customers' experience during their visits to our branches.

Continue to strengthen our operation systems to deliver sustainable growth

We believe that we can further enhance the profitability of our travel products and services with continued enhancement of our operation systems and processes.

- **Increase in use of charter flights.** As part of our initiatives to (i) improve flexibility of our tour schedule, especially during peak seasons, (ii) secure stability of flight seats available to us and (iii) develop new package tours to new and less common destinations, we plan to increase arrangements for charter flights to destinations which are not served by frequent flights. We believe that the use of charter flights will also enhance our brand image.
- **Expand travel tour ground handling operation.** We generally enjoy a higher profit margin for our Japan Tours, as we operate all travel tour ground handling activities directly. In addition, we believe we can exercise tighter quality control, enhance service quality and customer satisfaction generally by conducting the travel tour ground handling operation directly. We intend to gradually participate in more travel tour ground handling operation of tours in destinations other than Japan, by replicating our experience in the direct operation of our Japan Tours. We will use our internal resources for this purpose.
- **Continue to recruit experienced and quality staff.** We will continue to recruit appropriate employees to join our Group, particularly experienced and high-quality tour escorts, sales representatives and other talents in operation management. We will also continue to retain, train and motivate our dedicated workforce by offering our staff performance-based compensation packages, on-the-job training programmes and career opportunities.
- **Enhance our information technology system.** We are in the process of improving our information technology system to improve efficiency of our business operations and to facilitate effective operation and the dynamic pricing of our tours and products. We plan to devise our enterprise resource planning systems to manage the supply chain, branch operations, human resources, finance and cost control of our entire operation. We also target to enhance the capability and connectivity of our central booking system with third-party online booking systems, and upgrade it to provide our sales staff with access to customer personal information for them to provide more personalised and consistent customer interaction across each of our distribution channels.

Increase market share by expanding our range of travel product and service offerings

We intend to increase our market share in Hong Kong and Macau by expanding our travel products and services. We continuously evaluate new ideas that strategically fit our existing business in order to expand the products and services that we offer to our customers, such as tours bound for new

BUSINESS

destinations in Japan. We intend to develop diversified and flexible products and services which are closely tied to customer preferences, with a focus on the provision of personally-tailored products and services which are based on our deep understanding of customer demand and improved customer engagement, such as further expanding our sale of wedding tours, study and education tours, sports event tours, luxury train tours, gourmet tours and other theme tours. Furthermore, we plan to develop overseas wedding service business. We believe that the expansion of our travel product and service offerings with more customised products will lead to a larger customer base and improve the overall performance of our business.

Expand into the PRC market by engagement of local travel agencies to promote and sell our products

According to the China Statistical Yearbook 2013, the number of non-business outbound travellers from the PRC grew from 40.1 million in 2008 to 77.1 million in 2012, representing a CAGR of approximately 17.7%. According to the information published by China National Tourism Administration, the travel agency market in the PRC is very fragmented and there were 2,151 travel agents providing outbound travel products and services in the PRC, 251 of which were located in Guangdong Province, as at 24 December 2013.

Leveraging on our strong brand image to tap into the vast travel market in China, we seek to engage local travel agencies in cities in Guangdong Province, such as Shenzhen, Zhongshan and Zhuhai, to promote and sell our travel products, in particular our Japan-bound package tours with Mandarin-speaking tour escorts which depart from Hong Kong or China, subject to compliance with the relevant PRC laws and regulations. We have recently received from six travel companies in Guangdong Province written replies to our questionnaires seeking their views on the tour destinations in Japan as well as their forecast sales of our tour products.

In view of the continuous growth in the number of outbound travellers from the PRC and the preliminary responses gathered from the local travel agencies in Guangdong province, we believe that there is ample market potential in the travel service market in China. We can leverage on the established operation of such selected business partners to market our products, instead of incurring expenditure on opening our own branches in the PRC. As such, we do not expect to incur any significant expenditure in relation to expanding into the PRC market, which in any event will be easily funded by our internal resources.

We will carefully select local travel agencies with solid track record, considerable business scale and established sales network. Our preliminary target is to commence such operation in the second half of 2015. Any payment denominated in RMB from the relevant local travel agencies to us will be made by bank remittance and backed by our invoices documenting the relevant transaction. Our Directors have been advised by the PRC lawyers that the limit on remittance amount by the relevant PRC travel agencies does not apply in respect of such transactions, which are of trading nature. Based on the foregoing, our Directors do not foresee that there will be any legal impediment in relation to such remittance. For the risk in relation to our expansion into the PRC market, please see the risk factor headed "Our planned expansion into the PRC market is subject to certain additional risks" in the section "Risk Factors".

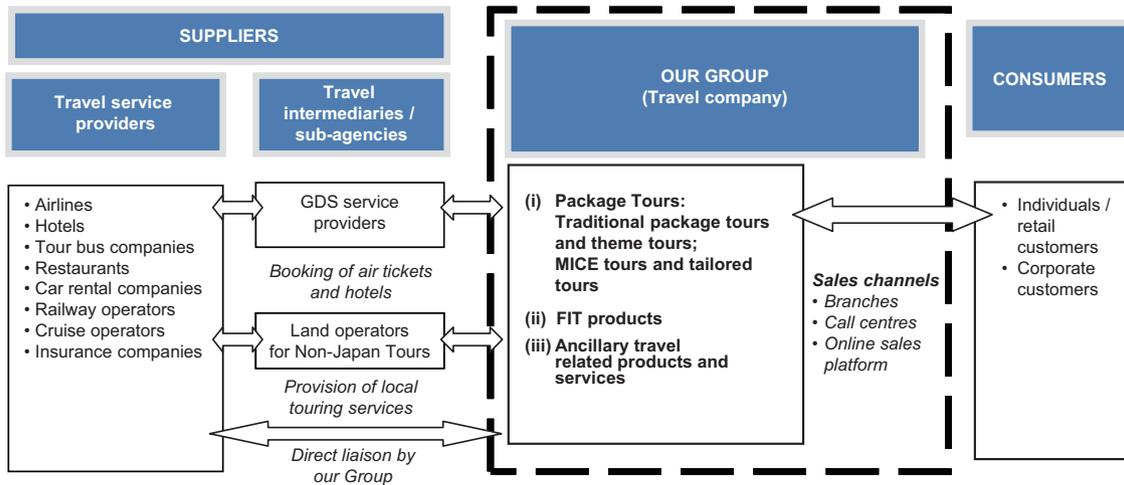
Use of Proceeds from the Global Offering for our Strategies

Please see the section "Future Plans and Use of Proceeds" for the proceeds from the Global Offering that are expected to be used for certain of the future plans set out above, and we will use our internal resources to carry out the other strategies.

BUSINESS

OUR BUSINESS MODEL

We are principally engaged in the design, development and sale of package tours and FIT products, as well as in the provision of ancillary travel related products and services. Our package tours comprise principally traditional package tours, theme tours, as well as MICE and tailored tours for customers with specific requirements. We also operate inbound tours in Hong Kong and Macau. Our FIT product segment designs and offers FIT products, which include flight-only booking, hotel-only booking, and flight-plus-hotel packages. In addition, we offer certain ancillary travel-related products and services. We promote and sell our products and services through our various sales channels comprising our seven branches in Hong Kong, one branch in Macau, our call centres and online sales platform.



Macau Operations

Similar to our principal operations in Hong Kong, our branch in Macau operates as a sales channel for our outbound tours and FIT products offered by our Hong Kong operation and also offers certain tours and FIT products departing from Macau. For 2011, 2012, 2013 and 1H2014, revenue generated from our Macau branch was HK\$104.1 million, HK\$109.1 million, HK\$129.8 million and HK\$51.7 million, respectively, representing 8.4%, 8.0%, 7.9% and 6.7% of our revenue in the respective periods.

OUR PRODUCTS AND SERVICES

Our products and services comprise three principal segments: (i) package tours, (ii) FIT products, and (iii) ancillary travel-related products and services. The following table sets out a breakdown of our revenue by business segment for the periods indicated:

Revenue	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Package tours	1,154,513	92.6	1,252,821	91.8	1,498,836	91.0	661,184	91.1	702,283	90.9
FIT products ⁽¹⁾	44,728	3.6	56,701	4.2	75,725	4.6	33,391	4.6	33,513	4.3
Ancillary travel related products and services	47,448	3.8	55,083	4.0	72,612	4.4	30,812	4.3	36,604	4.8
Total	1,246,689	100.0	1,364,605	100.0	1,647,173	100.0	725,387	100.0	772,400	100.0

Note:

- (1) Revenue derived from FIT products is recognised on net basis as we render services as an agent, where we are only responsible for arranging the booking of air tickets and accommodations. Please see note (1) of the table under "Financial Information – Description of Selected Statement of Profit or Loss Line Items – Revenue – FIT products" for the gross proceeds for sale of FIT products.

BUSINESS

For further discussion on our revenue, gross profit and gross profit margins for each business segment, please see the section “Financial Information – Description of Selected Statement of Profit or Loss Line Items”.

I. PACKAGE TOURS

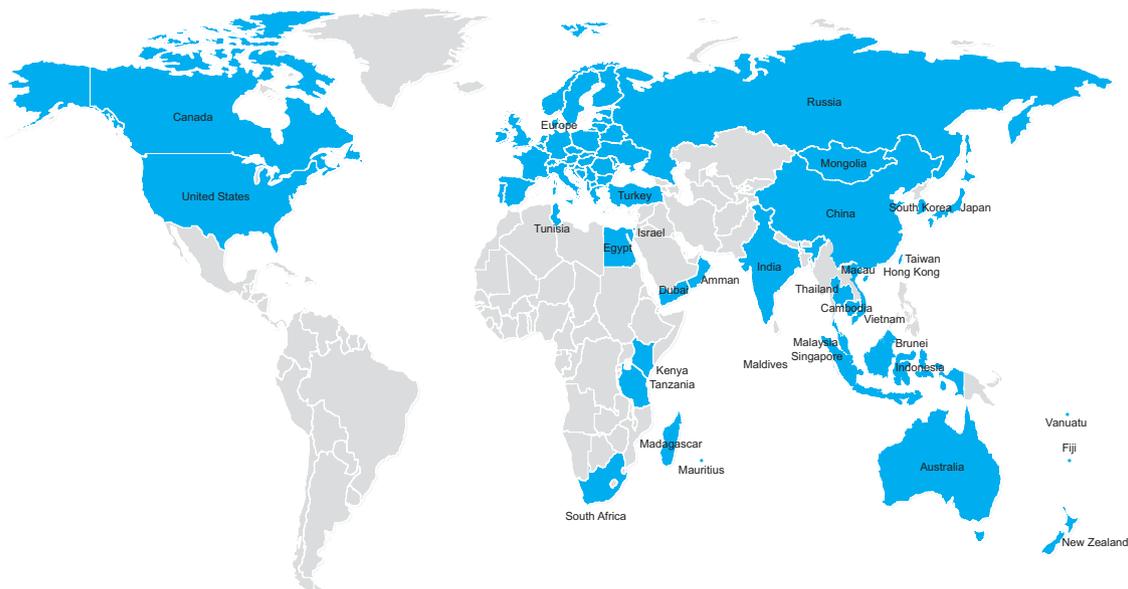
Our principal business is the operation of outbound package tours, where travel elements such as flights, hotels, meals and transfers are bundled and offered together and the tour groups are generally accompanied by tour escorts during the tour. We believe that we have established a strong reputation for our package tours with our commitment to tour safety, service quality and focus on customer experience. We also operate some inbound tours in Hong Kong and Macau.

Outbound Tours

We offered a comprehensive range of outbound package tours to over 250 cities in over 60 countries during the Track Record Period. For 2011, 2012, 2013 and 1H2014, we organised 7,486, 7,508, 7,457 and 3,687 outbound tours, respectively, with 182,850, 175,840, 188,499 and 90,648 customers travelling with us in such tours in the respective periods.

Destinations of our outbound tours

During the Track Record Period, Japan, South Korea, Taiwan, Malaysia and Singapore and China were the five most popular regions for our tours by revenue. Please see the section “Financial Information – Description of Selected Statement of Profit or Loss Line Items – Revenue – Package tours” for the breakdown of revenue generated from our tours by geographical segments. Historically, our focus was the sale of our Japan Tours, which we believe remain as our expertise. For 2011, 2012, 2013 and 1H2014, our total revenue from sale of tours bound for Japan accounted for 42.3%, 44.3%, 54.9% and 53.5%, respectively, of the total revenue for our package tours. The map below shows the destinations of our outbound tours during the Track Record Period.



Note: The countries for which our outbound tours to Europe (except Russia, which is separately delineated above) are bound include Albania, Austria, Belgium, Bosnia, Bulgaria, Croatia, Czech, Denmark, Finland, France, Germany, Gibraltar, Greece, Hungary, Italy, Liechtenstein, Macedonia, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom and Vatican.

BUSINESS

Types of our outbound package tours

Our outbound package tours can be classified as (i) traditional package tours; (ii) theme tours, including pre-wedding and wedding tours, sports event tours, gourmet tours, photography tours and other theme tours; and (iii) MICE tours and tailored tours, including corporate incentive tours and study tours. Our revenue from theme and MICE tours increased from HK\$65.8 million in 2011 to HK\$111.4 million in 2013, representing a CAGR of 30.2%. We believe there is potential for significant growth in our theme and MICE tours. Please see the section “Industry Overview – Competitive Analysis of Travel Service Industry in Hong Kong and Macau – Opportunities” for details.

The table below sets out some key information on our package tours.

	Traditional package tours	Theme tours	MICE and tailored tours
Characteristics	<ul style="list-style-type: none"> Tours pre-arranged with general travel elements including flight, accommodation, meals and local transportation and attractions 	<ul style="list-style-type: none"> Tours pre-arranged with special themes and travel elements 	<ul style="list-style-type: none"> Tours designed more dynamically with inputs from customers to accommodate their special requirements or preference
Target customer groups	<ul style="list-style-type: none"> General retail customers 	<ul style="list-style-type: none"> Mainly high-income earners and travel-loving customers with particular interests 	<ul style="list-style-type: none"> Customers with specific requirements or events to be included in the tours
Major tours	<ul style="list-style-type: none"> Tours bound for Japan, South Korea, Taiwan, Malaysia, Singapore and China Cruise tours 	<ul style="list-style-type: none"> Pre-wedding and wedding tours Gourmet tours Sport events tours (e.g. marathon and cycling tours) Scenic photography tours 	<ul style="list-style-type: none"> Study and education tours Corporate incentive tours
Number of tours in 2013	6,984	58	415
Length of tours	Generally 1 to 14 days	Generally 4 to 9 days	Generally 1 to 12 days
Number of participants per tour operated by us during the Track Record Period	Generally from 15 to 35 participants	Generally from 13 to 42 participants	Depending on the requests of the customers, up to 172 participants

BUSINESS

The table below sets forth the breakdown of our revenue from the sale of package tours by categories during the Track Record Period.

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Revenue	Contribution	Revenue	Contribution	Revenue	Contribution	Revenue	Contribution	Revenue	Contribution
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Package tours	1,088,717	94.3	1,165,282	93.0	1,387,415	92.6	602,747	91.2	637,966	90.8
MICE tours	56,121	4.9	75,670	6.0	87,332	5.8	50,570	7.6	51,795	7.4
Theme tours	9,675	0.8	11,869	1.0	24,089	1.6	7,867	1.2	12,522	1.8
Total	1,154,513	100.0	1,252,821	100.0	1,498,836	100.0	661,184	100.0	702,283	100.0

Inbound Tours and Day Tours

We also operate inbound tours for overseas travellers, mainly from Japan, coming to Hong Kong and Macau. During the Track Record Period, revenue generated from inbound tours and day tours was less than 3% of our revenue in each period. Notwithstanding the relatively small contribution to our revenue, we continue to offer inbound tours as a mean to maintain business relationship with travel agencies and other travel services providers in Japan.

II. FIT PRODUCTS AND PACKAGES

Building on our brand image, experience and well-established relationship with suppliers, we also sell FIT products and packages, such as flight-only booking and hotel-only booking, which can be purchased by customers individually or as flight-plus-hotel bundled packages. For our FIT packages, we generally bundle the travel elements from airlines, hotels and other suppliers and sell them as packages to customers. With FIT products, our customers enjoy the flexibility, independence and freedom of non-escorted travel. We also sell airline packages which are offered by airlines combining selected hotels with the airlines' own flights.

We believe we have particular strength in our Japan FIT Products because of our direct operation experience and well-established relationship with hotels in Japan. This enables us to include accommodation option from quality hotels, which are often selected by us after our research and site visits, in our FIT products at competitive prices. During the Track Record Period, over 50% of our FIT products are bound for Japan. For the breakdown of our revenue from FIT products by geographical regions during the Track Record Period, please see the section "Financial Information – Description of Selected Statement of Profit or Loss Line Items – Revenue – FIT products".

III. ANCILLARY TRAVEL RELATED PRODUCTS AND SERVICES

Ancillary to our tours and FIT product offering, we also offer comprehensive travel related products and services generally aimed to provide convenience to our customers, which are promoted to them when they enrol for our tours or purchase FIT products. Our ancillary services include provision of transport arrangement services including bookings for train, tour bus and airport express, car rental services in Japan through our arrangement with a car rental service provider, sale of admission tickets, travel insurance services, retail of souvenirs, gifts and snacks onboard our tour buses for inbound tours and travel visa application services.

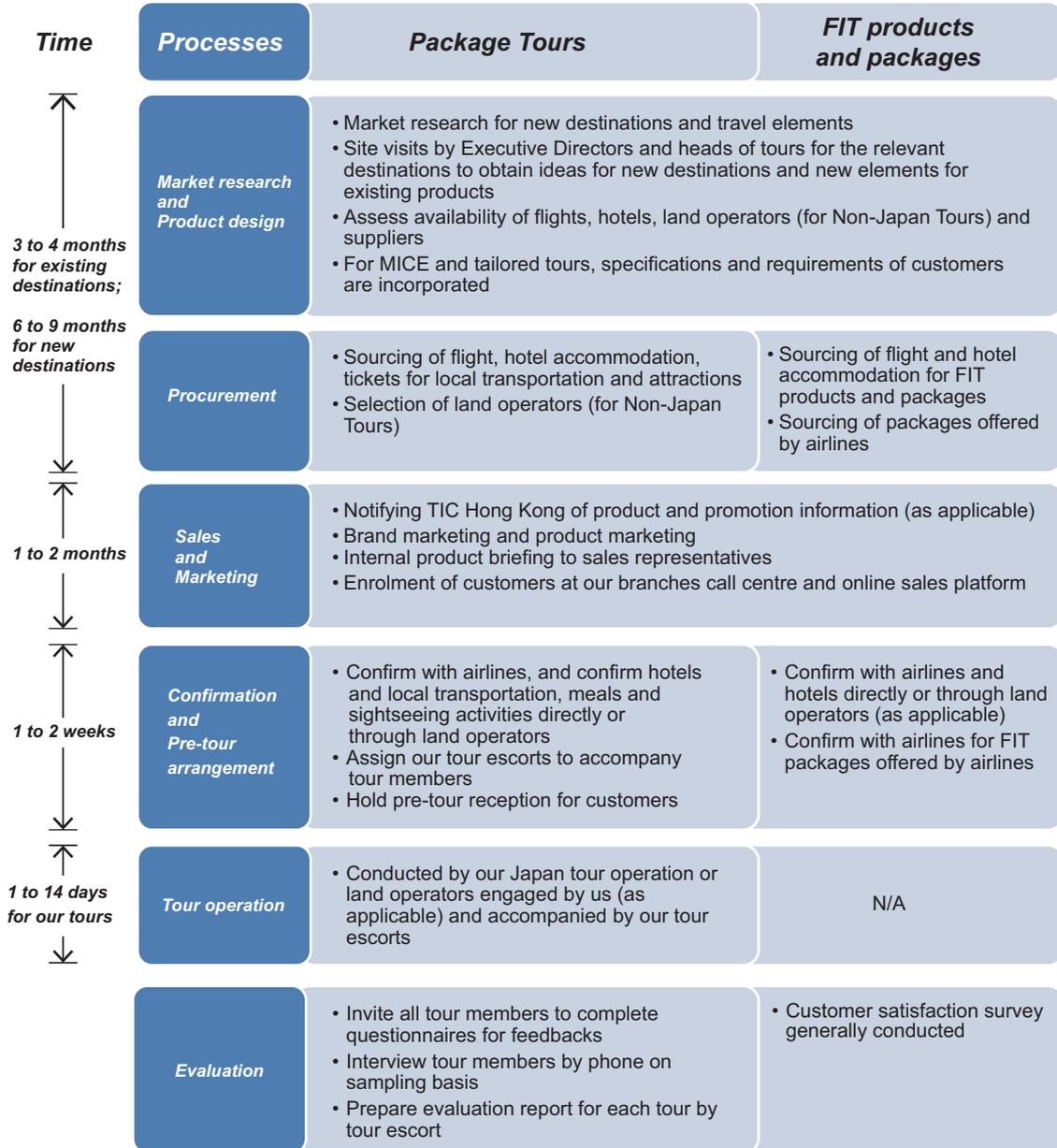
To ensure carefree travel experience, we market to our tour customers tailored insurance programmes "EGL至尊全球旅遊保險 (EGL Global Supreme Travel Insurance)" underwritten by an international insurance company and receive commission from it.

BUSINESS

In addition, during the Track Record Period, for our Japan Tours, our tour escorts sold souvenirs and snacks to tour members, which were sourced from certain suppliers in Japan. We collect the sales proceeds from the tour escorts and provide remittance service to the souvenirs and snack suppliers for handling fees.

OUR OPERATION

The diagram below illustrates the typical operation processes for our tour and FIT product segments.



PRODUCT RESEARCH AND DEVELOPMENT AND TOUR ARRANGEMENT

Market Research and Site Visits

Mr. Yuen, Mr. Huen and Mr. Leung, who are our Executive Directors, and our heads of tours conduct site visits to new and existing tour destinations from time to time to seek for new tour destinations, new tourist attractions and travel elements such as new hotels to include in our tours or FIT products. Our tour escorts also provide valuable inputs in the process. We consider factors including market trend, customers' feedback on our tours and availability of flights, land operators and hotels which meet our standard of quality. We generally aim to introduce new package tours every few months with new destinations, new themes (such as local festivities at the destinations) or new activities. For FIT products, we study the purchase patterns of customers to arrange for hotels and develop FIT packages to accommodate the consumers' changing preference.

Tour Planning and Arrangement

Our outbound tour operations departments liaise with airlines to check for the availability for flight and carry out detailed planning on the selection of accommodation, land operators (for Non-Japan Tours), ground transportation and restaurants, and continues to monitor the availability of air tickets and accommodation.

Our outbound tour operations departments and product development department will prepare the itineraries and attend to the operation details in order to streamline the tour arrangement.

For our MICE tours, our MICE tours department, based on our customers' requirements and preferences in respect of the travel destinations, airlines, hotels, requirement for tour escorts and level of luxury, bundles the desired travel elements into a well planned package.

Pre-tour Operation

Tour booking is confirmed generally around one week prior to the departure date. We require our customers to settle their bills in full once the relevant tours have been confirmed. For Japan Tours, our Japan Tour operations department will arrange and make reservations for accommodation, local transportation, meals and admission to local attractions directly. For Non-Japan Tours, we will liaise with land operators who will be responsible for arrangement and operation of the tours at the destination. Please see the paragraph "Suppliers" below in this section for details.

Tour Operation

For Japan Tours, we directly carry out the tour operation including the arrangements for hotels, local transportation, meals and sightseeing activities. For Non-Japan Tours, such travel elements are typically pre-determined by us and arranged by the local land operators, or entirely determined and arranged by the local land operators directly taking into account our comments and suggestions from our previous site visits.

Tour escorts employed by us will serve and accompany the tour group throughout the tour and are responsible for serving the customers and ensuring satisfactory customer service quality. Our tour escorts do not receive remuneration from our Group or tour participants for their services provided during the tours. Instead, they may receive discretionary gratuity from tour participants on a voluntary basis at the end of the tour. Our Directors confirm that the aforesaid gratuity arrangement with the tour escorts is consistent with the industry practice in Hong Kong. Furthermore, our Directors have been advised by the Japan Legal Advisers that the provision of guide services for our package tours bound for Japan by our tour escorts who receive no remuneration from us, but only discretionary gratuity from tour participants on a voluntary basis at the end of the tour, during the Track Record Period did not violate any relevant laws and regulations in Japan.

BUSINESS

Our tour escorts are provided with up-to-date training necessary to meet our service standard. For instance, our tour escorts for Japan Tours have good understanding in Japanese culture, its customs, and information of scenic spots and tourist attractions. As part of our tour activities, in particular for our Japan Tours and inbound tours, we may arrange for the tour groups to visit souvenir shops operated by Independent Third Parties at the destinations which may be of interests to our customers. We received commissions, generally determined as a percentage of sales proceeds or based on the number of visitors, which in aggregate amounted to HK\$7.0 million, HK\$5.7 million, HK\$3.9 million and HK\$2.1 million for 2011, 2012, 2013 and 1H2014, respectively. Please see the section “Financial Information – Critical Accounting Policies, Estimates and Judgements – Revenue Recognition” for the accounting treatment of such commissions.

SALES

Pricing Policies

For our package tours, we generally determine the price of our tours based on the cost of the travel elements, taking into account prices of similar tours offered by our competitors and market demand. Some of the travel elements are provided by our overseas business partners, and such costs have to be settled in foreign currencies. Therefore, we usually add a margin of 3% to the cost of such travel elements when translating it to HKD at the then prevailing exchange rate in determining the price of our tours, in order to cushion any unfavourable fluctuation in the exchange rate before the next price review is conducted. For our Japan Tours, we generally review our tour price on a weekly basis whilst for our Non-Japan Tours, price review is conducted on a bi-weekly basis. Pricing for a package tour may also vary depending on the actual demand of our customers and enrolment situation close to the date of departure.

The price of a tour has to be notified to and approved by TIC Hong Kong when it is first launched in the market. Nevertheless, customers who have enrolled the tour would not be subject to any subsequent increase in the tour price. On the other hand, if the tour price is reduced subsequent to their enrolment, we would return the price difference to the customers. We believe that this dynamic pricing policy gives us more flexibility and makes our package tours and products more competitive. For MICE and corporate tours, we determine price based on the costs of the relevant travel elements and specific requirements of the customers and a reasonable sales margin, taking into account other marketing considerations including the business relationship and future business potential with the relevant customers.

For our FIT products, our pricing is generally based on a cost-plus basis, taking into consideration factors such as the price of similar products offered by our competitors, as well as market demand for such products.

In relation to our ancillary travel related services such as travel visa application services, we generally charge our customers a service fee in accordance with the recommended service fees set out by the TIC Hong Kong in its directives. For other ancillary travel products, we normally sell them on a cost-plus basis. For the remittance services provided to the souvenirs and snack suppliers in Japan, we charge a fixed percentage or a fixed unit fee depending on the products. We also receive commission for sale of insurance products from insurers.

BUSINESS

Sales Channels

We have established a multi-channel distribution system including our branches, call centres and online sales platform. The following table sets out a breakdown of our revenue by sales channels for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Branches	771,763	61.9	857,037	62.8	1,059,769	64.3	459,711	63.4	482,081	62.4
Call centres and online sales platform	332,784	26.7	361,758	26.5	431,640	26.2	189,280	26.0	206,445	26.7
Others ⁽¹⁾	142,142	11.4	145,810	10.7	155,764	9.5	76,396	10.6	83,874	10.9
	<u>1,246,689</u>	<u>100.0</u>	<u>1,364,605</u>	<u>100.0</u>	<u>1,647,173</u>	<u>100.0</u>	<u>725,387</u>	<u>100.0</u>	<u>772,400</u>	<u>100.0</u>

Note:

- (1) Others include direct sale of MICE products to corporate customers, sale of FIT products to other travel agents, and commission rebate from suppliers.

Branches

As at the Latest Practicable Date, we operated seven branches in Hong Kong located in Mongkok, Causeway Bay, Shatin, Tsuen Wan, Tuen Mun, Tsim Sha Tsui and Yuen Long, and one branch in Macau. Sales representatives in our branches are responsible for the visual merchandising with our tour marketing brochures and promotion of the latest special offers. They also answer enquiries, make reservations, and select suitable tour to cater for the specific needs and preferences of the customers. Computer terminals linked to our centralised booking system enable our sales representatives to check availability of our package tour and make booking.

Call centres and online information and sales platform

Sales representatives at our call centres in Hong Kong and Macau are responsible for serving customers who make enquiries and booking through our hotlines. Our call centres operate in a similar way as our branches and serve as a cost-effective sales channel.

Our official corporate website (www.egltours.com) also serves as a marketing platform to promote our products and provide information to our customers. We regularly update our tour product information and promotional offers on our website. Our website also hosts an array of travel information for popular travel destinations and provides a cost-effective platform for serving potential customers around the clock.

Payment by Customers

We generally require our customers to pay a deposit at the time of enrollment and settle payment in full around one to three weeks prior to the date of departure. The amount of deposit generally ranges from HK\$300 to HK\$6,000 depending on the types of tours and whether it is peak season. We accept payment by cash, electronic payment system or credit cards, as well as payment through online electronic payment systems such as PPS payment, which is a widely accepted phone and online bill payment system in Hong Kong. A cancellation charge, ranging from the amount of the deposit paid to the full cost of the tour, depending on the date of cancellation relative to the departure date, will generally be levied if a customer decides not to proceed with the tour.

BUSINESS

For FIT hotel booking, our customers may be required to pay deposit or full payment of the room rates depending on the practice of different hotel operators, and whether it is peak season. For flight-only booking, we provide instant confirmation of availability to our customers and require our customers to make full payment at the time when the flight seat is confirmed before the ticket is issued.

Seasonality

We experience seasonal fluctuation in our revenue due to the inherent nature of travel industry, whereby sale of package tours, FIT products and ancillary travel products and services will generally be higher during festive holiday periods such as Chinese New Year, Easter, the summer holidays and Christmas, and will generally be lower in other seasons.

Please see the section “Financial Information – Significant Factors Affecting our Results of Operations and Financial Condition – Seasonality” for further information.

MARKETING AND PROMOTION

As we believe in building our brand image through our focus on tour and service quality, we did not incur substantial marketing expenses, and adopt an effective and strategic promotion strategy which seeks to further enhance our brand awareness and interest in our travel products. Our advertising and promotion related expenses were HK\$14.7 million, HK\$13.8 million, HK\$17.8 million and HK\$9.1 million for 2011, 2012, 2013 and 1H2014, respectively.

Our marketing and public relations department is responsible for conducting market research, media planning, formulating marketing strategies and promoting our brand and products through a number of channels:

(i) Media Advertising

We have advertised our brand and products on selected media channels:

- **Television:** We have placed television commercials and sponsored television travel programmes on a major television channel. Television marketing is effective for our brand to reach a large number of consumers in Hong Kong, Macau and China.
- **Newspapers and magazines:** We place advertisements on popular newspapers to provide information about our latest products and offers, and arrange for featured articles on particular theme tours on newspapers and lifestyle and travel magazines.
- **Outdoor display:** We use advertisement on outdoor billboards, signage and advertisement and video shows on public transportation strategically to reach our target customer groups.
- **Online and mobile marketing:** We market and promote our brand and products through our corporate website, banner advertisements and enhancing our website indexing on major search engines, and promotional emails to our existing customers. We have also developed our corporate page on popular social networks such as Facebook, and our own mobile phone application to expand our reach to younger generation.

(ii) Trade fairs, exhibitions and travel seminars

We participate in exhibitions and trade fairs to promote our products to retail and corporate customers and enhance our brand awareness. We often hold travel seminars at our Tsim Sha Tsui branch, especially before the launch of new products or theme tours, to provide useful travel information to our potential customers.

BUSINESS

(iii) Branch display

All of our eight branches provide a spacious environment and adopt a modern style layout. Posters, brochures and leaflets with tour and product information with attractive photographs are displayed in our branches.

(iv) VIP membership system

To encourage customer loyalty, we have established the VIP system for customers who have previously purchased our travel products or services for a period of two years since the date of purchase. We have 340,100 members as at the Latest Practicable Date. The VIP members enjoy benefits such as discounts on certain tour products and services.

(v) Joint promotion with business partners

We have cooperated with a credit card company to launch a credit card with our brand. The relevant credit card members were entitled to the member exclusive privileges, such as payment by instalments for package tours and FIT products, and receiving up-to-date information on our special tours and travel products regularly. We also offer joint promotion discount with other credit card companies for purchase of our tour products with the relevant credit cards.

CORPORATE SOCIAL RESPONSIBILITY

Donations to charitable organisations and cities suffered from natural disasters

For 2011, 2012, 2013 and 1H2014, we donated HK\$10 million, HK\$400,000, HK\$680,000 and nil, respectively to various social services and charitable organisations, educational bodies, and municipal organisations and community funds. In particular, in 2011, after the earthquake and tsunami in Japan in March 2011, we donated to charitable organisations and the government of the prefectures in Japan that were most seriously affected. We expect to continue to make similar donations, up to a maximum of 5% of our profit for the prior year, and fulfil our social responsibility after the Listing. We believe that our continuous corporate efforts demonstrate our awareness of corporate social responsibility and further enhance our corporate image.

QUALITY CONTROL AND CUSTOMER SERVICE

We are committed to delivering high quality products and services to our customers and we believe that our commitment to quality and customer satisfaction has been one of the major factors contributing to our success. We have implemented a series of stringent quality control policies as follows.

Selection and Quality Control on Suppliers

Our Executive Directors, who have over 30 years of experience in the travel industry, and our operations department consider and assess our potential and existing suppliers by their service quality, responsiveness, completeness, reliability and price, following a set of standard supplier management procedures.

Selection of land operators

In selecting land operators, we consider factors such as the track record and relevant experience of the land operators, the travel elements offered, the price and holding of the relevant licences. Moreover, our outbound tour operations departments will conduct site visits and may arrange meetings with the shortlisted land operators. Based on the results of site visits and meetings, together with their respective itinerary proposals, the heads of tours for the relevant destinations will decide on the choice of land operators to be engaged. We usually select more than one land operator for a particular destination as back up.

Quality control of land operators

All the land operators for our Non-Japan Tours are required to strictly follow the agreed itineraries and the execution of the tours in accordance with our required safety standards and code of conduct. We assess the quality of the land operators on a continuous basis. During a tour, our tour escort will monitor the quality of arranged transportation, hotel, restaurant and service of the local tour guide during the tour, and make sure that the itinerary and the standard of the services provided comply with the itinerary and the terms agreed with our customers. If there is any problem, our tour escort will communicate with the land operator or the service provider to resolve the issue.

Selection of hotels

We place strong emphasis on the selection of hotels and consider factors such as their standards, available facilities and location.

Reservation for hotel rooms in destinations other than Japan is usually handled by the relevant land operators subject to our instructions and quality requirements or those specified by our customers for MICE tours or FIT products. For any new hotel suggested by the land operators, we will research on the hotel and may perform site visit to the hotel to assess its quality.

Selection and quality control of other suppliers and service providers

We carefully select other suppliers or service providers, such as local transportation providers and restaurants for our tours, and continuously monitor and obtain customers' feedback on the quality of their products or services.

Customer Satisfaction Survey and Evaluation

At the end of each tour, we invite all tour participants to complete a detailed questionnaire for their feedback on various aspects of the tour and their general satisfaction level. In addition, randomly selected groups of the tour participants are interviewed by phone by our customer service department to provide further evaluation of the tour.

With the questionnaire and the phone interview, we aim to find out the customers' opinions and satisfaction level about various aspects of the tour, including the performance of tour escorts and drivers, attractiveness and arrangement of the itinerary, and the quality of meals, airlines, tour buses and hotels. Feedback from customers is important information for us to assess the performance of our tour escorts. If we note any dissatisfaction or receive any complaint from a particular customer, we will try to conduct a questionnaire with all participants of the relevant tour to follow up on the matter and take disciplinary action if necessary.

We also require our tour escorts to prepare an evaluation report covering all major aspects after the end of each tour, including the quality of the service providers, the itinerary and any special event occurred during the tour. Negative feedback from tour escorts will be followed up by the outbound tour operations departments as soon as practicable.

Customer Service Hotline

We maintain a customer service hotline and a general enquiry service through our website to channel the customer feedback on the quality standards of our products and services to our management.

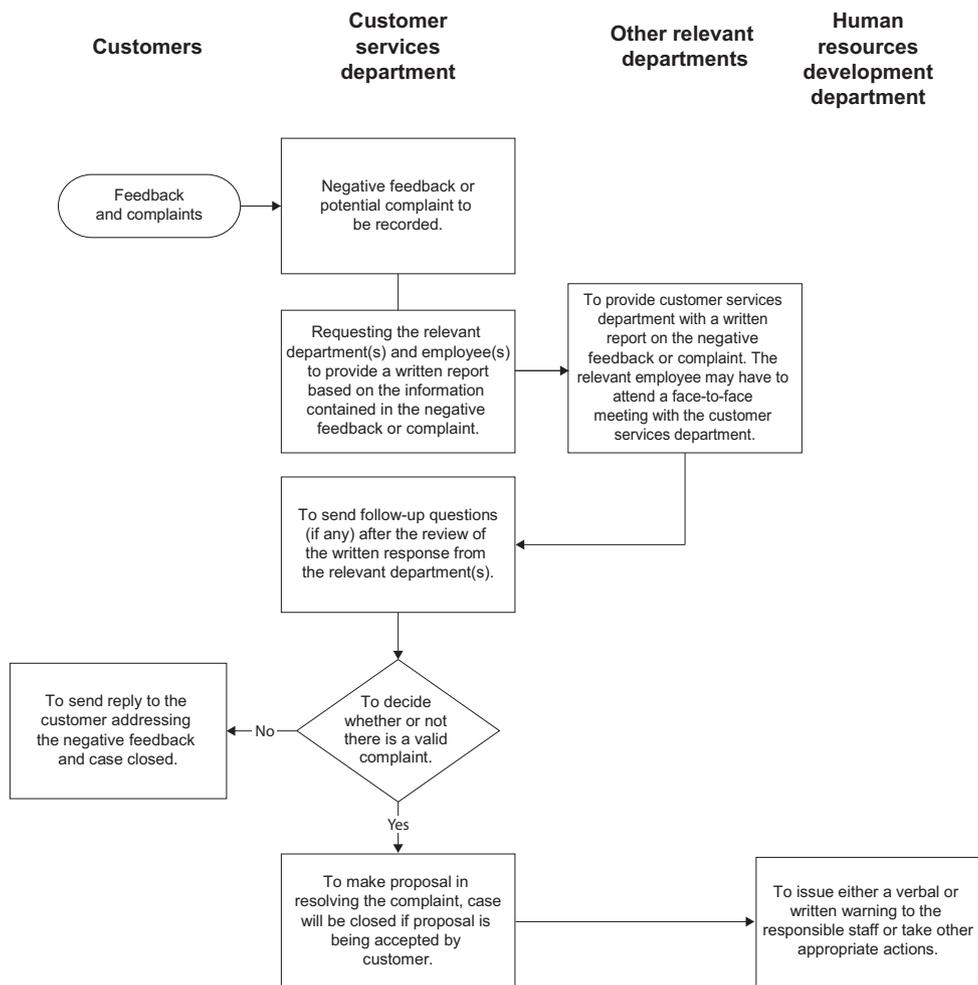
Complaints Handling

We treat customer feedbacks or complaints seriously and view them as a means to consistently improve our service and product quality. In order to evaluate and enhance our products and services, we have comprehensive complaints handling procedures, including a recording system for the complaints which is constantly monitored by our customer services department.

BUSINESS

Our customer services department is primarily responsible for complaints handling. It collects the customer feedbacks or complaints reflected to us generally through our customer service hotline, customer suggestion forms, our online platform and media reports. Under our customer complaint handling policy, the negative feedbacks and complaints will be passed on to the relevant departments for further action where appropriate. If the negative feedbacks and complaints are substantiated, we will take appropriate remedial actions, such as communicating with the relevant customer, providing written explanations, issuing letter of apology or offering monetary settlement payment, subject to the approval by our management. Our customer services department is also responsible for compiling monthly reports summarising new complaints received and/or the progress of existing complaints and submit them to the Executive Directors for review.

The following sets out the process flow of our procedures on handling customer feedbacks and complaints in general:



BUSINESS

Due to the nature of the travel service industry and subjective nature of customers' experience of and satisfaction for the travel products and services provided and our scale of operation, with close to one million customers served by us during the Track Record Period, we occasionally received negative feedbacks in relation to the itinerary of package tours, pricing of products or services, miscommunication or misunderstanding on tour arrangements, services of tour escorts, transportation and hotel accommodation arrangements, as well as matters which do not involve any default or deficiency on our part. Some of these negative feedbacks eventually turned into complaints to regulatory bodies. During the Track Record Period, a total of 655 negative feedbacks were received and the following table sets out a breakdown of these negative feedbacks during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	Total
	2011	2012	2013	2014	
Negative feedbacks made directly to our Group	83	198	166	67	514
Complaints made to our Group then to TIC Hong Kong	8	9	5	2	24
Complaints made directly to TIC Hong Kong	52	23	21	10	106
Complaints made directly to MGTO	–	–	–	1	1
Complaints made directly to the Consumer Council of Hong Kong	2	–	1	2	5
Complaints made directly to the Consumer Council of Macau	2	1	1	1	5
					<u>655</u>

For the 514 negative feedbacks made directly to our Group during the Track Record Period (i) 29 cases have been resolved involving monetary settlement of approximately HK\$80,400 in aggregate; (ii) 325 cases have been resolved by written apology; and (iii) 160 cases were closed as they were determined by our customer services department to be invalid complaints, not involving any default or deficiency on our part after due enquiry.

For the 24 complaints made to us and also to TIC Hong Kong during the Track Record Period (i) nine cases have been resolved involving monetary settlement of approximately HK\$17,700 in aggregate; (ii) eight cases have been resolved by written apology; and (iii) seven cases have been resolved by written explanation as at the Latest Practicable Date.

For the 106 complaints made directly to TIC Hong Kong during the Track Record Period (i) two cases have been resolved involving monetary settlement of approximately HK\$3,400 in aggregate; (ii) 19 cases have been resolved by apology; and (iii) 85 cases have been resolved by written explanation.

The one complaint made directly to MGTO during the Track Record Period has been resolved by written explanation.

The five complaints made directly to the Consumer Council of Hong Kong during the Track Record Period have been resolved by written explanation.

All five complaints made directly to the Consumer Council of Macau during the Track Record Period have been resolved by written explanation.

BUSINESS

Our Directors are of the view that the number and nature of the negative feedbacks we received were insignificant, considering the scale of our operation, with close to one million customers served by us during the Track Record Period. Our Directors believe that complaints are common in the travel service industry, and consider that such complaints were not indicative of wider issue with our products, services or internal control. During the Track Record Period and up to the Latest Practicable Date, we did not experience any complaint from customer that had any material adverse impact on our brand, our business and results of operations.

For those complaints which are found to be valid, we have adopted control measures to prevent re-occurrence of similar incidents in the future. For example, we have instructed our quality control staff to pay more attention to the relevant aspects of the travel elements (e.g. hotel accommodation, transport, meals and land operators) when they perform quality inspection. In cases of serious complaints received against our staff, our human resources development department may issue oral or written warnings to the relevant staff. The assistant general manager of our branch sales department may also reduce the number of outbound tours assigned to under-performing tour escorts where considered appropriate.

SUPPLIERS

During the Track Record Period, our key suppliers were land operators, airlines and hotels. Purchases from our largest supplier, an airline company, accounted for 14.9%, 15.8%, 19.8% and 19.4% of our total cost of sales for 2011, 2012, 2013 and 1H2014, respectively, whilst purchases from our five largest suppliers accounted for 29.8%, 31.2%, 34.9% and 34.9% of our total cost of sales in the respective periods.

All of our five largest suppliers during Track Record Period are parties with whom we have had business relationship for more than seven years. None of our Directors, or their respective close associates or any person who, to the best of our Directors' knowledge, owns more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our five largest suppliers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, there have not been any material non-performance by our suppliers that caused disruptions to our business or materials complaints of the travel products or services provided by our Group.

BUSINESS

The table below summarises our arrangements and principal service terms with our major suppliers.

Suppliers	Land operators	Airlines	Hotel operators
Number during the Track Record Period	Around 81 Generally maintain relationship with more than 1 land operator for most destinations to avoid reliance	Around 57	Around 483
Master service agreement and terms	Standard service agreement, generally with detailed quality and safety standards and operators' obligations: <ul style="list-style-type: none"> • maintain sufficient insurance • handle customer complaints • handle accidents and report to us • indemnify us for loss by their default • not to coerce customers to purchase or accept additional items • not to sub-contract to other operators 	We may purchase individual flight seats, make block reservation or charter flight. Terms of purchase depends on airlines and whether it is peak season	Generally offer us preferential rates based on sales volume compared with rates offered to walk-in customers, and some offer further discounts or rebates to us depending on our relationship with the relevant hotel operators
Length of term/ Termination	Generally one year, subject to renewal and terminable by any default or by one month's notice		
Deposit	Depending on relationship, deposit usually not required for non-peak seasons	Deposit or bank guarantee may be required depending on the airline, especially for peak seasons. Cancellation fee up to full amount payable for unutilised seats, full amount for block purchase and charter flight	Deposit or full payment may be required upon confirmation or one-month in advance for peak season, depending on practice of relevant hotel operators
Payment term	Generally settled within 14 days after receipt of invoices. Some operators maintain open accounts with us or give us certain credit periods	Varies depending on different types of booking and terms offered by the airlines	<ul style="list-style-type: none"> • Tours: Generally settled monthly or after receipt of invoices • FIT products: Generally settled before check-in date
Payment method	Cash, cheques or remittance	Mostly through settlement system operated by IATA, or by cheque	Cash, cheques or remittance

Other Suppliers and Service Providers

We have entered into service agreements with some of the tour bus service providers for provision of tour buses for our Japan Tours. We select tour bus companies based on factors such as standard of tour buses, track record of services and price. We settle payment for tour bus generally on a monthly basis. We have made certain prepayments to one of our tour bus service providers in Japan, which we consider as our long-term business partner, from 2006 to 2010 in an aggregate sum of JPY 138.5 million, in return for reserving seven tour buses displaying our brand logo for the use of our Japan Tours. In 2010, it was agreed that the prepayment balance was to be offset against specified amounts of the monthly tour bus service fees payable by us. As at 30 June 2014, the outstanding balance of the prepayment to the tour bus company was HK\$7.2 million. We believe that the arrangement has enabled us to enhance our relationship with the tour bus company and secure stable provision of quality tour bus services for our Japan Tours, and we do not foresee any difficulty on the part of the tour bus company to fulfill our requirement on tour bus service. Please see the section "Financial Information – Analysis of Certain Combined Statements of Financial Position Items – Prepaid Lease Payments" for further information.

BUSINESS

We also engage GDS service providers to provide us with the access to information on rates and availability of flights, hotel rooms, car rental and cruises. We usually make booking for flights, and occasionally for hotel accommodation through GDS.

CUSTOMERS

We offer our travel products and services mainly to retail customers and we do not rely on any major customers. For 2011, 2012, 2013 and 1H2014, we served 200,188, 185,196, 191,410 and 92,443 customers who joined our package tours, respectively, and 122,214, 132,927, 163,024 and 69,554 customers who purchased our FIT products, respectively. While most of our customers are individuals, we also have corporate customers, which mainly purchase our MICE tours and we also sell some of our package tours and FIT packages to other local and overseas travel agencies, but these did not contribute significantly to our revenue during the Track Record Period.

We do not materially rely on any single customer. For 2011, 2012, 2013 and 1H2014, our five largest customers accounted for less than 5% of our total revenue, while the largest customer accounted for 0.2%, 0.2%, 0.2% and 0.2%, respectively of our total revenue for the same period.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our five largest customers during the Track Record Period.

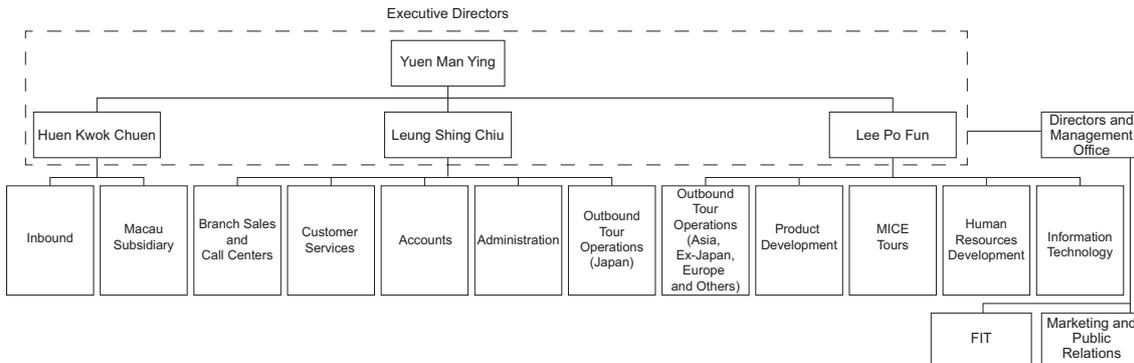
CREDIT CONTROL

Our customers consist mostly of retail and corporate customers. Retail customers are normally not provided with credit terms, whilst certain corporate customers who purchase our tour products are offered credit terms of up to 90 days. Our accounts department reviews the credit terms for each existing and prospective corporate customer. The settlement and credit terms granted to corporate customers are determined with reference to, among other things, (i) the length of the business relationship with us; (ii) the payment history of the customer; and (iii) the financial strength and creditability of the corporate customer. In respect of new customers which are travel agents, we will normally assess their credit worthiness by conducting company searches and site visits to their business premises. We monitor closely our outstanding trade receivables and recorded impairment of HK\$1,000 for trade receivables during the Track Record Period.

BUSINESS

EMPLOYEES

We had a total of 679 employees as at the Latest Practicable Date, of which 614 are in Hong Kong and 65 are in Macau. The following sets forth the organisational chart and a breakdown of the number of our employees by functions:



Number of employees	Number as at the Latest Practicable Date
Directors and management office	15
Tour escorts	205
Inbound	2
Macau office	53
Branch sales and call centres	77
Customer services	7
Accounts	36
Administration	13
Outbound tour operations	76
Product development	9
MICE tours	19
Human resources development	11
Information technology	23
FIT	113
Marketing and public relations	20
Total	679

As at the Latest Practicable Date, we have 205 full-time tour escorts, who are our employees, and 565 freelance tour escorts, who are self-employed persons. They are led and supervised by our Executive Directors and our senior management who generally have over 10 years of relevant experience with our Group. Some of our staff who serve at our branches and call centres have also obtained tour escort licence and serve as our back-up tour escorts who can serve in tours during peak seasons. Our tour escorts, including our freelance tour escorts and back-up tour escorts are all provided with up-to-date training necessary to meet our service standard. Our freelance and back-up tour escorts generally do not enjoy the full range of benefits which are available to our full-time tour escorts.

BUSINESS

Our Directors believe that our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees and operating personnel such as tour escorts, department managers, branch management staff and sales representatives. We pay particular efforts to retain and incentivise our staff by providing them with competitive remuneration and bonus schemes, staff recognition systems, including training programmes in Japan for selected staff, and career path with prospects that are aimed to enhance their morale and loyalty to our Group.

During the Track Record Period, we have not received or experienced material labour disputes with our employees.

Employee Remuneration

Our staff costs include all salaries and benefits payable to all our employees and staff (including our Executive Directors). For 2011, 2012, 2013 and 1H2014, our staff costs represented 8.0%, 8.3%, 8.8% and 8.7% of our total revenue, respectively. The remuneration for our full-time tour escorts includes a basic wage calculated on a daily basis for their work in the Hong Kong or Macau office, and they may also receive bonus based on their performance. They do not receive remuneration from our Group or tour participants for their services provided during the tour. Instead, our full-time and freelance tour escorts receive gratuity paid by tour participants on a discretionary and voluntary basis for the tours that they accompany.

Quality Control on our Tour Escorts

As we believe the service of our tour escorts is one of the most important factors for customer satisfaction on our tours, we place great emphasis on the quality control of our tour escorts, including stringent selection processes for recruiting new tour escorts, in-depth induction and continuing training programmes, periodic internal assessment and evaluation system, and a focus on customer feedbacks in relation to the quality of service of the tour escorts, which are collected from the tour participants in a detailed questionnaire at the end of each tour. Further, in the event we receive any negative feedbacks or complaints against our tour escorts which are found to be valid, our human resources may issue oral or written warnings to the relevant staff or take further appropriate actions.

Recruitment

Recruiting in the travel industry is competitive, especially with respect to recruiting of sales representatives and tour escorts. We operate a talent development scheme to recruit suitable university graduates and provide them training and career opportunities, such as providing a selected number of them a training programme in Japan. We believe we are hiring high-quality employees in the market by offering competitive wages and benefits, focused training and internal promotion opportunities. We have adopted a variety of initiatives to facilitate recruitment of our staff, such as recruitment fairs, advertisement in newspapers, magazines and internet websites. We believe our continuous efforts will help us attract suitable personnel.

Employee Training Programmes

General induction training

We believe our employees are the most valuable resources to achieve our success. To ensure the quality of our employees at all levels, we have an intensive and standardised in-house training programme to train our new joiners, mainly focusing on skills like company introduction and working procedure. The goal of the training programmes is to train our employees and to identify talent, with the aim of providing upward mobility within our Group, fostering employee loyalty and incorporating customised mentoring, coaching and training.

We have established an in-house training programme for frontline staff with a team of experienced staff. Such arrangements allow us to accurately and comprehensively cater for the different training needs of our staff. We have appointed external professionals to train our in-house trainers and deliver regular seminars to our staff.

BUSINESS

Training programmes for customer services and complaint management

We believe that the provision of in-house training is one of the principal ways to improve the customer service quality of our frontline staff and minimise the number of customer complaints. We provide trainings to our frontline staff on client care and complaint handling skills and require all of our staff to understand and follow our standard complaint handling procedures. It is our strategy to have our frontline sales representatives well-trained to provide a one-stop service and follow through the whole sales process.

Training for tour escorts

We provide comprehensive training programme to both of our newly recruited and current tour escorts. As a prerequisite of serving as a tour escort, newly recruited tour escorts have to pass the examination organised by the TIC Hong Kong and obtain the tour escort permit (外遊領隊證). We provide various training courses, including training by Mr. Yuen, Mr. Huen and Mr. Leung directly, on a continuing basis to equip our staff with the knowhow and skills for a tour escort. We will also train them to handle accidents and urgent matters while escorting tours.

Further, we continuously provide up-to-date information and training programmes to our tour escorts in light of the launch of new outbound tours and travel products and services.

Employee Promotion

We have adopted an assessment scheme to systematically review and appraise the skills and knowledge development of our employees. The annual performance appraisal provides an important reference for the department heads to evaluate the performance and potential of our employees. We continuously provide tailored training and career guidance to our current employees in order to identify promising candidates as future managers. We believe that our training programmes also help our staff to achieve internal promotion, which, in turn, seeks to increase employee retention rates.

INFORMATION TECHNOLOGY

We have a well-established information management system to assist our frontline sales representatives in their sales operation as well as to enable our head office to monitor our sales activities on a real-time basis. Our sales representatives are required to input all the sales data into the system as soon as the transaction takes place. All the system users can find out the latest enrollment status as well as the tour space remaining available for sale for each package tour. We also have computerised accounting system to ensure the efficiency and accuracy of accounting procedures.

We subscribe for GDS service, which is widely utilised by established operators in the travel industry. Our access to the GDS enables us to make bookings for air tickets with airline companies on a real time basis, which is particularly important for our FIT product business.

BUSINESS

INSURANCE

Our Insurance Coverage

As at the Latest Practicable Date, we maintained the following major insurance relating to the operation of our business.

<u>Type of Insurance</u>	<u>Coverage</u>	<u>Maximum liability covered</u>
Employees' compensation insurance	Compensation for bodily injuries, disease or death arising out of employment	HK\$200,000,000 for any one accident or disease in Hong Kong; and in accordance with legislation in Macau
Professional indemnity insurance	Loss arising from: <ul style="list-style-type: none">any claim for civil liability in the conduct of business as travel agent and tour operatorany claim for civil liability for services performed by the land operators	Up to HK\$50,000,000 in aggregate
Group business travel insurance	Accidental death and permanent disablement of our staff	Up to HK\$50,000,000 per accident
Public liability insurance	Accidental bodily injuries and property damage to third parties	HK\$20,000,000 per accident for Hong Kong; and MOP10,000,000 per accident for Macau

In addition to the major insurance sets out above, we also maintain public liability insurance covering liability in relation to our premises, property all risk insurance, money insurance and medical insurance for our directors and employees in Hong Kong and Macau. Our Directors consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claims.

Insurance for our Customers

To ensure carefree travel experience, we market to our tour customers tailored insurance programmes "EGL至尊全球旅遊保險 (EGL Global Supreme Travel Insurance)" underwritten by an international insurance company. In particular, we require our customers of our Japan Tours to purchase such travel insurance, which provides benefits including coverage for personal accident of up to HK\$1 million, medical expenses of up to HK\$1 million, personal liability of up to HK\$2.5 million, trip cancellation or curtailment of up to HK\$30,000, and benefits for loss of travel document and personal baggage of up to HK\$15,000.

BUSINESS

Travel Industry Compensation Fund

We were required under the TAO to pay in the form of TICF levy an amount equivalent to 0.15% of each outbound fare received (which has been suspended with effect from July 2009). TICF provides protection to outbound travellers when travel agents default and when they sustain death or injury in accidents during activities provided or organised by travel agents whilst touring abroad in the form of group and package tours.

TICF provides protection to outbound travellers who may claim:

- (a) up to 90% of the outbound fare paid if a licensed travel agent patronised defaults; and
- (b) up to a maximum amount of HK\$300,000 as financial relief in case of death or injury caused by an accident abroad in an activity of an outbound package tour provided or organised by a licensed travel agent under the package tour accident contingency fund scheme, subject to the maximum limit for each item:

Medical expenses incurred in the place of accident outside Hong Kong	up to HK\$100,000
Expenses incurred in the place of accident outside Hong Kong for funeral or return of dead body/ashes to Hong Kong	up to HK\$100,000
Expenses for compassionate visit or handling of residual matters relating to the death by two relatives	up to HK\$100,000 (HK\$25,000 per relative)

INTELLECTUAL PROPERTY

Trademark

As at the Latest Practicable Date, we have registered our material marks in Hong Kong, PRC, Macau and Japan.

For details of our intellectual property rights, please see the section “Statutory and General Information – Further information about our Group – 8. Intellectual property rights of our Group” in Appendix V.

To the best of our Directors’ knowledge and belief, during the Track Record Period, there were no material instance of infringement of intellectual property rights or disputes between our Group, our customers and other third parties in respect of intellectual property rights.

MARKET AND COMPETITION

The travel service industry in Hong Kong is fragmented with the provision of multiple travel products and services through various channels. The top five travel service providers in Hong Kong accounted for almost 50% of the total industry revenue in 2013 largely due to their scale of operation, industry recognition and their abilities to explore new travel options. The total number of licensed travel agents in Hong Kong increased from about 1,493 license holders in 2009 to about 1,698 license holders in 2013 at a CAGR of about 3.3%. The total number of travel agents of Macau was about 207 travel agents in 2013, increasing at a CAGR of about 5.2%. The travel service industry in Macau has been growing rapidly from 2009 to 2013.

BUSINESS

We are a leading travel company in Hong Kong and Macau with 9.3% market share for outbound travel, based on revenue in 2013, according to the Ipsos Report. In particular, we have been the top travel company in the Japan-bound package tour market in Hong Kong with 32.5%, 29.6% and 31.6% market share, based on revenue in 2011, 2012 and 2013, respectively. We have also been the top travel company in the Japan-bound FIT market in Hong Kong with 16.2%, 15.2% and 14.3% market share, based on revenue in 2011, 2012 and 2013, respectively, according to the Ipsos Report.

We compete with other travel companies, some of which are specialised in certain products or destinations or may have longer operating histories, more branches, larger customer bases and/or greater financial, technical, marketing and other resources. We also face competition from hotels and airlines which offer their products and services directly to customers.

The main entry barriers into the travel agent industry in Hong Kong and Macau include establishing a recognisable brand reputation, fulfilling licensing and industry membership requirements and setting up access to various networks and/or system in relation to land operators, air ticketing and hotel room reservation.

Our Directors believe that we are competitively positioned based on our competitive strengths, the details of which are set out under the paragraph “Competitive Strengths” above in this section. Please see the section “Industry Overview” for further information on the travel service industry in Hong Kong and Macau.

IATA ACCREDITATION

IATA is the administrator of the IATA Passenger Agency Programme, a global programme designed to facilitate the secured distribution and sale of air tickets through a network of accredited sales channels. Only IATA accredited agents are allowed to represent the member airlines of IATA to sell international air passenger ticketing. Most of the major airlines are member airlines of IATA.

As at the Latest Practicable Date, there were 324 IATA accredited agents in Hong Kong and 18 IATA accredited agents in Macau. EGL Tours and EGL Macau have been IATA accredited agents since 1991 and 2008, respectively.

An IATA accredited agent is required to satisfy the criteria and qualifications stipulated under the IATA Travel Agent’s Handbook issued by the IATA to maintain the IATA accreditation. These criteria generally require the accredited agent to (i) maintain proper registration and licences to trade and offer travel agency services in its local jurisdiction; (ii) meet the specific financial requirements set by IATA; (iii) employ competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents; (iv) maintain a place of business in accordance with the applicable laws in its local jurisdiction; and (v) undertake to provide sufficient protection for its business in accordance with the relevant provisions in its local jurisdiction.

During the Track Record Period and as at the Latest Practicable Date, we have complied with the criteria and qualification stipulated by IATA and have maintained our IATA accreditation.

BUSINESS

AWARDS

Our commitment to excellence has been recognised by many airlines, hotel chains, land agents and tourism boards, which honoured our Group and Directors with various awards and accolades. The following table sets out a summary of the key awards and accolades received by our Group and Directors over the past few years:

Year	Award	Issuing authority
1998, 1999, 2003, 2004, 2010-2013	Top Agent Award	Cathay Pacific Airways, a Hong Kong airline
2010-2013	Top Agent Award	Dragonair, a Hong Kong airline
2010-2012	Top Agency Award	Asiana Airlines, a South Korean airline
2010, 2012-2013	Best Performance/ Best Retail Agent Award	Hong Kong Airlines/ Hong Kong Express Airways, Hong Kong airlines
2011	Best Travel Agency Hong Kong	TTG, a worldwide travel publication group
2011	Hong Kong Corporate Brand – Potential Hong Kong Enterprise Brand Award (香港驕傲企業品牌 – 潛質香港企業品牌獎)	Mingpao, a newspaper in Hong Kong
2011	The 3rd Executive Tourism Agency Recognition Award (第3屆觀光廳長官表彰獎)	Japan Tourism Agency
2012	Top Service Awards 2012 – Travel Agent (服務第壹大獎2012 – 旅行社)	Next Magazine, a magazine in Hong Kong
2012	Ambassador of Kagoshima	Governor of Kagoshima Prefecture, Japan
2012	Guangdong Travel Partner Award (廣東旅遊貢獻獎)	Tourism Administration of Guangdong Province, China
2012-2013	Newly-wed Couples' Favourite Honeymoon Travel Service (新人至愛蜜月旅遊服務)	ESD Life, a magazine in Hong Kong
2013	Best Travel Agency Service Award	Sing Tao Daily, a newspaper in Hong Kong
2013	Top Service Awards 2013 (服務第壹大獎2013)	Next Magazine, a magazine in Hong Kong
2013	Newly-wed Couples' Favourite Overseas Wedding Service (新人至愛海外婚禮服務)	ESD Life, a magazine in Hong Kong
2013	Prestigious Corporate Brand Award – Hong Kong Conscience Employer Brand (卓越企業品牌選舉 – 香港良心僱主品牌)	Mingpao, a newspaper in Hong Kong
2013	Prestigious Corporate Brand Award – Hong Kong Potential Brand (卓越企業品牌選舉 – 香港潛質品牌)	Mingpao, a newspaper in Hong Kong
2007-2013	Taiwan Tourism Award	Taiwan Tourism Bureau
2012-2013	Plaque of Appreciation	Gyeonggi Tourism Organization, Japan

BUSINESS

Year	Award	Issuing authority
2013	Certificate of Appreciation to Tourism Contribution (旅遊貢獻感謝狀)	Kagoshima Prefecture Visitors Bureau (鹿兒島縣觀光連盟), Japan
2013	Appreciation For Thailand Consumer Fair 2013	Tourism Authority of Thailand (Hong Kong Office)
2013	Certificate of Appreciation to Tourism Contribution (旅遊貢獻感謝狀)	Wakayama Electric Railway Co. Ltd (和歌山電鐵株式會社), Japan
2013	New Okinawa Civil Ambassador	Governor of Okinawa Prefecture, Japan
2013	Tourism Ambassador of Wakayama Prefecture	Governor of Wakayama Prefecture, Japan
2013	Plaque of Appreciation	Korea Tourism Organization
2013	International Tourism Ambassador of Tottori Prefecture	Governor of Tottori Prefecture, Japan
2013	Ambassador of Miyazaki Prefecture	Governor of Miyazaki Prefecture, Japan
2013	Tourism Ambassador of Yamagata Prefecture	Governor of Yamagata Prefecture, Japan
2013	Tourism Ambassador of Kansai region	Union of Kansai Governments Chairman, Japan
2013	International Tourism Ambassador of Tokushima Prefecture	Governor of Tokushima Prefecture, Japan
2013	Tourism Ambassador of Noboribetsu in Hokkaido	Mayor of Noboribetsu in Hokkaido, Japan
2013	2013 Best Retail Agent Award	Hong Kong Airlines
2014	Tourism Ambassador of Ishikawa Prefecture	Governor of Ishikawa Prefecture, Japan

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

Our business is subject to certain applicable Hong Kong and Macau health, work safety, social and environmental laws and regulations. To ensure compliance with the relevant laws and regulations, our administrative and human resources development departments supervise and monitor compliance with statutory regulations and our internal standards in respect of health, work safety, social and environmental matters.

Our Directors are of the view that the annual cost of compliance with applicable Hong Kong and Macau health, work safety, social and environmental laws, regulations and policies was not material during the Track Record Period and the cost of such compliance is not expected to be material going forward.

We have not been subject to any material claim or penalty in relation to health, work safety, social and environmental protection and have not been involved in any accident or fatality and have been in compliance with the applicable Hong Kong and Macau laws and regulations in all material aspects during the Track Record Period.

PROPERTIES

As at the Latest Practicable Date, we had 11 leased properties in Hong Kong (located in Kwun Tong, Tsim Sha Tsui, Mong Kok, Causeway Bay, Shatin, Tsuen Wan, Yuen Long and Tuen Mun) and three leased properties in Macau, for use as our principal place of business, offices, branches and call centres with an aggregate gross floor area of approximately 74,442 square feet.

BUSINESS

For 2011, 2012, 2013 and 1H2014, the total amount of rentals in connection with our leased properties were approximately HK\$18.5 million, HK\$19.3 million, HK\$20.9 million and HK\$11.0 million, respectively.

As at the Latest Practicable Date, our Group did not own any property. The properties leased by our Group are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which require a valuation report with respect to all of our interests in land or buildings.

The table below sets forth the number of the branches which we operated during the Track Record Period, the rental expenses, gross floor area and expiry of the lease agreements for the branches. We opened our Yuen Long branch in 2013 and had not closed any of our branches during the Track Record Period.

Branch	Approximate gross floor area (sq.ft.)	Expiry of current lease agreement	Rental expenses (HK\$ million)			For the six months ended 2014	Monthly rental expense per sq.ft. ⁽⁶⁾ (HK\$/sq.ft.)
			For the year ended 31 December				
			2011	2012	2013		
Mongkok	2,345	31 March 2017	1.6	1.8	1.8	1.0	70.9
Causeway Bay ⁽¹⁾	2,695	30 November 2014 ⁽¹⁾	1.7	1.8	1.9	0.9	58.6
Shatin	1,586	15 August 2016	0.9	0.9	1.0	0.5	55.0
Tsuen Wan ⁽²⁾	1,430	31 July 2015	0.7	0.8	0.8	0.4	46.9
Tuen Mun	1,089	6 April 2017	1.5	1.5	1.7	0.9	141.9
Tsim Sha Tsui ⁽³⁾	6,366	31 October 2017	0.7	0.7	1.1	0.7	18.2
Yuen Long ⁽⁴⁾	748	14 October 2016	–	–	0.1	0.4	78.2
Macau ⁽⁵⁾	1,159	31 October 2017	0.5	0.6	0.6	0.4	52.6
Total	17,418		7.6	8.1	9.0	5.2	49.9

Notes:

- (1) The lease for our Causeway Bay branch is expected to be renewed to 30 November 2017, subject to the signing of the renewal agreement.
- (2) Our branch in Tsuen Wan was moved to the current location from another location in September 2011.
- (3) Our branch in Tsim Sha Tsui was moved to the current location from another location in April 2013. The premises is leased from Great Port, a connected person of our Company, as set out in the section “Continuing Connected Transactions – Non-exempt Continuing Connected Transactions Subject to the Announcement Requirement – Property lease agreements – Chevalier House Lease Agreement”.
- (4) Our branch in Yuen Long was opened in November 2013.
- (5) Our branch in Macau is located on the premises leased from Great Port, a connected person of our Company, as set out in the section “Continuing Connected Transactions – Non-exempt Continuing Connected Transactions Subject to the Announcement Requirement – Property lease agreements – China Plaza Lease Agreements”.
- (6) The monthly rental expense per square feet represents the average monthly rental expense for 1H2014.

BUSINESS

LEGAL COMPLIANCE AND PROCEEDINGS

Licences and Permits

For the material licences and permits we hold for carrying out of our business and operations in Hong Kong and Macau, please see the section “Laws and Regulations”. Our Directors confirm that as at the Latest Practicable Date, to the best of their knowledge and belief, we have obtained all necessary approvals, permits, licences, approvals and certificates that are material to our business operations from the relevant government authorities.

Our management reviews our business practices regularly to ensure our compliance with all licencing requirements and the successful annual renewal of our licences. To the best knowledge and belief of our Directors, our Directors do not foresee any major legal impediment for our continual renewal of the above licences.

Non-compliance incidents

During the Track Record Period and as at the Latest Practicable Date, we have not been involved in any material non-compliance matters which resulted in a material impact on our business operation, financial condition or reputation.

Legal Proceedings

During the Track Record Period and as at the Latest Practicable Date, there were no litigation or arbitration proceedings of material importance pending or threatened against our Group or any of our Directors.

INTERNAL CONTROL

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining internal control systems. Such systems cover corporate governance, operations, management, legal matters, finance and auditing, as appropriate for the needs of our Group. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. However, while our system of rules, policies and procedures are in place, we cannot guarantee that they are duly implemented as devised, and our employees will not, in their personal capacity, act in such a way that contravenes our internal control procedures. We have engaged an internal control consultant to conduct a review of our internal control systems and have implemented the relevant suggestions proposed by our internal control consultant. As our business continues to expand, we will refine and enhance our internal control systems to respond to the evolving requirements of our expanded operations as appropriate. We will continue to review our internal control systems to ensure compliance with Hong Kong and Macau regulatory requirements.

Foreign Exchange Risk Management

Currency mismatch between our revenue and costs of sales

Our revenue is principally received in Hong Kong dollar and MOP, while the costs for some of the travel elements, such as hotels and land operators, are settled in foreign currencies including JPY, EUR, AUD, RMB and SGD. In 2013, approximately 26.6%, 3.4%, 1.8%, 2.0% and 1.6% of our costs of sales was denominated in JPY, EUR, AUD, RMB and SGD, respectively. If the foreign currency appreciates against Hong Kong dollar, the cost of our tour products would also become higher and vice versa. Therefore, it is important that our pricing policy takes into account of the fluctuations in foreign exchange rates and that we have foreign exchange risk management procedures to control such risk as well.

BUSINESS

For Japan Tours, we, being a leading player in this market segment, generally review our price on a weekly basis to ensure our pricing is competitive, whilst for Non-Japan Tours, price review is conducted on a bi-weekly basis. In determining the price of our tour products, we add a margin of approximately 3% to the cost of those travel elements denominated in foreign currency when translating them to HKD, in order to cushion any unfavourable fluctuation in exchange rate before the next price review is conducted.

However, in the past, we did not have any defined foreign exchange risk management guidelines as to the timing and amount of foreign currencies to be purchased for settling such related payables/accruals. During the Track Record Period, we often carried more cash balance in foreign currencies, particularly JPY, than what was required to settle impending payables and accruals. As a result, when JPY depreciated from around HKD1:JPY10.1 in September, 2012 to HKD1:JPY13.2 in May 2013, we recorded a net foreign exchange loss of approximately HK\$9.4 million in 2013, a majority of which was attributable to the translational loss arising out of the excessive cash balance held in JPY during the year. For further details about our foreign exchange gains/losses, please see the section "Financial Information – Description of Selected Statement of Profit or Loss Line Items – Other Income and Gains/(Losses), Net".

Our foreign exchange risk management procedures

With effective from 1 August 2014, we have implemented the following foreign exchange risk management procedures aiming to control our foreign exchange risk. Such procedures enable us to determine the appropriate amount of foreign exchange to procure in order to fully cover our foreign exchange exposure arising out of our estimated sales amount for the coming one week in respect of Japan Tours, and for the coming two weeks in respect of Non-Japan Tours. These procedures would prevent the occurrence of carrying excessive cash balance in foreign currencies as mentioned above, as the amount of foreign currency to be purchased is limited to the corresponding costs of travel elements based on estimated sales amount for a defined period of not more than two weeks. We have also incorporated a "Looking-back Process" (as detailed below) in the procedures to adjust the appropriate amount of foreign exchange to be procured in case of any error made in our prior estimation of sales amount.

Our foreign exchange risk management procedures involve the following steps:

1. Heads of outbound tour operations department submit to the accounts department on a weekly/bi-weekly basis:
 - (i) • for Japan Tours, the **estimated** fully-paid enrollment data (sales amount) for the coming one week;
 - for Non-Japan Tours, the **estimated** fully-paid enrollment data (sales amount) for the coming two weeks;
 - (ii) • for Japan Tours, the **actual** fully-paid enrollment data (sales amount) for the previous week;
 - for Non-Japan Tours, the **actual** fully-paid enrollment data (sales amount) for the previous two week period; and
 - (iii) the corresponding estimated costs of travel elements which are denominated in foreign currencies for the enrollment data as stated in (i) and (ii).

BUSINESS

2. Our financial controller reviews the reasonableness of information sets out in (1) above, and decides the amount of relevant foreign exchange currencies to be purchased for the coming week/two week period after ascertaining if an adjustment is required to be made on the proposed purchase amount by comparing the estimated fully-paid enrollment data previously provided with the actual fully-paid enrollment data for the same period (“**Looking-back Process**”).
3. After the final purchase amount is determined, our financial controller will present a purchase request with all the necessary supporting documents for review and execution by our designated Executive Director on the same day.
4. Our accounts department will then check the foreign exchange trade confirmation provided by the bank to the purchase request as mentioned above and highlight any irregularities for the attention of our Board.
5. Our financial controller will prepare a report on the implementation of our foreign currency risk management procedures on a quarterly basis summarising (i) the accuracy of the estimated enrollment data and corresponding costs of travel elements provided by heads of outbound tour operations department; and (ii) the reasons giving rise to the foreign exchange gain/loss recorded for the quarter, which will be submitted to our Executive Directors and Risk Management Committee for review and monitoring purpose.
6. The Risk Management Committee will be established by our Board prior to the Listing, and will be chaired by Mr. Chan Kim Fai, Ivan, our Independent Non-executive Director, and comprise our Independent Non-executive Directors, namely Mr. Tang Koon Hung, Eric and Ms. Wong Lai Ming, as well as our Executive Director, Mr. Leung.
7. The Risk Management Committee will also be responsible for providing recommendations to improve our foreign exchange risk management, when appropriate.

The objective of our foreign exchange risk management procedures is to fully cover the foreign exchange exposure in connection with those costs of travel elements denominated in foreign currencies to be incurred for a defined period of not more than two weeks. The procedures do not allow us to exercise any judgment over the future direction of foreign exchange fluctuation. They are strict procedural steps for our operational staff to follow. Therefore, we consider the members of our Risk Management Committee, who are qualified professional accountants and lawyer, should possess the necessary attributes to determine if the risk management procedures are strictly adhered to.

Management of surplus cash in RMB

During the Track Record Period, we have maintained certain level of surplus cash in RMB in excess of our cash requirement for operating and working capital purposes. As at 31 December 2011, 2012 and 2013 and 30 June 2014, we had cash and cash equivalents in RMB amounting to HK\$17.1 million, HK\$42.5 million, HK\$32.6 million and HK\$35.9 million, respectively. We decided to put our surplus cash in RMB because we consider that (i) RMB has a relatively stable foreign exchange rate against HKD, as it is generally allowed to float within a narrow band on a daily basis; (ii) RMB deposit pays a higher interest than other major currencies; and (iii) the land operator fees for our tour products bound for the PRC are settled in RMB. We usually settle with the PRC land operators by remittance within two weeks after receipt of their monthly statements. As the remittance is related to transactions of a trading nature, our Directors have been advised by the PRC lawyers that no specific limit on the remittance amount is applied.

Nevertheless, as part of internal control measures over surplus cash in foreign currency, we limit the amount of our RMB deposit to not more than 20% of our aggregate surplus cash balance from time to time. Our Executive Directors are responsible for monitoring our surplus cash level and our RMB deposits balance in accordance with the internal control measures above. Furthermore, the Risk Management Committee will be responsible for reviewing our surplus cash management on a quarterly basis, and providing recommendation to improve our surplus cash management as appropriate.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Overview

Immediately following completion of the Capitalisation Issue and Global Offering (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), Evergloss will hold 75% of our issued Shares. Accordingly, Evergloss is one of our Controlling Shareholders. As at the Latest Practicable Date, Evergloss is legally held by the Existing Shareholders in that Likang, Kwok Lai, Mr. Leung and Ms. Lee in aggregate held approximately 60.63% interest in Evergloss while the remaining interest of approximately 39.37% are held by Yohki Ryokoh (as to approximately 26.24%), Mr. Lam Wai Man (as to approximately 4.98%), Mr. Lui Lok Pun (as to approximately 4.98%) and Mr. Chong Cheung Po (as to approximately 3.17%). The principal business of Evergloss is investment holdings.

In addition to Evergloss, for the purpose of this prospectus and as at Listing Date, Likang, Kwok Lai, Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee are our Controlling Shareholders.

Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee, our Executive Directors, were the core management of the Group during the Track Record Period and will continue to be so upon Listing. Prior to the Reorganisation, Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee in aggregate owned approximately 60.63% interest in EGL Tours and EGL Japan, our then holding companies prior to the Reorganisation. As confirmed by the Common Control Confirmation, EGL Tours and EGL Japan were under common control of Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee, our Executive Directors. They had in the past managed and controlled EGL Tours and EGL Japan on a collective basis and made collective decisions in respect of their financial, operating and strategic policies at all material times during the Track Record Period.

As at the Latest Practicable Date, Likang, Mr. Huen (through Kwok Lai), Mr. Leung and Ms. Lee, together interested in approximately 60.63% of the aggregate nominal amount of the Shares in issue of Evergloss. Mr. Yuen, our Chairman and an Executive Director, is the settlor and the protector of Yuen Family Trust, the trust assets of which comprise a 100% beneficial interest in Likang, which in turn held approximately 26.69% interest in Evergloss. Ms. Lee, a Controlling Shareholder and an Executive Director, is one of the discretionary objects of the Yuen Family Trust and she directly held approximately 0.91% interest in Evergloss. Mr. Huen, a Controlling Shareholder and an Executive Director, is the legal and beneficial owner of Kwok Lai, which in turn held approximately 23.08% interest in Evergloss. Mr. Leung, a Controlling Shareholder and an Executive Director, held approximately 9.95% interest in Evergloss.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we are capable of carrying on our business independently from and do not place undue reliance on our Controlling Shareholders taking into consideration the following factors:

(i) Management independence

Upon Listing, certain Directors will continue to hold directorships and roles in Evergloss as set out below:

Name of Director	Company	Evergloss
Mr. Yuen	Chairman, Executive Director	Director
Mr. Huen	Executive Director	Director
Mr. Leung	Executive Director	Director
Ms. Lee	Executive Director	Director

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Company and Evergloss has a Board of Directors that function independently of each other. Evergloss is an investment holding company with no business activities.

Our Board comprises four Executive Directors and three Independent Non-executive Directors (“INEDs”). Mr. Yuen, Ms. Lee, Mr. Huen and Mr. Leung are our Executive Directors and Mr. Yuen is the Chairman of our Board.

The Directors believe that the Group will be able to operate independently of its Controlling Shareholders despite the overlapping directorship for the following reasons:

- (i) the Board of Directors will comprise seven members, three of whom will have no ongoing roles with, and are therefore independent from Evergloss. Accordingly, the Directors believe that the INED can exercise independent judgment free from any conflict of interest;
- (ii) with three INED out of a Board size of seven, the Directors believe that there is a strong element on the Board of Directors which can effectively exercise independent judgment in order to address any situations of conflict of interest and to protect the interests of the independent Shareholders;
- (iii) each of our Directors is aware of his or her fiduciary duties as a Director of our Company which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders after the Global Offering.

(ii) Independence of business operations

We have established our own organisation structure comprised of individual departments, each with specific areas of responsibilities. We have also established internal control procedures to facilitate the effective and efficient operation of our business. We have independent access to our customers and suppliers who are Independent Third Parties, and had not entered into any connected transactions with our connected persons save for the continuing connected transactions that will continue upon Listing as are set out in the section “Continuing Connected Transactions”.

As at the Latest Practicable Date, our Group has 14 leased properties in Hong Kong and Macau for use as our principal place of business, offices, branches and call centres, all of which were rented premises. Only certain premises were leased from Great Port, an associate of our Executive Directors. Our Group will continue to lease the premises from Great Port. Tenancy agreements with Great Port were entered into after arm’s length negotiations on normal commercial terms, the details of which are set out in the section “Continuing Connected Transactions”.

Our Directors are of the view that, considering alternative premises are available if necessary, our Group is not operationally dependent on the lease of the relevant premises from an associate of our Executive Directors and the Group’s business will be operationally independent of the Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(iii) Financial independence

Our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders. We historically have had, and will following completion of the Global Offering, continue to have our own financial and accounting systems. Our own accounts department is capable of discharging the treasury functions for cash receipts and payments, accounting, reporting and internal control independently of our Controlling Shareholders and its close associates.

Except for rental deposit paid to Great Port under the tenancy agreements entered into between the Group and Great Port, all loans, advances and balances due to or from and guarantee provided by our connected persons or their respective associates have been fully settled before the Listing. Our Group is capable of obtaining financing from external sources without reliance on our connected persons or their respective associates.

Therefore, our Directors are of the view that there is no financial dependence on the Controlling Shareholders.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has confirmed that none of them is interested in any business (other than our Group) which is or is likely to be directly or indirectly, in competition with our business, which would require disclosure under Rule 8.10(1) of the Listing Rules.

In preparation for the Listing, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company, pursuant to which it has severally undertaken, subject to the exceptions mentioned below, that he/she/it:

- (i) shall not, except through any member of our Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on by any member of our Group from time to time ("**Restricted Business**"); and
- (ii) when he/she/it and/or any of his/her/its close associates are offered or become aware of any new business opportunity directly or indirectly to engage or become interested in a Restricted Business, it (i) shall promptly notify our Company in writing, refer such business opportunity to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed assessment and to evaluate the merit of such business opportunity; and (ii) shall not, and procure that his/her/its close associates shall not, invest or participate in any such business opportunity unless such business opportunity shall have been rejected by our Company and the principal terms of which he/she/it and/or his/her/its close associates invest or participate are no more favourable than those made available to our Company.

The aforesaid undertakings do not apply to the holding of or interests in shares or other securities by the Controlling Shareholders and/or their respective close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a stock exchange and either:

- (i) (in the case of a corporate Controlling Shareholder) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant Controlling Shareholder's consolidated turnover or consolidated assets, as shown in that Controlling Shareholder's latest audited accounts; or

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) the total number of the shares held by the relevant Controlling Shareholder and his/her/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of that company, provided that such Controlling Shareholder and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of directors of that company.

The Deed of Non-Competition and the rights and obligations thereunder are subject to and conditional upon the Global Offering becoming unconditional.

The obligations of a particular Controlling Shareholder under the Deed of Non-Competition will remain in effect until:

- (i) the date on which the Shares cease to be listed on the Stock Exchange; or
- (ii) the date on which such Controlling Shareholder and his/her/its close associates cease to be a controlling shareholder of the Company;

whichever occurs first.

CORPORATE GOVERNANCE MEASURES

Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has severally undertaken:

- (i) to provide our Company (including the INEDs) with all information necessary for their annual review and the enforcement of all undertakings, representations and warranties contained in the Deed of Non-Competition;
- (ii) to make an annual declaration of compliance with such undertakings, representations and warranties for disclosure in our Company's annual reports; and
- (iii) to abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests.

In this connection, we will adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

- (i) our INEDs shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders;
- (ii) we will disclose in the corporate governance report of our annual report whether the terms of the Deed of Non-Competition have been complied with and enforced;
- (iii) that Controlling Shareholder will excuse himself/herself/itself from the Board meetings of our Company and abstain from voting on any Board resolutions in relation to any proposal in which that Controlling Shareholder(s) would have conflicting interests to those of the other Shareholders. In such case, the other Executive Directors and the INEDs, with the assistance of our senior management, will be responsible for making decisions for the Board. If necessary, our Company will engage external professionals such as auditors, valuers and other advisers to give advice;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iv) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the INEDs and shall not be present during the discussion of the relevant resolution in which the conflict of interest may arise and shall abstain from voting on such proposed resolution;
- (v) our Company will engage Shenyin Wanguo Capital (H.K.) Limited as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations;
- (vi) the INEDs may engage an independent professional advisers in appropriate circumstances at the Company's costs; and
- (vii) our Directors are obliged under the Articles of Association to declare to the Board any potential conflict of interest with our Group at Board meetings. It is provided in the Articles of Association that a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested. The Board (including the INEDs) will monitor the potential conflict of interest of Directors and our Directors have to submit confirmations to the Board disclosing details of any interests in competing businesses in any interim or annual reports to be issued by our Company.

The declaration and disclosure regarding compliance with and enforcement of the Deed of Non-Competition shall be consistent with the principles of making voluntary disclosures in the Corporate Governance Report of our Company to be issued in accordance with Appendix 14 to the Listing Rules.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between each of the Controlling Shareholders and its associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Upon the Listing, we will continue to have certain transactions that constitute continuing connected transactions of our Company as defined by the Listing Rules. Set out below is a summary of these transactions and the waiver we have applied for and have been granted by the Stock Exchange.

Connected Person	Transaction type	Applicable Listing Rule	Waiver applied for and granted
Great Port an associate of our Executive Directors	Property leases	Rule 14A.76(2)	Waiver from announcement requirement

Great Port is a majority-controlled company owned by Mr. Yuen as to approximately 26.69%, Ms. Lee as to approximately 0.91%, Mr. Huen as to approximately 23.08%, Mr. Leung as to approximately 9.95%, being our Executive Directors and the remaining interests are owned by Yohki Ryokoh as to approximately 23.08%, Mr. Lam Wai Man as to approximately 4.98%, Mr. Lui Lok Pun as to approximately 4.98% and Mr. Chong Cheung Po as to approximately 3.17%, who are directors of our subsidiary, EGL Tours. Our Executive Directors together controlled approximately 60.63% voting power of Great Port, and therefore Great Port is an associate of our Executive Directors under the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE ANNOUNCEMENT REQUIREMENT

Property lease agreements

EGL Tower Lease Agreement

Background

During the Track Record Period, Great Port leased (i) the premises of a total gross floor area of approximately 44,616 sq.ft. located at Units A&C on 10/F, whole floors of 12/F, 15/F & 16/F (except Unit A, 16/F), (ii) the premises located at car park nos. P15, P18 to P23 on 2/F, and (iii) signage at external wall of EGL Tower, 83 Hung To Road, Kowloon, Hong Kong (the “**EGL Tower Premises 1**”) to EGL Tours, an indirectly wholly-owned subsidiary of our Company, for using as its head office, car park spaces and for rental of signage at external wall for advertising. The reason for choosing the EGL Tower Premises 1 was its prime location suitable to conduct business of our kind. The historical annual rental was determined by the parties through arm’s length negotiations with reference to (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

Future services

Our Company entered into a new lease agreement with Great Port on 13 November 2014 (the “**EGL Tower Lease Agreement**”), pursuant to which EGL Tours agreed to lease from Great Port the EGL Tower Premises 1 at a monthly rental of HK\$866,604 (excluding rates, government rent, management charges and other outgoings). The term of the lease granted under the EGL Tower Lease Agreement is valid from 1 November 2014 to 31 October 2017. The rental was determined based on arm’s length negotiations between Great Port and our Group and is fair and reasonable, on normal commercial terms and comparable to and are on terms no less favorable than the prevailing market rate as confirmed by an independent property valuer engaged by our Group.

Should there be any renewal of the term of the EGL Tower Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The aggregate amounts of rental charged from Great Port to our Group for each of the three financial years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 were HK\$8,496,480, HK\$8,496,480, HK\$10,007,440 and HK\$5,072,400, respectively. Our Group has engaged an independent property valuer who has confirmed that the historical amounts concerning the EGL Tower Premises 1 (i) are fair and reasonable to us; (ii) reflect the then prevailing market conditions and (iii) on normal commercial terms and are on terms no less favorable than the terms offered by an independent third party.

Annual cap on future transaction amounts

The maximum amount of rentals payable to Great Port by our Group under the EGL Tower Lease Agreement for each of the three years ending 31 December 2015, 2016 and 2017 shall not exceed the caps set out below:

	Proposed annual cap		
2015	2016	2017	
	(HK\$)		
<u>10,400,000</u>	<u>10,400,000</u>	<u>10,400,000</u>	

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

EGL Tower Lease 10B Agreement

Background

During the Track Record Period, Great Port leased the premises of a total gross floor area of approximately 2,300 sq.ft. located at Unit B, 10/F, EGL Tower, 83 Hung To Road, Kowloon, Hong Kong (the “**EGL Tower Premises 2**”) to EGL Tours, an indirectly wholly-owned subsidiary of our Company, for use as its head office. The reason for choosing the EGL Tower Premises 2 was its prime location suitable to conduct business of our kind. The historical annual rental was determined by the parties through arm’s length negotiations with reference to (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

Future services

Our Company entered into a new lease agreement with Great Port on 13 November 2014 (the “**EGL Tower 10B Lease Agreement**”), pursuant to which EGL Tours agreed to lease from Great Port the EGL Tower Premises 2 at a monthly rental of HK\$43,700 (excluding rates, government rent, management charges and other outgoings). The term of the lease granted under the EGL Tower 10B Lease Agreement is valid from 1 November 2014 to 31 October 2017. The rental was determined based on arm’s length negotiations between Great Port and our Group and is fair and reasonable, on normal commercial terms and comparable to the prevailing market rate and are no less favorable than the terms offered by an independent third party as confirmed by an independent property valuer engaged by our Group.

Should there be any renewal of the term of the EGL Tower 10B Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The aggregate amounts of rental charged from Great Port to our Group for each of the three financial years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 were HK\$414,000, HK\$414,000, HK\$489,900 and HK\$248,400, respectively. Our Group has engaged an independent property valuer who has confirmed that the historical amounts concerning the EGL Tower Premises 2 (i) are fair and reasonable to us; (ii) reflect the then prevailing market conditions and (iii) on normal commercial terms and are on terms no less favorable than the terms offered by an independent third party.

Annual cap on future transaction amounts

The maximum amount of rentals payable to Great Port by our Group under the EGL Tower 10B Lease Agreement for each of the three years ending 31 December 2015, 2016 and 2017 shall not exceed the caps set out below:

	Proposed annual cap		
2015	2016	2017	
	(HK\$)		
<u>530,000</u>	<u>530,000</u>	<u>530,000</u>	

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

EGL Tower Lease 16A Agreement

Background

During the Track Record Period, Great Port leased the premises of a total gross floor area of approximately 1,200 sq.ft. located at Unit A, 16/F, EGL Tower, 83 Hung To Road, Kowloon, Hong Kong (the “**EGL Tower Premises 3**”) to i-Evertravel, an indirectly wholly-owned subsidiary of our Company, for use as its head office. The reason for choosing the EGL Tower Premises 3 was its prime location suitable to conduct business of our kind. The historical annual rental was determined by the parties through arm’s length negotiations with reference to (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

Future services

Our Company entered into a new lease agreement with Great Port on 13 November 2014 (the “**EGL Tower 16A Lease Agreement**”), pursuant to which i-Evertravel agreed to lease from Great Port the EGL Tower Premises 3 at a monthly rental of HK\$22,800 (excluding rates, government rent, management charges and other outgoings). The term of the lease granted under the EGL Tower 16A Lease Agreement is valid from 1 November 2014 to 31 October 2017. The rental was determined based on arm’s length negotiations between Great Port and our Group and is fair and reasonable, on normal commercial terms and comparable to the prevailing market rate and are no less favorable than the terms offered by an Independent Third Party as confirmed by an independent property valuer engaged by our Group.

Should there be any renewal of the term of the EGL Tower 16A Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The aggregate amounts of rental charged from Great Port to our Group for each of the three financial years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 were HK\$Nil, HK\$Nil, HK\$172,800 and HK\$129,600, respectively. Our Group has engaged an independent property valuer who has confirmed that the historical amounts concerning the EGL Tower Premises 3 (i) are fair and reasonable to us; (ii) reflect the then prevailing market conditions and (iii) on normal commercial terms and are on terms no less favorable than the terms offered by an Independent Third Party.

Annual cap on future transaction amounts

The maximum amount of rentals payable to Great Port by our Group under the EGL Tower 16A Lease Agreement for each of the three years ending 31 December 2015, 2016 and 2017 shall not exceed the caps set out below:

	Proposed annual cap		
2015	2016	2017	
	(HK\$)		
<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

Chevalier House Lease Agreement

Background

During the Track Record Period, Great Port leased the premises of a total gross floor area of approximately 6,366 sq.ft. located at Units No 1, 2, 3, 4, 5, 6, 5/F of Chevalier House, 45-51 Chatham Road South, Kowloon, Hong Kong (the “**Chevalier House Premises**”) to EGL Tours, an indirectly wholly-owned subsidiary of our Company, for use as a tea party room and the branch office. The reason for choosing the Chevalier House was its prime location suitable to conduct business of our kind. The historical annual rental was determined by the parties through arm’s length negotiations with reference to (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

Future services

Our Company entered into a new lease agreement with Great Port on 13 November 2014 (the “**Chevalier House Lease Agreement**”), pursuant to which EGL Tours agreed to lease from Great Port the Chevalier House Premises at a monthly rental of HK\$159,150 (excluding rates, government rent, management charges and other outgoings). The term of the lease granted under the Chevalier House Lease Agreement is valid from 1 November 2014 to 31 October 2017. The rental was determined based on arm’s length negotiations between Great Port and our Group and is fair and reasonable, on normal commercial terms and comparable to the prevailing market rate and are on terms no less favorable than the terms offered by an Independent Third Party as confirmed by an independent property valuer engaged by our Group.

Should there be any renewal of the term of the Chevalier House Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The aggregate amounts of rental charged from Great Port to our Group for each of the three financial years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 were HK\$830,707, HK\$1,128,000, HK\$1,301,600 and HK\$694,200, respectively. Our Group has engaged an independent property valuer who has confirmed that the historical amounts concerning the Chevalier House Premises (i) are fair and reasonable to us; (ii) reflect the then prevailing market conditions; (iii) on normal commercial terms and (iv) are on terms no less favorable than the terms offered by an Independent Third Party.

Annual cap on future transaction amounts

The maximum amount of rentals payable to Great Port by our Group under the Chevalier House Lease Agreement for each of the three years ending 31 December 2015, 2016 and 2017 shall not exceed the caps set out below:

2015	Proposed annual cap (HK\$)	2016	2017
1,910,000	1,910,000	1,910,000	1,910,000

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

China Plaza Lease Agreements

Background

During the Track Record Period, Great Port leased (i) the premises of a total gross floor area of approximately 3,460 sq.ft. located at Unit M, 10/F, (ii) the premises of a total gross floor area of approximately 1,000 sq.ft. located at Unit N, 10/F, and (iii) the premises of a total saleable floor area of approximately 1,159 sq.ft. located at Shop B, G/F of Nos. 730-804 Avenida da Praia Grande, Nos. 2-6B Avenida de D Joao IV, Macau (the “**China Plaza Premises**”) to EGL Macau, an indirectly wholly-owned subsidiary of our Company, for use as the Macau office and call centre. The reason for choosing the China Plaza Premises was its prime location suitable to conduct business of our kind. The historical annual rental was determined by the parties through arm’s length negotiations with reference to (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

Future services

Our Company entered into two new lease agreements with Great Port on 13 November 2014 (together, the “**China Plaza Lease Agreements**”), pursuant to which EGL Macau agreed to lease from Great Port the China Plaza Premises at an aggregate monthly rental of MOP164,364 (approximately HK\$159,268) (excluding rates, government rent, management charges and other outgoings). The term of the lease granted under each of the China Plaza Lease Agreements is valid from 1 November 2014 to 31 October 2017. The rental was determined based on arm’s length negotiations between Great Port and our Group and is fair and reasonable, on normal commercial terms and comparable to the prevailing market rate and are on terms no less favorable than terms offered by an Independent Third Party as confirmed by an independent property valuer engaged by our Group.

Should there be any renewal of the term of the China Plaza Lease Agreements, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Historical transaction amounts

The aggregate amounts of rental charged from Great Port to our Group for each of the three financial years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 were HK\$1,241,289, HK\$1,284,894, HK\$1,302,336 and HK\$677,330, respectively. Our Group has engaged an independent property valuer who has confirmed that the historical amounts concerning the China Plaza Premises (i) are fair and reasonable to us; (ii) reflect the prevailing market conditions; and (iii) on normal commercial terms and on terms no less favorable than terms offered by an Independent Third Party.

Annual cap on future transaction amounts

The maximum amount of rentals payable to Great Port by our Group under the China Plaza Lease Agreements for each of the three years ending 31 December 2015, 2016 and 2017 shall not exceed the caps set out below:

2015	Proposed annual cap (HK\$)	2016	2017
<u>1,950,000</u>	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,950,000</u>

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid, (ii) the market rental and (iii) the estimated increase of such rental of the premises in the same area and of similar grading as the premises under such lease.

LISTING RULES IMPLICATIONS

The leasing of properties described in the sub-section "Property Lease Agreements" above will constitute non-exempt continuing connected transactions of the Company under the Listing Rules upon Listing. As all the continuing connected transactions contemplated under the EGL Tower Lease Agreement, EGL Tower Lease 10B Agreement, EGL Tower Lease 16A Agreement, Chevalier House Lease Agreement and China Plaza Lease Agreements are in the same nature and entered into with the same connected person, being Great Port, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

Aggregate annual cap on future transaction amounts

The maximum amount of rentals payable to Great Port by our Group under the EGL Tower Lease Agreement, EGL Tower Lease 10B Agreement, EGL Tower Lease 16A Agreement, Chevalier House Lease Agreement and China Plaza Lease Agreements, on an aggregate basis, for each of the three years ending 31 December 2015, 2016 and 2017 shall not exceed the caps set out below:

2015	Proposed annual cap (HK\$)	2016	2017
<u>15,070,000</u>	<u>15,070,000</u>	<u>15,070,000</u>	<u>15,070,000</u>

Pursuant to the Listing Rules, using the proposed aggregate annual caps above as the numerators for the purpose of calculating the percentage ratios, the relevant applicable percentage ratios for the above continuing connected transactions, on an aggregate basis, is expected to be more than 0.1% but less than 5% on an annual basis. Accordingly, the continuing connected transactions contemplated

CONTINUING CONNECTED TRANSACTIONS

under the EGL Tower Lease Agreement, EGL Tower Lease 10B Agreement, EGL Tower Lease 16A Agreement, Chevalier House Lease Agreement and China Plaza Lease Agreements are exempt from the independent shareholders' approval requirements but are still subject to the annual reporting, announcement and annual review requirements under the Listing Rules.

As the continuing connected transactions described above are expected to continue on a recurring basis after the Listing, our Directors consider that it would not be practical, and would add unnecessary administrative costs to our Company, to make and publish announcement of these transactions in compliance with the announcement requirements under Rule 14A.35 of the Listing Rules.

Accordingly, our Company applied to the Stock Exchange for, and the Stock Exchange has granted, the waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the EGL Tower Lease Agreement, the EGL Tower 10B Lease Agreement, the EGL Tower 16A Lease Agreement, the Chevalier House Lease Agreement and the China Plaza Lease Agreements.

The Company has complied and will comply with the written agreement requirement under Rule 14A.34 of the Listing Rules, the annual reporting requirement under Rule 14A.49 of the Listing Rules and other requirements applicable under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS

The Directors (including Independent Non-executive Directors) consider that the transactions under the EGL Tower Lease Agreement, the EGL Tower 10B Lease Agreement, the EGL Tower 16A Lease Agreement, the Chevalier House Lease Agreement and the China Plaza Lease Agreements have been and will be entered into in the ordinary and usual course of business and on normal commercial terms and that the respective terms of the EGL Tower Lease Agreement, the EGL Tower 10B Lease Agreement, the EGL Tower 16A Lease Agreement, the Chevalier House Lease Agreement and the China Plaza Lease Agreements and the annual caps set out above are fair and reasonable, on normal commercial terms and in the interests of our Shareholders as a whole.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, has reviewed the rents payable pursuant to the EGL Tower Lease Agreement, the EGL Tower 10B Lease Agreement, the EGL Tower 16A Lease Agreement, the Chevalier House Lease Agreement and the China Plaza Lease Agreements and confirmed that the terms and conditions of these agreements are fair and reasonable and that the rents payable by our Group to Great Port reflect the prevailing market rates.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that the EGL Tower Lease Agreement, the EGL Tower 10B Lease Agreement, the EGL Tower 16A Lease Agreement, the Chevalier House Lease Agreement and the China Plaza Lease Agreements have been and will be entered into in the ordinary and usual course of business and on normal commercial terms and that the respective terms of the EGL Tower Lease Agreement, the EGL Tower 10B Lease Agreement, the EGL Tower 16A Lease Agreement, the Chevalier House Lease Agreement and the China Plaza Lease Agreements and the annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole. In arriving at its view, the Sole Sponsor, has reviewed an opinion letter from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer which, after reviewing the relevant agreements, has confirmed that (i) the terms and conditions thereof are fair and reasonable to us and on normal commercial terms; and (ii) the amounts of rental payable thereunder reflect prevailing market rates and are on terms no less favourable than those offered by an Independent Third Party.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of seven Directors, including four Executive Directors and three Independent Non-executive Directors.

The following table lists the current members of our Board:

Name	Age	Present Position(s)	Date of appointment	Date of joining our Group	Principal roles and responsibilities	Relationship with the other Directors
Yuen, Man Ying (袁文英)	63	Chairman and Executive Director	24 July 2014	3 August 1987	Responsible for major decision-making, itinerary planning for tours to Japan, promoting the Japanese market, supervising and training tour escorts and planning air charter of our Group	Spouse of Ms. Lee Po Fun
Huen, Kwok Chuen (禰國全)	57	Executive Director	24 July 2014	3 August 1987	Responsible for overseeing development, public relations, inbound tours services, specialised gourmet tours and the Macau subsidiary of our Group	N/A
Leung, Shing Chiu (梁成釗)	59	Executive Director	24 July 2014	1 July 1988	Responsible for managing the receiving services for outbound tours in Japan, frontline sales, customer services, accounting and administration matters of our Group	N/A
Lee, Po Fun (李寶芬)	55	Executive Director	24 July 2014	15 August 1987	Responsible for overseeing the information technology department, human resources development, outbound tour services and the overall operations of our Group	Spouse of Mr. Yuen Man Ying

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present Position(s)	Date of appointment	Date of joining our Group	Principal roles and responsibilities	Relationship with the other Directors
Chan, Kim Fai (陳儉輝)	55	Independent Non-executive Director	13 November 2014	13 November 2014	Responsible for overseeing the management of our Group independently	N/A
Tang, Koon Hung Eric (鄧冠雄)	69	Independent Non-executive Director	13 November 2014	13 November 2014	Responsible for overseeing the management of our Group independently	N/A
Wong, Lai Ming (黃麗明)	55	Independent Non-executive Director	13 November 2014	13 November 2014	Responsible for overseeing the management of our Group independently	N/A

SENIOR MANAGEMENT

The following table lists the current members of our senior management (other than our Directors) who are responsible for the operation and management of our Group.

Name	Age	Present Position(s)	Date of appointment	Date of joining our Group	Principal roles and responsibilities	Relationship with the other Directors
Cheang, Chuen Hon (鄭存漢)	50	financial controller	1 April 2004	18 June 2001	Responsible for supervision and management of our Group's financial issues	N/A
Tsui, Kit Lai Anita (崔潔麗)	50	general manager of FIT business and marketing	1 June 2011	26 June 2000 Rejoined on 1 September 2008	Responsible for managing the development and sale of FIT products and formulating strategies for overall marketing, planning and public relations of travel products of our Group	N/A
Chu, Kwan Yiu (朱君瑤)	45	assistant general manager of the operations (China & Asia) department	1 June 2011	1 June 1998 Rejoined on 23 July 2001	Responsible for overseeing development of package tours and cruise business in south-east Asia	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present Position(s)	Date of appointment	Date of joining our Group	Principal roles and responsibilities	Relationship with the other Directors
Kwok, Yin King (郭燕琼)	42	assistant general manager of the branch sales department	1 June 2011	1 March 1994	Responsible for overseeing frontline sales of our branches and call centre in Hong Kong, managing escort guides and providing training to them	Sister-in-law of Ms. Lee Po Fun
long, Ut long (翁月容)	59	general manager of our Macau subsidiary	17 September 2007	17 September 2007	Responsible for overseeing inbound, outbound and group tours, and managing the design, sales and operations of FIT products of our Macau subsidiary	N/A
Yuen, Ho Yee (袁灝頤)	26	assistant to Executive Director	23 November 2011	23 November 2011	Responsible for formulating strategies for marketing, overall operations, future development (such as e-business platform) and themed package tours (such as overseas marathon, cycling and overseas wedding and photo shooting package tour) of our Group	Daughter of Mr. Yuen Man Ying and Ms. Lee Po Fun
Wong, Chi Kit (王志傑)	64	senior manager	1 October 2010	1 September 1999	Responsible for formulating of strategic direction and planning of charter flights	N/A
Tang, Suk Wah Flora (鄧淑華)	40	senior manager of the human resources development department	1 April 2014	14 July 2008	Responsible for managing human resources of our Group	N/A
Wong, Cheuk Yee Kathy (黃卓儀)	53	company secretary	28 August 2014	1 September 2006	Responsible for the company secretarial matters of the Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yuen, Man Ying (袁文英), aged 63, is the founder of our Group and was appointed as the Chairman and an Executive Director of our Company on 24 July 2014. Mr. Yuen is the chairman of the Nomination Committee and a member of the Remuneration Committee and also serves as the managing director of EGL Tours and as a director of EGL Tours, EGL Japan, EGL Macau and i-Evertravel. He is responsible for major decision making, itinerary planning for tours to Japan, promoting the Japanese market, supervising and training tour escorts and planning air charter of our Group. Mr. Yuen has over 30 years of extensive knowledge and experience in the tourism industry. Prior to founding our Group, Mr. Yuen studied Japanese at the Japanese language school of the Kansai International Students Institute, Japan for around six months in 1973 and 1975, respectively. He then worked as a local tour guide of Mayfair Tour & Travel Service Limited (美華旅行社有限公司), a travel agency, serving Japanese tourists in Hong Kong from September 1971 to May 1978. In 1987, he founded EGL Tours.

He has been invited to Japan to give speech to share his experience in the tourism industry. Having committed to promoting tourist sites in Japan for many years, Mr. Yuen was appointed as sightseeing ambassador (觀光大使) of a number of places in Japan throughout the years, including: Kagoshima (鹿兒島) in 2012; Wakayama (和歌山), Okinawa (沖繩), Miyazaki Prefecture (宮崎縣), Yamagata Prefecture (山形縣), Tottori Prefecture (鳥取縣), Kansai region (關西), Tokushima Prefecture (德島縣) and Noboribetsu in Hokkaido (北海道登別市) in 2013; and Ishikawa Prefecture (石川縣) in 2014, having served as a total of 10 sightseeing ambassadors. Mr. Yuen was awarded as the Capital Outstanding Leader of 2013 (資本傑出領袖2013) by the magazine “Capital” in 2014.

Mr. Yuen is the spouse of Ms. Lee, an Executive Director of our Company.

Mr. Huen, Kwok Chuen (禰國全), aged 57, was appointed as an Executive Director of our Company on 24 July 2014. Mr. Huen also serves as a director of EGL Tours, EGL Japan, EGL Macau and i-Evertravel and the spokesman of our Group. He is responsible for overseeing development, public relations, inbound tours services, specialised gourmet tours and the Macau subsidiary of our Group. Mr. Huen has over 30 years of experience in the tourism industry. Prior to joining our Group, Mr. Huen completed his secondary education at Grammar College in July 1976 and further completed a full-time one-year course in Japanese studies at the Asia-Africa Linguistic Institute, Japan in March 1978.

Mr. Huen served as a member of the Foshan Sanshui District Political Consultative Committee (佛山市三水區政協委員會) from 2003 to 2008. He was also appointed as a director of Yan Oi Tong for the year 2005/2006 and as a fellow of the Asian Knowledge Management Association for the year 2008/2009. Mr. Huen has served as a member of the 9th, the 10th and the 11th Foshan Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議佛山市第九至十一屆委員會) since 2005. He was appointed as the supervisor of Sam Shui Natives Association School in 2003, the honorary advisor of the Advisory Committee of Promoting Korea Tourism of the Korea National Tourism Organisation Hong Kong Office in 2005, an executive member of the K-Tourism Council by the Korea Tourism Organisation in 2007 and the executive president of Foshan Association of Overseas Liaison (佛山市三水區海外聯誼會) in 2012. He is currently a member of the 1st Public Policy-making Consultative Committee of Foshan Sanshui District (佛山市三水區第一屆公共決策諮詢委員會), the president of Sam Shui Hong Kong Residents Association (旅港三水同鄉會), the vice-president of the Confucian Academy of Hong Kong (香港孔教學院), the vice-president of Hong Kong Foshan Industries and Commerce Association (香港佛山工商聯) and a member of the NAS Employer Working Group on Curriculum Development of the Education Bureau of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung, Shing Chiu (梁成釗), aged 59, was appointed as an Executive Director of our Company on 24 July 2014. Mr. Leung is a member of the Risk Management Committee and also serves as a director of EGL Tours, EGL Japan, EGL Macau and i-Evertravel. He is responsible for managing the receiving services for outbound tours in Japan, frontline sales, customer services, accounting and administration matters of our Group. Mr. Leung has over 30 years of experience in the tourism industry. Prior to joining our Group, Mr. Leung completed his secondary education at Nobel College in July 1973 and furthered his studies in Japanese at Hong Kong at Dai-ichi Japanese Language and Cultural School (第一日語暨文化學校) (formerly known as 香港第一日文專科學校) until July 1977. He completed an advanced tourism management programme (旅遊業高級管理課程) organised by the Federation of Hong Kong Chinese Travel Agents Limited (formerly known as The Federation of Hong Kong Travellers Limited) in May 1989.

Ms. Lee, Po Fun (李寶芬), aged 55, was appointed as an Executive Director of our Company on 24 July 2014. Ms. Lee is a member of the Remuneration Committee and the Nomination Committee and also serves as a director of EGL Tours, EGL Japan, EGL Macau and i-Evertravel. She is responsible for overseeing the information technology department, human resources development, outbound tour services and the overall operations of our Group. Ms. Lee has over 30 years of experience in the tourism industry. Ms. Lee completed her secondary education at Kau Yan College in 1978 and received a diploma in Japanese (Basic 1) from the department of extramural studies of the Chinese University of Hong Kong in July 1990.

Since 2013, Ms. Lee has been the president of the board of directors of the Christian organisation, the Oaks (公義樹).

Ms. Lee is the spouse of Mr. Yuen, the Chairman and an Executive Director of our Company.

Mr. Yuen, Mr. Huen and Mr. Leung were also the directors of the following companies which were incorporated in Hong Kong and were struck off and dissolved under s.291 of the Predecessor Companies Ordinance, which provides that the registrar of companies in Hong Kong can strike out a defunct company off the registry of companies. The relevant details are as follows:

Name of Director	Company name	Nature of business immediately prior to dissolution	Date of dissolution
Mr. Yuen, Mr. Huen	Crown Light Trading Limited 冠亮貿易有限公司	inactive	25 April 2003
Mr. Yuen, Mr. Huen, Mr. Leung	Evergloss Hire Car Company Limited 耀騰旅遊車有限公司	inactive	22 January 1999
Mr. Yuen, Mr. Huen, Mr. Leung	Evergloss Investments Limited 耀騰投資有限公司	inactive	18 December 1998
Mr. Yuen, Mr. Leung	Evergloss Property Agency Limited 耀騰不動產有限公司	inactive	23 January 1998
Mr. Huen	Lok Ping Enterprises (Hong Kong) Company Limited 樂平企業(香港)有限公司	inactive	21 September 2001
Mr. Yuen, Mr. Huen	Nam Hong Industrial Limited 南康實業有限公司	inactive	27 June 2003

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huen was the director of the following companies which were incorporated in Hong Kong and were deregistered under s.291AA of the Predecessor Companies Ordinance, which provides for a defunct company to be dissolved by way of summary procedures. The relevant details are as follows:

Name of Director	Company name	Nature of business prior to dissolution	Date of dissolution
Mr. Huen	China Great Engineering Limited 中華工程有限公司	inactive	29 April 2011
	Hintop Industrial Limited 顯達實業有限公司	inactive	16 March 2001
	Mayfix Limited 美川有限公司	inactive	16 March 2001

Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee were also the directors of EGL Management Limited (東瀛遊管理有限公司) which was incorporated in the BVI and was dissolved on 1 November 2012 and struck off from the BVI Government Registrar as a result of non-payment of the BVI annual license fee. The said company was inactive at the time of it being struck off.

Each of Mr. Yuen, Mr. Huen, Mr. Leung and Ms. Lee confirm that the dissolution of the companies mentioned in which he/she was a director had not resulted in any material liability or obligation imposed against him/her.

Independent Non-executive Directors

Mr. Chan, Kim Fai (陳儉輝), aged 55, was appointed as an Independent Non-executive Director of our Group on 13 November 2014. He is the chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and Risk Management Committee. He is responsible for overseeing the management of our Group independently. He is currently an independent non-executive director of Magnificent Estates Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 0201), Shun Ho Resources Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 0253) and Shun Ho Technology Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 0219). He has also served as the sole proprietor of Ivan Chan & Co, CPA since 2001. Prior to establishing Ivan Chan & Co, CPA, Mr. Chan served as a senior accountant of the Great Eagle Company, Limited (now known as Great Eagle Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 0041) from June 1989 to January 1991. Mr. Chan's work experience also includes serving as a director of the Education Foundation of the Federation of the Alumni Associations of the Chinese University of Hong Kong from September 2002 to June 2011.

Mr. Chan obtained a bachelor of science degree from the Chinese University of Hong Kong in December 1983 and a master degree in accountancy from the Charles Sturt University, Australia through long distance learning in April 1995. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and CPA Australia.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang, Koon Hung, Eric (鄧冠雄), aged 69, was appointed as an Independent Non-executive Director of our Group on 13 November 2014. He is the chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Management Committee. He is responsible for overseeing the management of our Group independently. He was an independent non-executive director of ASM Pacific Technology Ltd (a supplier of semiconductors and LED and a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 0522) from September 2004 to February 2007 and he served as an executive director and the chief financial officer of the same company in February 2007 till February 2010. Mr. Tang later rejoined ASM Pacific Technology Ltd and has been an independent non-executive director since April 2013. Prior to joining ASM Pacific Technology Ltd, he held positions in several major corporations, including serving as the senior accountant of China Light & Power, an electricity generation company, responsible for project budgeting and costing, and as a corporate controller of Mass Transit Railway Corporation responsible for financial and management accounting before his retirement in August 2005.

Mr. Tang was qualified as a Chartered Accountant in Canada in December 1976 and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tang graduated from the University of Toronto with a bachelor degree in applied science in June 1971 and a master degree in business administration in February 1974.

Ms. Wong, Lai Ming (黃麗明), aged 55, was appointed as an Independent Non-executive Director of our Group on 13 November 2014. She is a member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee. She is responsible for overseeing the management of our Group independently. Ms. Wong has over 19 years of experience in the legal industry. She is currently of counsel of the firm King & Wood PRC Lawyers (now known as King & Wood Mallesons), Beijing office. Prior to joining King & Wood PRC Lawyers (now known as King & Wood Mallesons), Ms. Wong served as a solicitor of Messrs. James P.Y. Lam and Co., Hong Kong from November 1994 to February 1997. From February 1997 to June 1997, she worked as an assistant legal adviser to the then Legislative Council Secretariat of Hong Kong. From July 1997 to June 2004, she served as a solicitor and then a partner of Messrs. Amelia Cheung & Co, Solicitors, Hong Kong.

Ms. Wong graduated from the University of London with a bachelor of law (external) degree through long distance learning in August 1989 and was admitted as a solicitor in Hong Kong in November 1994. She received a bachelor and master of laws from Peking University through long distance learning in July 1996 and July 2001, respectively. Ms. Wong obtained the China Lawyer Qualification Certificate in October 1995 and had been practicing law in China since 2005.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the date of this prospectus. Save as disclosed in the prospectus, each of our Executive Directors did not have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Cheang, Chuen Hon (鄭存漢), aged 50, was appointed as the financial controller of our Group on 1 April 2004. He is responsible for supervision and management of our Group's financial issues. Mr. Cheang joined our Group in June 2001 as a finance manager before being promoted as the financial controller of EGL Tours in April 2004.

Mr. Cheang has over 25 years of extensive accounting and financial experience. Prior to joining our Group, from July 1988 to October 1989, Mr Cheang served as an audit senior of Eric C. K. Fok, CPA, Hong Kong. From November 1989 to October 1991, Mr. Cheang worked through various grades in Glass Radcliffe & Co., Chartered Accountants and left as an audit senior II. From October 1991 to April 2001, Mr. Cheang served as an assistant accounting manager and an accounting manager of Tse Sui Luen Jewellery Company Limited, currently a wholly-owned subsidiary of Tse Sui Luen Jewellery (International) Limited (stock code: 417) whose shares are listed on the main board of the Stock Exchange.

Mr. Cheang graduated from the University of Hong Kong with a bachelor degree in social sciences in November 1988 and later obtained a master degree of science in accountancy from the Hong Kong Polytechnic University in November 2001. Mr. Cheang is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Certified Finance and Treasury Professional of the Finance and Treasury Association Limited.

Ms. Tsui, Kit Lai Anita (崔潔麗), aged 50, was appointed as the general manager of FIT business and marketing of our Group on 1 June 2011. She is responsible for managing the development and sale of FIT products and formulating strategies for overall marketing, planning and public relations of travel products of our Group. Ms. Tsui first joined our Group in June 2000 and worked as the product manager and the business development manager (airlines & hotels) (previously known as business manager before re-titling) till December 2005. Later in September 2008, she re-joined our Group as an assistant to executive director before becoming the general manager overseeing the operations of the FIT & wholesale department and the marketing and public relations department of EGL Tours in June 2011.

Ms. Tsui has over 25 years of extensive working experience in the tourism industry. From July 1986 to August 1988, Ms. Tsui was a receptionist and later an audit clerk of Japan Air Lines Company Limited. From January to June 1989, she worked for Cathay Pacific Airways Limited as a passenger reception officer III. From June 1989 to May 1991, Ms. Tsui served as a ticketing agent in Singapore Airlines Limited. From May 1991 to September 1992, she worked as a ticketing supervisor of Richin Travel Agency (H.K.) Limited, a travel agency. From November 1993 to March 2000, Ms. Tsui was an assistant manager (passenger section) in EVA Airways Corporation. From January 2006 to May 2007, she worked for Hong Kong Express Airways Limited as Hong Kong sales manager (previously known as sales development manager before re-titling). From June 2007 to August 2008, Ms. Tsui served Hong Kong Airlines Limited where she was the deputy general manager for sales and marketing of Hong Kong office and later promoted to the general manager of Hong Kong sales.

Ms. Tsui was conferred with a bachelor's degree in business administration by the University of Management & Technology in the United States through long distance learning in December 2007.

Ms. Chu, Kwan Yiu (朱君瑤), aged 45, was appointed as the assistant general manager of the operations (China & Asia) department of our Group on 1 June 2011. She is responsible for overseeing development of package tours and cruise business in south-east Asia. Ms. Chu joined our Group in June 1998 and worked as the operation manager of EGL Tours (formerly known as Evergloss Tours Company Limited) till February 2001. She joined our Group again in July 2001 as an operation manager before serving as the assistant general manager of the operations (China and Asia) department of EGL Tours in June 2011.

Ms. Chu has over 17 years of experience in tourism industry. From July 1996 to June 1997, she served as the assistant operation manager for Sunflower Travel Service Limited, a travel agency. From April to July 2001, she served as senior operations manager of Sunflower Travel Service Limited.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Kwok, Yin King (郭燕琼), aged 42, was appointed as the assistant general manager of the branch sales department of our Group on 1 June 2011. She is responsible for overseeing frontline sales of our branches and call centre in Hong Kong, managing escort guides and providing training to them. Ms. Kwok joined our Group in March 1994 as an assistant manager before serving as the assistant general manager of the branch sales department of EGL Tours.

Ms. Kwok has over 25 years of experience in tourism industry. Prior to joining our Group, Ms. Kwok worked as a travel consultant of Fan-Ta Travel Service, a travel agency, from August 1989 to January 1994. Ms. Kwok completed her secondary education at Delia Memorial School in May 1989.

Ms. Kwok is a sister-in-law of Ms. Lee, an Executive Director of our Company.

Ms. long, Ut long (翁月容), aged 59, was appointed as the general manager of the Macau subsidiary of our Group on 17 September 2007. She is responsible for overseeing inbound, outbound and group tours, and managing the design, sales and operations of FIT products of our Macau subsidiary. Ms. long joined our Group in September 2007 and has been the general manager of our Macau subsidiary since then.

Ms. long has over 25 years of management experience in tourism industry. Prior to joining our Group, Ms. long was the general manager of Sunflower Travel Service Limited from November 1985 to December 2006. From January to September 2007, she worked as the general manager of Macau Express Travel Limited, a travel agency in Macau. Ms. long completed her secondary education at Sacred Heart College, Macau in July 1976.

From November 2011 to November 2014, Ms. long served as the vice president of Travel Industry Council of Macau.

Ms. Yuen, Ho Yee (袁灝頤), aged 26, was appointed as the assistant to Executive Director of our Group on 23 November 2011. She is responsible for formulating strategies for marketing, overall operations, future development (such as e-business platform) and themed package tours (such as overseas marathon, cycling and overseas wedding and photo shooting package tour) of our Group. Ms. Yuen joined our Group in November 2011 and has been the manager of the products development department of EGL Tours since then.

Ms. Yuen graduated from the University of Nottingham, United Kingdom with a bachelor of arts degree in management studies in July 2010.

Ms. Yuen is the daughter of Mr. Yuen and Ms. Lee, Executive Directors of our Company.

Mr. Wong, Chi Kit (王志傑), aged 64, was appointed as the senior manager of the management office of our Group on 1 October 2010. He is responsible for formulating of strategic direction and planning of charter flights. Mr. Wong joined our Group in September 1999 as a senior marketing manager before retiring as an assistant general manager in September 2010. Mr. Wong has over 32 years of extensive experience in the aircraft and travel agency industry. Prior to joining our Group, he worked as a passenger sales representative, sales officer, passenger sales supervisor, agency sales supervisor, passenger sales superintendent and assistant passenger sales manager-group of Cathay Pacific Airways Limited from June 1978 to January 1996. He is a member of TIC Hong Kong's outbound committee for the year 2013/2014.

Mr. Wong graduated from the University of Hong Kong with a diploma in management in June 1994.

Ms. Tang, Suk Wah Flora (鄧淑華), aged 40, was appointed as the senior manager of the human resources development department of our Group on 1 April 2014. Ms. Tang joined our Group in July 2008 as a manager of the human resources development and has been the senior manager of the human

DIRECTORS AND SENIOR MANAGEMENT

resources development since April 2014. She is responsible for managing the human resources functions of the Group. Ms. Tang has over 18 years of experience in human resources management and development. Prior to joining our Group, she served as an administrative assistant of Chung Nam Watch Co., Ltd, handling a variety of human resources affairs from September 1996 to March 2001. From May 2001 to September 2003, she served as a human resources officer of the Grande Group (Hong Kong) Limited, responsible for conducting human resource activities. From September 2003 to July 2008, she served as a senior human resources officer and later as an assistant human resources manager and later as a human resources manager of ACE Style Intimate Apparel Limited, an apparel company, responsible for a range of human resource services.

Ms. Tang received a bachelor of arts degree in public and social administration from the City University of Hong Kong in December 1996, a diploma in human resources management from the University of Hong Kong in August 2000 and a bachelor of law in Chinese Law from the Tsinghua University, Beijing through long distance learning in January 2006. Ms. Tang is a member of the Hong Kong Institute of Human Resource Management.

Save as disclosed above, each of the members of our senior management did not hold any other directorships in listed public companies in the three years prior to the date of this prospectus.

COMPANY SECRETARY

Ms. Wong Cheuk Yee, Kathy (黃卓儀), aged 53, was appointed as the company secretary of our Company on 28 August 2014. She is responsible for the company secretarial matters of the Group. Ms. Wong has been the company secretary of EGL Tours since September 2006, being responsible for its general company secretarial affairs. Ms. Wong is the sole proprietor of Kathy Wong & Co., Certified Public Accountants and has over 30 years of experience in the accounting, audit and tax industry. Kathy Wong & Co., was the external auditor of EGL Tours from March 1996 to June 2005. Prior to setting up her own firm, Ms. Wong served as a junior audit clerk of Horwath & Horwath, Certified Public Accountants from July 1984 to December 1985, and from January 1986 to August 1992, Ms. Wong worked through various grades in Moore Stephens Certified Public Accountants and left as an assistant audit manager.

Ms. Wong received a diploma in accounting from the Hong Kong Shue Yan College in July 1984 and a bachelor of law degree from Peking University through long distance learning in July 1996. She is a Certified Public Accountant (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.

REMUNERATION POLICY

Our Directors, senior management and employees receive compensation in the form of salaries, benefits in kind, or bonuses relating to the performance of our Group and discretionary bonuses. We have also adopted the Share Option Scheme which enables us to provide incentive or reward to our Directors, senior management or other selected participants. For details of the Share Option Scheme, please refer to the paragraph headed "Other information – 13. Share Option Scheme" as set out in Appendix V. We regularly review and determine the remuneration and compensation packages of our Directors, senior management and employees, by reference to, among others, market trend, market level of salaries paid by comparable companies, their respective performance, duties and responsibilities and the performance of our Group.

The aggregate amount of remuneration of our Directors (including performance bonuses and discretionary bonuses) for the three years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 were approximately HK\$8,587,000, HK\$15,319,000, HK\$30,563,000 and HK\$11,102,000, respectively. Details of the arrangement for remuneration are set out in Note 12 to the accountant's report in Appendix I.

DIRECTORS AND SENIOR MANAGEMENT

Under such arrangement and pursuant to our Directors' service agreements and letters of appointment referred to in the paragraph headed "Further information about directors and shareholder – 10. Directors" under the section "Statutory and general information" as set out in Appendix V, the aggregate amount of directors' fee and other emoluments payable to our Directors (including the Independent Non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2014 is estimated to be approximately HK\$7,000,000, excluding any performance bonuses and discretionary bonuses. Consistent with the Group's previous practices and policies, no more than 23% of the Group's net profit before tax for the year ending 31 December 2014 will be allocated to the Executive Directors as performance bonuses.

The aggregate amount of remuneration of our five highest paid individuals of our Group for the three years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 were approximately HK\$9,367,000, HK\$16,403,000, HK\$32,046,000 and HK\$11,599,000, respectively.

After Listing, our Remuneration Committee will review the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and the performance of our Group. It is intended that in the foreseeable future, subject to compliance with the Listing Rules and taking into account, among other things, our cash flows and financial condition operating and capital requirements, no more than 10% of the Group's net profit before tax of the relevant year will be allocated to the Executive Directors as performance bonuses.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us.

BOARD COMMITTEES

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules pursuant to a resolution of our Directors passed on 13 November 2014. The primary duties of our Audit Committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company. At present, our Audit Committee comprises Mr. Chan Kim Fai, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming, all being Independent Non-executive Directors. Mr. Chan Kim Fai is the chairman of our Audit Committee.

Remuneration Committee

Our Company established a Remuneration Committee on 13 November 2014 with written terms of reference in compliance with the paragraph B1 of Appendix 14 and rule 3.25 of the Listing Rules. The primary functions of our Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. At present, our Remuneration Committee comprises Mr. Yuen, Mr. Chan Kim Fai, Ms. Lee, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming. Mr. Tang Koon Hung Eric is the chairman of our Remuneration Committee.

Nomination Committee

Our Company established a Nomination Committee on 13 November 2014 with written terms of reference in compliance with paragraph A5 of Appendix 14 to the Listing Rules. The primary functions of our Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board. At present, our Nomination Committee comprises Mr. Yuen, Mr. Chan Kim Fai, Ms. Lee, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming. Mr. Yuen is the chairman of our Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

Risk Management Committee

Our Company established a Risk Management Committee on 13 November 2014. The primary functions of our Risk Management Committee are to formulate policies with risk management matters. At present, our Risk Management Committee comprises Mr. Chan Kim Fai, Mr. Leung, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming. Mr. Chan Kim Fai is the Chairman of our Risk Management Committee.

COMPLIANCE ADVISER

We will appoint Shenyin Wanguo Capital (H.K.) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of appointment of our compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our financial condition and results of operations together with the financial information as at and for each of the three years ended 31 December 2011, 2012 and 2013 and 30 June 2014 and the accompanying notes included in the accountant's report set out in Appendix I. The financial information in the accountant's report has been prepared in accordance with HKFRSs which may differ in material aspects from generally accepted accounting principles in other jurisdictions. Potential investors should read the accountant's report and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements. For additional information regarding these risks and uncertainties, please see the section "Risk Factors" for more details.

OVERVIEW

Founded in 1987, we are a leading travel company in Hong Kong and Macau with 9.3% market share and ranked third for outbound travel in 2013, and in particular, we have been the top travel company in the Japan-bound package tour market in Hong Kong with 32.5%, 29.6% and 31.6% market share based on revenue in 2011, 2012 and 2013, respectively, according to the Ipsos Report. We are principally engaged in the design, development and sale of package tours and FIT products. In 2011, 2012 and 2013, around 322,402, 318,123 and 354,434 customers, respectively, purchased our package tours and FIT products under our well-established and award-winning “ 東瀛遊 EGL Tours” brand to over 250 cities in over 60 countries.

The principal business of our Group can be categorised into three major segments comprising: (i) package tours; (ii) FIT products (which include flight-only booking, hotel-only booking, flight-plus-hotel holiday packages and airline holidays); and (iii) ancillary travel related products and services (encompassing sale of public transportation tickets and theme park admission tickets for use in Japan, sale of souvenir, sale of travel insurance, collection and remittance service provided to souvenir's suppliers and travel visa application services).

For 2011, 2012, 2013 and 1H2014, we generated revenue of HK\$1,246.7 million, HK\$1,364.6 million, HK\$1,647.2 million and HK\$772.4 million and our profit attributable to owners of the Company amounted to approximately HK\$15.0 million, HK\$41.0 million, HK\$102.8 million and HK\$31.9 million respectively. Revenue from package tours accounted for 92.6%, 91.8%, 91.0% and 90.9% of our total revenue in 2011, 2012, 2013 and 1H2014, respectively. Revenue from FIT products accounted for 3.6%, 4.2%, 4.6% and 4.3% of our total revenue in 2011, 2012, 2013 and 1H2014, respectively. Revenue from ancillary travel related products and services accounted for 3.8%, 4.0%, 4.4% and 4.8% of our total revenue in 2011, 2012, 2013 and 1H2014, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 24 July 2014 as an exempted company with limited liability under the Cayman Islands Companies Law. Following the completion of the Reorganisation, our Company became the holding company of companies now comprising the Group.

Immediately prior to and after the Group Reorganisation, the business of our Group was conducted by the companies now comprising our Group (collectively known as “**Operating Companies**”). After the completion of the Group Reorganisation, the Operating Companies are held by the Company through EGL Management. The Company has not been involved in any other business prior to the Group Reorganisation and does not meet the definition of a business. The Group Reorganisation is merely a reorganisation of our Group with no change in management of such business and the ultimate owners of our Group remain the same. Accordingly, the combined financial information of the companies now

FINANCIAL INFORMATION

comprising our Group is presented using the carrying values of the business of our Group under EGL Management for all periods presented. The financial information incorporates the Hong Kong Financial Reporting Standards financial statements of our Company and its subsidiaries comprising our Group for the Track Record Period. The Group Reorganisation has been accounted for using merger accounting. All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on combination. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by our Group.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flow of our Group for the Relevant Periods include the results and cash flows of our Company and its subsidiaries from 1 January 2011, or since our Company's and its subsidiaries' respective dates of incorporation whichever is shorter, as if the current group structure had been in existence throughout the Relevant Periods. The combined statements of financial position of our Group as at 31 December 2011, 2012, 2013 and 30 June 2014 have been prepared to present the state of affairs of the companies now comprising our Group as at the respective dates as if the current group structure had been in existence as at the respective dates. Please refer to notes 1, 2 and 3 of the accountant's report in Appendix I for further details.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations may be affected directly or indirectly by a number of factors which include those discussed below.

Natural disasters, acts or threats of terrorism, wars, travel related accidents, outbreak of contagious diseases or other catastrophic events, or a general apprehension of such events, in destinations which are popular for our customers

Natural disasters, acts or threats of terrorism, wars, travel-related terrorisms, outbreak or threatened outbreak of severe contagious diseases or other catastrophic events in countries which are popular travel destinations among our customers may materially and adversely affect travellers' demand for travel products and services in the affected regions or country. Further, strikes or industrial actions by pilots, cabin and ground crew of airlines, airport staff, ground transportation crew or land operators causing flights cancellation or delay or disruption to travelling may materially and adversely affect our operation. Such events, if prolonged or repeated, may adversely affect customer demand for travel products and services to the relevant destinations or adversely affect our ability to operate into and from the affected destinations.

Our revenue, which is primarily derived from the sale of package tours, FIT products and ancillary travel related products and services, may be materially affected by such deterioration in the demand for travel products and services. For instance, earthquake and tsunami in Japan in March 2011 deterred travellers visiting Japan and in turn adversely affected our sale of package tours and FIT products bound for Japan. We immediately ceased all tours bound for Japan upon the incident in March 2011 and only offered limited number of tours to Japan from mid-April onwards. We only resumed to offer full range of tours bound for Japan in second half in 2011. Our sale of package tours and FIT products bound for Japan for the four months ended 30 June 2011 dropped by 67.2% compared to the corresponding period in 2010. The sale of our travel products bound for Japan quickly rebounded in 2012. The revenue from tours and FIT products bound for Japan rebounded for 110.5% in the four months ended 30 June 2012 compared to the corresponding period in 2011. Any future natural disasters, terrorist attack, outbreak or threatened outbreak or severe contagious diseases or other catastrophic events may adversely affect our business.

FINANCIAL INFORMATION

Changes in economic conditions in Hong Kong and Macau

Significant portion of our revenue is generated from our sale of travel products and services to outbound travellers in Hong Kong and Macau. Revenue generated from our sale to outbound travellers originated in Hong Kong and Macau contributed 97.5%, 98.7%, 99.5%, 99.3% and 99.5% of our total revenue for 2011, 2012, 2013 and 1H2013 and 1H2014, respectively.

According to the Ipsos Report, demand for outbound travel products and services in Hong Kong is significantly dependent on the level of disposable income of travellers, which, in turn, is affected by changes in economic conditions in Hong Kong to a great extent. As set out in the aforementioned Ipsos Report, the average annual disposable household income in Hong Kong and Macau increased from HK\$522,700 in 2009 to HK\$615,000 in 2013 and from MOP307,200 in 2009 to MOP466,600 in 2013, representing a CAGR of approximately 4.2% and 11.0% during the period, respectively. According to the Ipsos Report, the average household spending on outbound travel amounted to 11.6% and 19.5% of the annual average household disposable income for Hong Kong and Macau in 2013 respectively. Future change in economic conditions in Hong Kong and Macau may adversely affect the level of disposable income available and the portion of disposable income spent on travel products for population in Hong Kong and Macau, which will in turn affect demand for travel products and services offered by our Group and, hence, affect our business operations and financial conditions substantially.

Product and service mix

During the Track Record Period, we were able to derive a higher profit margin from our tours bound for Japan in comparison to our package tours to other destinations. Our gross profit margin for our tours bound for Japan amounted to 13.1%, 13.4%, 20.2%, 21.0% and 17.9% for 2011, 2012, 2013, 1H2013 and 1H2014, respectively, which was higher than the average gross profit margin for our package tours of 11.0%, 11.5%, 16.1%, 16.1% and 14.1% for the corresponding periods. We derived substantial portion of our revenue from travel products bound for Japan. Revenue from package tour to Japan accounts for 42.3%, 44.3%, 54.9%, 50.6% and 53.5% of our revenue from package tour for 2011, 2012, 2013, 1H2013 and 1H2014, respectively. Our Directors believe that any changes in outbound tourists' preference of travel products and destinations will affect our product mix and in turn affect our business operation results and financial positions.

Our brand recognition

As highlighted in the section "Business – Competitive Strengths", as we are entering into the 28th year of operation under the leadership of our Executive Directors, we have successfully established goodwill and market presence as a leading travel company in Hong Kong and Macau with 9.3% market share for outbound travel based on revenue in 2013, according to the Ipsos Report. Our Directors believe we have successfully built up our " 東瀛遊 EGL Tours", as a reputable brand, representing safe and carefree travelling and our success is largely dependent upon the perception that our Group provides quality travel products and services to meet our customers' demand in a timely manner. In view of the fact that it is critical for us to maintain and enhance our brand-recognition, we invested and will continue to invest in marketing and advertising programmes in different medias such as magazines and newspapers. Our total advertising expenditures amounted to approximately HK\$14.7 million, HK\$13.8 million, HK\$17.8 million, HK\$8.7 million and HK\$9.1 million, representing 1.2%, 1.0%, 1.1%, 1.2% and 1.2% of our revenue, for 2011, 2012, 2013, 1H2013 and 1H2014, respectively. A significant part of our success has been and will continue to depend on our ability to maintain our strong brand image and reputation for our travel products and services. Our ability to maintain our brand may affect our ability to generate revenue. We plan to continue to promote our reputable and award-winning " 東瀛遊 EGL Tours" brand to enhance brand awareness to differentiate ourselves from our competitors in the Hong Kong travel agent services industry, as well as to increase customer traffic through our marketing and promotional initiatives to promote our product offerings. Please see the section "Business – Business Strategies – Continue to promote our brand through strategic marketing" for further details.

FINANCIAL INFORMATION

Our cost of sales

During the Track Record Period and up to the Latest Practicable Date, we have generally adopted a pricing policy taking into account multiple factors including the cost of the travel elements for our package tours and price of similar products from other market players, and adopted a cost-plus approach for our FIT products and for some of the admission tickets sold by our Group. Our key suppliers include airlines, hotels and land operators. Airfare, hotel tariffs and land operator fees together accounted for an aggregate of approximately 89.3%, 88.9%, 88.0%, 87.6% and 87.2% of our cost of sales for 2011, 2012, 2013, 1H2013 and 1H2014, respectively. In addition to the costs of the travel products, being the most important factor in determining the selling price of our travel products, we would also take into account other factors such as market demand, seasonality, sales lead time and the prevailing selling prices of comparable products offered by our competitors when we set the price of our travel products.

If costs for flights, accommodation and land operator increase and we are unable to pass on such increases to our customer through adjustment of the selling prices of our products in a timely manner, our business, financial condition and results of operations may be materially or adversely affected.

Sensitivity analysis

For illustrative purposes, the following sets out the sensitivity analysis in respect of the impact of hypothetical changes in (i) airfare; (ii) land operator fees; and (iii) hotel tariffs on our net profit, respectively during the Track Record Period assuming that we are unable to transfer the fluctuation of our cost to our customers:

(i) Airfare

Hypothetical Fluctuation	<i>(HK\$'000, except percentages)</i>			
	+5%	-5%	+10%	-10%
<i>Impact on Certain Combined Statement of Profit or Loss Items for 1H2014</i>				
Change in airfare	14,224	(14,224)	28,449	(28,449)
Change in profit before income tax	(14,224)	14,224	(28,449)	28,449
Change in profit after income tax	(11,877)	11,877	(23,755)	23,755
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2013</i>				
Change in airfare	29,225	(29,225)	58,451	(58,451)
Change in profit before income tax	(29,225)	29,225	(58,451)	58,451
Change in profit after income tax	(24,403)	24,403	(48,806)	48,806
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2012</i>				
Change in airfare	24,753	(24,753)	49,505	(49,505)
Change in profit before income tax	(24,753)	24,753	(49,505)	49,505
Change in profit after income tax	(20,668)	20,668	(41,337)	41,337
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2011</i>				
Change in airfare	22,838	(22,838)	45,676	(45,676)
Change in profit before income tax	(22,838)	22,838	(45,676)	45,676
Change in profit after income tax	(19,070)	19,070	(38,140)	38,140

FINANCIAL INFORMATION

(ii) Land Operator Fees

Hypothetical Fluctuation	(HK\$'000, except percentages)			
	+5%	-5%	+10%	-10%
<i>Impact on Certain Combined Statement of Profit or Loss Items for 1H2014</i>				
Change in land operator fees	8,904	(8,904)	17,808	(17,808)
Change in profit before income tax	(8,904)	8,904	(17,808)	17,808
Change in profit after income tax	(7,435)	7,435	(14,869)	14,869
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2013</i>				
Change in land operator fees	19,129	(19,129)	38,258	(38,258)
Change in profit before income tax	(19,129)	19,129	(38,258)	38,258
Change in profit after income tax	(15,973)	15,973	(31,945)	31,945
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2012</i>				
Change in land operator fees	19,058	(19,058)	38,115	(38,115)
Change in profit before income tax	(19,058)	19,058	(38,115)	38,115
Change in profit after income tax	(15,913)	15,913	(31,826)	31,826
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2011</i>				
Change in land operator fees	18,247	(18,247)	36,495	(36,495)
Change in profit before income tax	(18,247)	18,247	(36,495)	36,495
Change in profit after income tax	(15,236)	15,236	(30,473)	30,473

(iii) Hotel Tariffs

Hypothetical Fluctuation	(HK\$'000, except percentages)			
	+5%	-5%	+10%	-10%
<i>Impact on Certain Combined Statement of Profit or Loss Items for 1H2014</i>				
Change in hotel tariffs	3,992	(3,992)	7,984	(7,984)
Change in profit before income tax	(3,992)	3,992	(7,984)	7,984
Change in profit after income tax	(3,333)	3,333	(6,667)	6,667
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2013</i>				
Change in hotel tariffs	8,567	(8,567)	17,134	(17,134)
Change in profit before income tax	(8,567)	8,567	(17,134)	17,134
Change in profit after income tax	(7,153)	7,153	(14,307)	14,307
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2012</i>				
Change in hotel tariffs	6,728	(6,728)	13,457	(13,457)
Change in profit before income tax	(6,728)	6,728	(13,457)	13,457
Change in profit after income tax	(5,618)	5,618	(11,236)	11,236
<i>Impact on Certain Combined Statement of Profit or Loss Items for 2011</i>				
Change in hotel tariffs	5,844	(5,844)	11,689	(11,689)
Change in profit before income tax	(5,844)	5,844	(11,689)	11,689
Change in profit after income tax	(4,880)	4,880	(9,760)	9,760

FINANCIAL INFORMATION

Competition from other travel companies

The travel service industry in Hong Kong is fragmented with the provision of multiple travel products and services through various channels. As set out in the section “Industry Overview – Competitive Analysis of Travel Service Industry in Hong Kong and Macau”, as at 31 December 2013, there were 1,698 licensed travel companies in Hong Kong while there were 207 licensed travel companies in Macau according to Ipsos Report. Our Directors believe that our well-established and award-winning brand, our leading position in the Hong Kong and Macau travel industry, and our focus on quality services and diversified product offerings allow us to effectively compete with other travel agents in Hong Kong. However, we are not certain that we will be able to remain competitive. If we are not able to continue to offer quality travel services and products to meet the demands of our customers or potential customers in a timely manner going forward, our business operations, financial conditions and market shares may be materially and adversely affected. To strengthen our competitive advantage against our competitors in the travel service industry, we will continue to adopt an array of measures including promotion of our brand image and recognition through strategic marketing initiatives, strengthening our sales channel and expanding our range of travel product and service offerings. Please see the section “Business – Business Strategies” for further details.

Fluctuations in foreign exchange rates

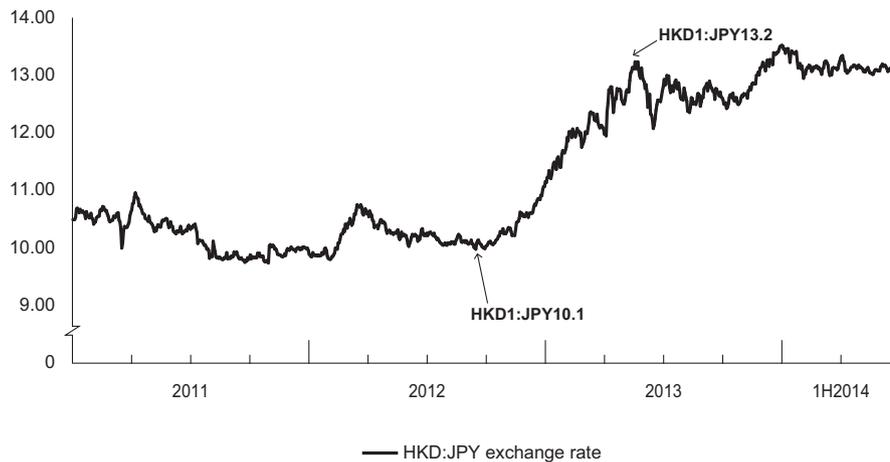
We are exposed to foreign currency risk in a number of aspects. Our receipts from customers in Hong Kong dollars do not match with the respective foreign currency denominated costs of sales such as payments to hotel operators, land operators and various suppliers. In 2011, 2012, 2013 and 1H2014, 34.9%, 35.0%, 37.8% and 37.2% of cost of sales were denominated in currencies other than HKD and MOP. The difference in the exchange rates at which the payables are recorded and finally settled may give rise to transactional foreign currency exchange gain or loss.

Furthermore, we generally need to maintain foreign currency denominated cash balances and place deposits in foreign currency with our overseas suppliers for purchases of travel elements. From time to time, the amounts of our monetary assets and liabilities denominated in the same foreign currency may not be the same and this would lead to net asset or liability position in such foreign currency. For example, our net position of monetary assets/(liabilities) denominated in JPY amounted to HK\$8.2 million, HK\$66.8 million, HK\$16.6 million, and HK\$(4.8) million as at 31 December 2011, 2012, 2013 and 30 June 2014, respectively. These foreign currency balances are recorded at exchange rates at the date of recognition and are subsequently revalued at each accounting year or period end with the then prevailing exchange rate. The difference in exchange rates may give rise to translational foreign currency exchange gain or loss. Any significant movement of Hong Kong dollar against such foreign currencies may adversely affect our operating results. As a result of fluctuation of foreign exchange rates, our Group recorded exchange gains of HK\$5.3 million and HK\$1.1 million, losses of HK\$8.8 million and HK\$562,000 for 2011, 2012, 2013, and 1H2014 respectively.

FINANCIAL INFORMATION

In addition, according to the Ipsos Report, the relative strength of the foreign exchange rate of the local currency of the tour destination is one of the factors considered by leisure travellers in deciding destinations of travel products they purchase. For illustrative purpose, the graph below sets out the movement of HKD:JPY exchange rate in the Track Record Period.

HKD:JPY Exchange Rate in the Track Record Period



Source: Thomson Reuters

As discussed in the paragraph “Period to Period Comparison of Results of Operations – 2013 Compared with 2012” in this section below, we noted a year on year increase of 49.1% of number of customers joining our tours bound for Japan in 2013 compared with 2012 and an increase of 48.1% in revenue arising from our tours bound for Japan for 2013 compared with that for 2012, due to the fact that JPY depreciated from HKD1:JPY10.1 in September 2012 to HKD1:JPY13.2 in May 2013. Any future unfavorable fluctuation in the exchange rate of the currency of the tour destination may influence our product and service mix and may adversely affect our operating results.

In order to tighten our internal control on foreign currency exposure, we have adopted an enhanced internal control procedure for foreign currency since June 2014, which we believe may reduce the impact of our profit by the fluctuation in foreign currency. Furthermore, as part of our business strategies, we will continue to expand our range of travel product and service offerings, which we believe may reduce potential impact by changes in product and service mix from the alternation of customer preference. Please refer to the sections “Business – Internal Control – Foreign Exchange Risk Management” and “Business – Business Strategies – Increase market share by expanding our range of travel product and service offerings” for further details respectively.

Seasonality

We experience seasonal fluctuation in our revenue due to the inherent nature of travel industry, whereby sale of package tours, FIT products and ancillary travel products and services will generally be higher during festive holiday periods such as Christmas, Chinese New Year, Easter and the summer holidays, and will generally be lower in other seasons. During the Track Record Period, our sales demonstrated a seasonal pattern. As holiday seasons such as summer holidays and Christmas are in the second half of the year, we are able to achieve a higher revenue in the second half of the year. In 2011, 2012 and 2013, 58.1%, 53.1% and 56.0% of our revenue aroused from second half of the respective year. We believe that the higher revenue generated in the second half of the year was attributable to the willingness of outbound travellers to travel overseas during these periods, coinciding with the public holidays and/or school holidays in Hong Kong and Macau. In light of such seasonal pattern of the demand of our travel products, our revenue and results of operations are likely to continue to fluctuate due to seasonality, and thus the results for any period in a year are not necessarily indicative of the full-year results.

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The principal accounting policies adopted in preparation of our financial statements are based on Hong Kong Financial Reporting Standards. A summary of such principal accounting policies adopted in the preparation of our financial statements is set out in note 3 to the accountant's report in Appendix I. The following is a discussion of those accounting policies that we believe are most critical in preparing our financial statements.

Revenue Recognition

Our revenue comprises the fair value for the sale of goods, rendering of services and the use by others of our Group's assets yielding interest, net of rebates and discounts, provided it is probable that the economic benefits will flow to our Group and the revenue can be measured reliably.

Our revenue recognition policy for different types of income is set out as follows:

- Revenue from provision of package tours is recognised when services are rendered by our Group as follows:

Products offered	Timing of revenue recognition
Package Tours	Per day spent at the destination

- Revenue from provision of other travel related services and management services and sale of air tickets, hotel accommodation and hotel packages is recognised on a net basis given that the services are rendered by us as an agent, where we are only responsible for arranging the provision of goods and services on behalf of our principals. The timing of revenue are as follows:

Products/Service offered	Timing of revenue recognition
Sale of air tickets	Date of confirmation of booking
Sale of hotel accommodation	Date of confirmation of booking
Sale of hotel packages	Date of confirmation of booking
Commission income from travel insurance	Date of sale of travel insurance
Commission income received from souvenir shops	Date of purchase of goods by customer in the respective shops
Handling fee for remittance services	Date of remittance

- Revenue from sale of admission tickets, transportation tickets and merchandises are recognised upon transfer of the significant risks and rewards of ownership of the item to the customer, which is generally the time when we deliver, and our customer accepts, the relevant tickets and merchandises.
- Rebate received from a supplier (a GDS service supplier) is recognised as income when our Group's entitlement to the rebates is established in accordance with the terms of the subscriber agreement, i.e., when the booking of the corresponding travel item is confirmed.
- Interest income is recognised on a time-proportion basis using the effective interest method.

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Our property, plant and equipment is depreciated so as to write off their cost over their estimated useful lives, using the straight-line method, at their respective depreciation rates per annum.

The depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. We base our estimation of the useful lives on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, with consideration of market condition. Our management will increase the depreciation charges when useful lives become shorter than previously estimated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Prepaid Lease Payments

Our prepaid lease payments represent the up-front payments to tour bus service providers in Japan for the rental of tour buses in Japan. The prepaid lease payments are stated at cost less accumulated amortisation and any accumulated impairment losses. The amortisation is calculated on a straight line basis over the lease term, which is negotiated and agreed between our Group and a lessor on an arm's length basis from time to time, and are charged to the profit and loss of the relevant period.

Financial Assets and Liabilities

Financial assets and liabilities are recognised in the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition.

Impairment of Financial Assets

We assess at the end of each reporting period financial assets other than at fair value through profit or loss to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss for loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate and the amount of the loss is recognised in profit and loss of the period in which the impairment occurs.

FINANCIAL INFORMATION

Foreign Currency Translation

Our financial statements are presented in Hong Kong dollars, which is also our functional currency.

Transactions entered into by our group entities in currencies other than Hong Kong dollars are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

Taxation

Our income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS OF OUR GROUP

The following table sets forth our selected combined statements of comprehensive income and other financial information for 2011, 2012, 2013, 1H2013 and 1H2014 as derived from the accountant's report of the Company in Appendix I.

Combined Statements of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i>
Revenue	1,246,689	1,364,605	1,647,173	725,387	772,400
Cost of sales	(1,050,684)	(1,136,697)	(1,294,018)	(569,626)	(621,613)
Gross profit	196,005	227,908	353,155	155,761	150,787
Other income and gains/(losses), net	8,946	4,446	(2,605)	(7,174)	3,972
Net realised and unrealised (loss)/gain on derivate financial instruments	–	(9)	2,146	375	(490)
Selling expenses	(75,944)	(70,159)	(85,397)	(36,678)	(39,362)
Administrative expenses	(110,774)	(115,930)	(144,878)	(69,029)	(76,698)
Profit from operation	18,233	46,256	122,421	43,255	38,209
Finance costs	(176)	(275)	(1,324)	(653)	–
Profit before income tax	18,057	45,981	121,097	42,602	38,209
Income tax expense	(3,063)	(4,943)	(18,309)	(7,447)	(6,292)
Profit for the year/period	14,994	41,038	102,788	35,155	31,917
Total comprehensive income for the year/period attributable to owners of the Company	<u>14,994</u>	<u>41,038</u>	<u>102,788</u>	<u>35,155</u>	<u>31,917</u>
Earnings per share for profit attributable to the owners of the Company					
– Basic and diluted (HK cents)	<u>3.75</u>	<u>10.26</u>	<u>25.70</u>	<u>8.79</u>	<u>7.98</u>

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED STATEMENT OF PROFIT OR LOSS LINE ITEMS

Revenue

During the Track Record Period, our revenue was generated from (i) sale of package tours; (ii) sale of FIT products; and (iii) provision of ancillary travel related products and services. For 2011, 2012 and 2013, 1H2013 and 1H2014, we generated majority of our revenue from sale of package tours, which accounted for approximately 92.6%, 91.8%, 91.0%, 91.1% and 90.9% of our total revenue, respectively. The following table sets forth a breakdown of our revenue in each business segment for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Package tours ⁽¹⁾	1,154,513	92.6	1,252,821	91.8	1,498,836	91.0	661,184	91.1	702,283	90.9
FIT products ⁽²⁾	44,728	3.6	56,701	4.2	75,725	4.6	33,391	4.6	33,513	4.3
Ancillary travel related products and services	47,448	3.8	55,083	4.0	72,612	4.4	30,812	4.3	36,604	4.8
Total	1,246,689	100.0	1,364,605	100.0	1,647,173	100.0	725,387	100.0	772,400	100.0

Notes:

- (1) Included in revenue from package tours are commission from souvenir shops for the arrangement of visits by our tour groups. Such commission amounted to HK\$7.0 million, HK\$5.7 million, HK\$3.9 million, HK\$2.2 million and HK\$2.1 million for 2011, 2012, 2013, 1H2013 and 1H2014, respectively.
- (2) Revenue from FIT products is recognised on net basis as we render services as an agent, where we do not retain significant risks and rewards in connection with the sale of FIT products to our customers. Our customers have to fully settle the invoiced amount for their FIT product purchases before we confirm their bookings with the relevant travel services providers. Please see the paragraph "Revenue – FIT products" below in this section for the breakdown of sale of FIT products.

Package tours

Our revenue from package tours which mainly represents tour fees received from customers for our outbound package tours registered a CAGR of approximately 14% from 2011 to 2013. The increase in revenue from package tours was mainly attributable to the change in the mix of products sold during the period, as the number of customers joining our tours bound for Japan kept growing from 55,922 in 2011 to 87,228 in 2013, whilst the number of customers joining our tours bound for Asia ex-Japan dropped from 120,733 in 2011 to 92,712 in 2013. We evaluate our business comprises three main geographical regions (i) Japan; (ii) Asia ex-Japan; and (iii) Europe and others. The following table sets forth a breakdown of our revenue from sale of package tours by destinations for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Japan	488,377	42.3	555,541	44.3	822,798	54.9	334,838	50.6	375,519	53.5
Asia ex-Japan ⁽¹⁾	519,840	45.0	547,704	43.7	492,611	32.9	235,442	35.6	229,728	32.7
Europe and others ⁽²⁾	146,296	12.7	149,576	12.0	183,427	12.2	90,904	13.8	97,036	13.8
Total	1,154,513	100.0	1,252,821	100.0	1,498,836	100.0	661,184	100.0	702,283	100.0

FINANCIAL INFORMATION

Notes:

- (1) “Asia ex-Japan” represents outbound package tours bound for Asian countries, such as Korea, Taiwan, Singapore and Malaysia and China, other than Japan:

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i>
Korea	114,228	143,619	142,025	63,739	88,127
Taiwan	91,639	112,342	85,182	41,742	44,404
Singapore and Malaysia	94,333	100,280	97,162	46,942	43,513
China	130,639	89,315	58,537	26,099	25,838
Others	89,001	102,148	109,705	56,920	27,846
Total	519,840	547,704	492,611	235,442	229,728

- (2) “Europe and others” represents (i) outbound package tours bound for Europe, Australia, the Mediterranean, United States, Africa and Egypt; (ii) cruise holidays; and (iii) inbound tours in Hong Kong and Macau.

The following table sets forth our average revenue per customer and the number of customers for our package tours for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾								
	<i>HK\$</i>		<i>HK\$</i>	<i>HK\$</i>		<i>HK\$</i> <i>(unaudited)</i>		<i>HK\$</i>		<i>HK\$</i>
Japan	8,733	55,922	9,496	58,503	9,433	87,228	9,226	36,292	9,010	41,676
Asia ex-Japan ⁽¹⁾	4,306	120,733	4,963	110,352	5,313	92,712	5,204	45,243	5,157	44,545
Europe and others ⁽²⁾	6,217	23,533	9,153	16,341	15,992	11,470	14,929	6,089	15,596	6,222
Total	5,767	200,188	6,765	185,196	7,830	191,410	7,546	87,624	7,597	92,443

FINANCIAL INFORMATION

Notes:

- (1) "Asia ex-Japan" represents outbound package tours bound for Asian countries, such as Korea, Taiwan, Singapore and Malaysia and China, other than Japan:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾
	HK\$		HK\$	HK\$		HK\$		HK\$		
							(unaudited)			
Korea	4,943	23,107	5,654	25,403	5,910	24,033	5,908	10,789	5,955	14,798
Taiwan	4,449	20,600	4,747	23,668	4,672	18,234	4,671	8,936	4,692	9,464
Singapore and Malaysia	6,166	15,298	5,925	16,926	6,231	15,592	6,236	7,528	5,623	7,738
China	2,984	43,780	3,523	25,351	3,551	16,485	3,151	8,283	2,949	8,762
Others	4,959	17,948	5,375	19,004	5,973	18,368	5,864	9,707	7,361	3,783
Total	4,306	120,733	4,963	110,352	5,313	92,712	5,204	45,243	5,157	44,545

- (2) "Europe and others" represent (i) outbound package tours bound for Europe, Australia, the Mediterranean, United States, Africa and Egypt; (ii) cruise holidays; and (iii) inbound tours in Hong Kong and Macau.
- (3) "Number of customers" average revenue per customer is calculated by dividing total revenue by the number of customers.
- (4) "Number of customers" represents the total number of customers enrolled in the tours. For example, if a customer enrolls in two tours in the year, it will be counted as two customer counts.

FIT products

Our revenue from FIT products is recognised on net basis as we render the services as an agent, where we are only responsible for arranging the booking of air tickets and accommodations on behalf of our service suppliers. Our revenue from FIT products represents the net income, which is the gross sales proceeds netted with the associated direct cost. For 2011, 2012, 2013, 1H2013 and 1H2014, most of our revenue from FIT products was generated from our FIT products bound for Japan and to other destinations in Asia, which in aggregate accounted for approximately 94.1%, 96.3%, 97.2%, 97.6% and 96.1% of our total revenue from FIT products, respectively. The increase in our revenue from FIT products was mainly due to the growth in the number of customers who purchased our FIT products during the period. The number of customers grew from 122,214 in 2011 to 163,024 in 2013. The following table sets forth a breakdown of our revenue from FIT products by destinations for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
							(unaudited)			
Japan	22,919	51.2	30,533	53.8	48,739	64.4	20,991	62.9	20,397	60.9
Asia ex-Japan ⁽²⁾	19,186	42.9	24,101	42.5	24,845	32.8	11,573	34.7	11,788	35.2
Europe and others ⁽³⁾	2,623	5.9	2,067	3.7	2,141	2.8	827	2.4	1,328	3.9
Total	44,728	100.0	56,701	100.0	75,725	100.0	33,391	100.0	33,513	100.0

FINANCIAL INFORMATION

Notes:

- (1) The following table sets forth an analysis of our gross proceeds and the gross proceed to revenue ratio for our FIT products by destinations.

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i>
Gross sales proceeds					
Japan	199,727	255,056	390,047	165,683	164,401
Asia ex-Japan	200,237	240,345	259,880	117,291	113,580
Europe and others	37,969	34,156	35,643	13,770	22,082
Total	<u>437,933</u>	<u>529,557</u>	<u>685,570</u>	<u>296,744</u>	<u>300,063</u>

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	%	%	%	%	%
Yield of FIT products					
Japan	11.5	12.0	12.5	12.7	12.4
Asia ex-Japan	9.6	10.0	9.6	9.9	10.4
Europe and others	6.9	6.1	6.0	6.0	6.0
Total FIT products revenue margin	10.2	10.7	11.0	11.3	11.2

* *Yield of FIT products represents the revenue margin calculated as revenue divided by gross sales proceeds.*

- (2) "Asia ex-Japan" represents outbound FIT products bound for other countries such as Korea, Taiwan, Singapore and Malaysia in Asia.
- (3) "Europe and others" represent (i) outbound FIT products bound for Europe, United States, Australia, Africa, Egypt and the Mediterranean; and (ii) cruise holidays.

The following table sets forth our average revenue per customer and the number of customers for our FIT products for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Average revenue per customer ⁽³⁾	Number of customers ⁽⁴⁾								
	<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i> <i>(unaudited)</i>		<i>HK\$</i>	
Japan	426	53,812	515	59,285	555	87,843	526	39,882	568	35,934
Asia ex-Japan ⁽¹⁾	342	56,051	368	65,419	360	69,027	360	32,107	388	30,383
Europe and others ⁽²⁾	212	12,351	251	8,223	348	6,154	305	2,709	410	3,237
Total	<u>366</u>	<u>122,214</u>	<u>427</u>	<u>132,927</u>	<u>464</u>	<u>163,024</u>	<u>447</u>	<u>74,698</u>	<u>482</u>	<u>69,554</u>

FINANCIAL INFORMATION

Notes:

- (1) "Asia ex-Japan" represents outbound FIT products bound for Asian countries other than Japan such as Korea, Taiwan, Singapore and Malaysia.
- (2) "Europe and others" represent (i) outbound FIT products bound for Europe, United States, Australia, Africa, Egypt and the Mediterranean; and (ii) cruise holidays.
- (3) Average revenue per customer is calculated by dividing total revenue by the number of passengers.
- (4) "Number of customer" represents the total number of participants enrolled in our FIT Products. For example if a customer enrolls into two FIT packages in the year, it will be counted as two customers.

Revenue from ancillary travel related products and services

Our revenue from ancillary travel related products mainly represents (i) income from sale of public transportation tickets for use in Japan; (ii) income from sale of theme park admission tickets; (iii) income from sale of souvenir to inbound tour customers; while our revenue from ancillary travel related services mainly represents (i) commission income from travel insurance services; and (ii) handling fee for our remittance services provided to souvenir and merchandise suppliers in Japan. As set out in the paragraph "Critical Accounting Policies, Estimates and Judgements" above in this section, revenue from ancillary travel products was recognised on gross basis, upon transfer of the significant risks and rewards of ownership to the customer, which usually will be when we deliver and our customer has accepted the travel related products. Revenue from provision of ancillary travel services is recognised on a net basis as the services are rendered by us as an agent when we do not retain significant risk and rewards in the transaction. The following table sets forth a breakdown of the income from the ancillary travel related products and services for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Ancillary travel related products										
Sale of transportation tickets ⁽¹⁾	9,327	19.7	14,313	26.0	20,986	28.9	9,776	31.7	11,038	30.2
Sale of admission tickets ⁽²⁾	6,195	13.1	11,785	21.4	17,171	23.6	5,853	19.0	8,342	22.8
Sale of souvenir ⁽³⁾	10,110	21.3	5,346	9.7	1,165	1.6	741	2.4	385	1.1
Others	3,818	7.9	3,560	6.5	4,542	6.3	1,688	5.5	2,689	7.2
Subtotal	29,450	62.0	35,004	63.6	43,864	60.4	18,058	58.6	22,454	61.3
Ancillary travel related services										
Commission income from travel insurance ⁽⁴⁾	12,178	25.7	13,892	25.2	18,850	26.0	8,279	26.9	9,655	26.4
Handling fee for remittance services ⁽⁵⁾	5,820	12.3	6,187	11.2	9,898	13.6	4,475	14.5	4,495	12.3
Subtotal	17,998	38.0	20,079	36.4	28,748	39.6	12,754	41.4	14,150	38.7
Total	47,448	100.0	55,083	100.0	72,612	100.0	30,812	100.0	36,604	100.0

Notes:

- (1) Sale of transportation tickets mainly represents the gross proceeds from the sale of train tickets, reusable stored value transportation cards, and booking of car rental services in Japan.
- (2) Sale of theme park admission tickets mainly represents the gross proceeds from the sale of admission tickets for various amusement and theme parks in Japan.

FINANCIAL INFORMATION

- (3) Sale of souvenir mainly represents the gross proceeds from the sale of souvenir such as food and handcrafted items to our customers of inbound tours in Hong Kong.
- (4) Commission income from travel insurance mainly represents the net commission received from the insurance company in respect of sale of travel insurance to our customers.
- (5) Handling fee for remittance services mainly represents the net handling fees received for remitting proceeds from sale of souvenir by our tour escorts on the tour bus in our tours bound for Japan. Please see the section "Business – Our Products and Services – III. Ancillary Travel Related Products and Services" for further details.

Cost of Sales

Our cost of sales mainly represents direct costs incurred in our package tours and ancillary travel related products and services, which includes (i) airfares; (ii) land operator fees; (iii) hotel tariffs; (iv) transportation expenses; (v) meal expenses; (vi) admission ticket cost; and (vii) cost of souvenir. For 2011, 2012, 2013, 1H2013 and 1H2014, most of our cost of sales was airfares and land operator fees, which in aggregate accounted for approximately 78.2%, 77.1%, 74.8%, 75.2% and 74.4% of our total cost of sales, respectively. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution	Amount	Contribution
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Airfares ⁽¹⁾	456,761	43.5	495,053	43.6	584,505	45.2	251,737	44.2	284,486	45.8
Land operator fees ⁽²⁾	364,945	34.7	381,153	33.5	382,576	29.6	176,508	31.0	178,076	28.6
Hotel tariffs ⁽³⁾	116,888	11.1	134,567	11.8	171,340	13.2	70,879	12.4	79,840	12.8
Transportation expenses ⁽⁴⁾	50,196	4.8	57,825	5.1	68,102	5.3	32,807	5.8	37,951	6.1
Meal expenses ⁽⁵⁾	30,887	2.9	32,082	2.8	40,602	3.1	18,269	3.2	20,895	3.4
Admission ticket cost ⁽⁶⁾	21,281	2.0	30,131	2.7	42,121	3.3	17,074	3.0	18,501	3.0
Souvenirs cost ⁽⁷⁾	6,610	0.6	3,037	0.3	720	0.1	439	0.1	269	0.1
Others	3,116	0.4	2,849	0.2	4,052	0.2	1,913	0.3	1,595	0.2
Total	1,050,684	100.0	1,136,697	100.0	1,294,018	100.0	569,626	100.0	621,613	100.0

Notes:

- (1) Airfares represent the cost paid to airlines and ticketing agents for securing air tickets for travel of our tours and FIT products.
- (2) Land operator fee represents fees paid to land operators for arranging the itineraries and all other travel elements of our Non-Japan Tours.
- (3) Hotel tariffs represent cost of hotel rooms and other services for our tours and FIT products.
- (4) Transportation expenses represent the cost of local transportation for our tours bound for Japan at the destinations and the cost of arranging of car rental services.
- (5) Meal expenses represent the expenses paid to hotels and restaurants in arranging meals for our Tours bound for Japan.
- (6) Admission ticket cost represents the expenses for purchasing of theme park and amusement park tickets for our tours and for sales at our branches.
- (7) Souvenir cost represents the cost of souvenir sold to customers of our inbound tours.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Our tour bound for Japan had the highest gross profit margin during Track Record Period because we arranged and purchased all the travel elements directly from the suppliers for our Japan Tours, whilst we relied on the local land operators to arrange the necessary travel elements for Non-Japan Tours. The following table sets forth an analysis of our gross profit and gross profit margin by product and by destinations.

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>									
Package tours										
Japan	63,984	13.1	74,424	13.4	166,487	20.2	70,231	21.0	67,272	17.9
Asia ex-Japan ⁽¹⁾	51,661	9.9	56,658	10.3	57,141	11.6	27,589	11.7	24,656	10.7
Europe and others ⁽²⁾	10,889	7.4	12,398	8.3	16,976	9.3	8,584	9.4	6,931	7.1
Subtotal	126,534	11.0	143,480	11.5	240,604	16.1	106,404	16.1	98,859	14.1
FIT products⁽³⁾	44,728	100.0	56,701	100.0	75,725	100.0	33,391	100.0	33,513	100.0
Ancillary travel related products	6,745	22.9	7,648	21.8	8,078	18.4	3,212	17.8	4,265	19.0
Ancillary travel related services⁽⁴⁾	17,998	100.0	20,079	100.0	28,748	100.0	12,754	100.0	14,150	100.0
	24,743	52.1	27,727	50.3	36,826	50.7	15,966	51.8	18,415	50.3
Total	196,005	15.7	227,908	16.7	353,155	21.4	155,761	21.5	150,787	19.5

Notes:

- (1) Represent outbound package tours bound for other Asian countries such as Korea, Taiwan, Singapore and Malaysia and China.
- (2) Represent (i) outbound package tours bound for Europe, Australia, the Mediterranean, United States, Africa and Egypt; (ii) cruise holidays; and (iii) inbound tours in Hong Kong and Macau.
- (3) Revenue from FIT products is recognised on net basis as we render services as an agent where we do not retain significant risks and rewards in connection with the sale of FIT products to our customers. Please see the paragraph "Revenue – FIT products" above in this section for the breakdown of sale of FIT products.
- (4) Revenue from provision of ancillary travel related services is recognised on net basis as the services are rendered by us as an agent when we do not retain significant risk and rewards in the transaction.

FINANCIAL INFORMATION

Other Income and Gains/(Losses), Net

Our other net income and gains represents (i) rebate received from a GDS service supplier; (ii) interest income; (iii) sundry income; (iv) net exchange gain/(loss) and (v) others. The following table sets forth a breakdown of our other income and gains:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
Rebates received from a GDS service supplier ⁽¹⁾	582	6.5	696	15.7	3,883	(149.1)	572	(8.0)	2,275	57.3
Interest income ⁽²⁾	868	9.7	860	19.3	1,305	(50.1)	627	(8.7)	588	14.8
Sundry income ⁽³⁾	1,919	21.5	1,644	37.0	871	(33.4)	1,100	(15.3)	1,649	41.5
Net foreign exchange gain or loss ⁽⁴⁾	5,292	59.1	1,106	24.9	(8,780)	337.0	(9,543)	133.0	(562)	(14.1)
Others ⁽⁵⁾	285	3.2	140	3.1	116	(4.4)	70	(1.0)	22	0.5
Total	8,946	100.0	4,446	100.0	(2,605)	100.0	(7,174)	100.0	3,972	100.0

Notes:

- (1) The amount represents rebates received from a GDS service provider as incentive for continued usage of their GDS service. The amount of rebate was determined based on the prevailing incentive schemes available at the time according to the prevailing subscriber agreement with the GDS service supplier in force. Such rebate is recognised as income when our Group's entitlement to the rebates is established in accordance with the terms of the subscriber agreement, i.e., when the booking of the corresponding travel item is confirmed. Please see "II. Notes to the financial information – 3. Summary of significant accounting policies – Note 3.5 Revenue recognition" in Appendix I for further details. The increase in 2013 was owing to a one-off sign-on bonus of USD240,000 and increased rate of rebate pursuant to the renewed GDS service subscription agreement. Please refer to "Period to Period Comparison of Results of Operations – 2013 Compared with 2012 – other income and gains/(losses), net" in this section below for further details.
- (2) Interest income represents interest earned from (i) bank deposits; and (ii) debentures issued by licenced banks in Hong Kong.
- (3) Sundry income represents (i) income from forfeiture of deposits by customers and associated handling charges; (ii) sponsorship fees from sponsor from promotional programme with credit cards; (iii) rental income for portable wi-fi devices; (iv) commission rebates from certain airlines and (v) other miscellaneous income.
- (4) The net foreign exchange gain or loss represents the gain and loss arising from translation of the monetary assets and liabilities denominated in currencies other than the functional currency of the Group and the transaction gain or losses arising from the difference of exchange rate between recording and settlement of the expenses. The following sets out the breakdown of foreign exchange gain/(loss) by currency during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
AUD	(84)	195	(310)	(633)	291
RMB	766	227	592	235	(794)
EUR	(312)	710	(144)	(58)	(45)
JPY	4,395	(1,175)	(9,377)	(8,735)	(575)
SGD	246	(116)	52	(24)	69
USD	182	842	475	194	182
Others	99	423	(68)	(522)	310
Total	5,292	1,106	(8,780)	(9,543)	(562)

FINANCIAL INFORMATION

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
In which represents net foreign exchange gain or loss arising from:					
Translation of monetary assets and liabilities	3,337	(6,945)	(14,435)	(14,247)	(25)
Transactional exchange gain or losses	1,955	8,051	5,655	4,704	(537)

In order to enhance the internal control and risk management procedures and to identify and manage the risks which we may be exposed to in handling foreign exchange transactions in the future, we have adopted enhanced internal control policies on foreign exchange transactions since August 2014. Our Directors believe that such internal control policies help strengthen the checks and balances in processing foreign currency transactions. Please see the section "Business – Internal Control – Foreign Exchange Risk Management" for more details.

- (5) Others represent (i) rental income from sub-letting of two car park spaces which were rented from Great Port Limited, a connected person of the Company, to one of our Director and a connected person of the Company and (ii) management fee income for providing administration, management and secretarial services by our staff to EGL J-mart Limited, which is also a connected person of the Company. Both arrangements were terminated prior to Listing.

Net Realised and Unrealised (Loss)/Gain on Derivative Financial Instruments

Our investments in derivative financial instruments mainly represent forward currency contracts and currency options. Our Directors consider that use of derivative financial instruments would not be the best means to manage our foreign exchange exposure incurred in our operations. As a result, we ceased all our investments in derivative financial instruments in June 2014, except for two RMB forward contracts of aggregate notional value amounting to RMB6.0 million maturing in February 2015. We will use such RMB to be purchased under the forward contracts to settle the relevant cost of travel elements for our tours bound for the PRC. For further details, please refer to the paragraph headed "Financial Assets/Liabilities at Fair Value through Profit or Loss" in this section below.

Selling Expenses

Our selling expenses represents (i) staff cost for our front line staff; (ii) advertising and promotion expenses for placing advertisement on media and expenses incurred for promotional activities, which is netted with subsidies received from business partners; and (iii) donations made to social services, charitable organisations and for disaster relief related to the earthquake and tsunami in Japan in March 2011. The table below sets forth a breakdown of our selling expenses for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Staff cost	47,417	62.4	53,346	76.0	63,604	74.5	26,609	72.5	28,755	73.0
Advertising expenses	14,691	19.3	13,818	19.7	17,824	20.9	8,673	23.7	9,086	23.1
Donations	9,994	13.2	400	0.6	680	0.8	–	–	–	–
Other sundry expenses	3,842	5.1	2,595	3.7	3,289	3.8	1,396	3.8	1,521	3.9
Total	75,944	100.0	70,159	100.0	85,397	100.0	36,678	100.0	39,362	100.0

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses represent (i) staff cost to our administrative and support staff; (ii) operating lease rental for our offices and branches; (iii) Directors' remuneration; (iv) bank charges related to collection of customer credit card and debit card payments for purchase of our products; (v) legal and professional fees; (vi) office expenses such as stationery, communication utilities and repair charges; (vii) rents and rates; (viii) depreciation charges on our fixed assets; and (ix) insurance. The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2011		2012		2013		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>									
Staff cost	43,388	39.2	43,994	37.9	50,753	35.0	23,098	33.5	27,380	35.7
Rental expense, government rents and rates	22,177	20.0	23,133	20.0	24,888	17.2	12,436	18.0	13,136	17.1
Directors' remuneration	8,587	7.8	15,319	13.2	30,563	21.1	14,335	20.7	11,102	14.5
Bank charges	12,139	11.0	13,707	11.8	18,146	12.5	9,085	13.2	8,716	11.4
Legal and professional fee	1,442	1.3	1,344	1.2	1,480	1.0	601	0.9	7,348	9.6
Office expenses	11,105	10.0	10,847	9.4	10,935	7.5	5,355	7.8	5,852	7.6
Depreciation charge	8,348	7.5	4,968	4.3	3,275	2.3	1,636	2.4	1,811	2.4
Insurance	1,231	1.1	1,167	1.0	1,107	0.8	564	0.8	549	0.7
Other expenses	2,357	2.1	1,451	1.2	3,731	2.6	1,919	2.7	804	1.0
	<u>110,774</u>	<u>100.0</u>	<u>115,930</u>	<u>100.0</u>	<u>144,878</u>	<u>100.0</u>	<u>69,029</u>	<u>100.0</u>	<u>76,698</u>	<u>100.0</u>

Finance costs

Our finance costs represents interest payments for (i) amount due to a related party for short term cash management needs; and (ii) borrowing from a financial institution. Our finance cost represents approximately 1.0%, 0.6%, 1.1%, 1.5% and nil of our net income before interest and tax for the corresponding financial years/periods.

FINANCIAL INFORMATION

Income tax expenses

As a tour operator with subsidiaries operating in Hong Kong and Macau, we are subject to Hong Kong tax and Macau tax. Our subsidiaries in Hong Kong are subjected to tax rate of 16.5% while our subsidiary in Macau is subjected to a progressive tax rate of 9.0% to 12.0%. No provision for tax in other jurisdiction was made as we did not generate any assessable income from jurisdiction other than Hong Kong and Macau during the Track Record Period. Our effective tax rates were 17.0%, 10.8%, 15.1%, 17.5% and 16.5% for 2011, 2012, 2013, 1H2013 and 1H2014, respectively. The following table sets out the tax charges recognised by us for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Current tax	3,063	5,909	17,948	7,425	6,453
Deferred tax	–	(966)	361	22	(161)
	3,063	4,943	18,309	7,447	6,292
Effective Tax rate	17.0%	10.8%	15.1%	17.5%	16.5%

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

1H2014 compared with 1H2013

Revenue

Our revenue increased by HK\$47.0 million, or 6.5%, from HK\$725.4 million in 1H2013 to HK\$772.4 million in 1H2014. The overall increase was mainly due to (i) the increase in revenue from package tours by HK\$41.1 million, or 6.2%, from HK\$661.2 million in 1H2013 to HK\$702.3 million in 1H2014; and (ii) increase in revenue from ancillary travel related products and services for HK\$5.8 million, or 18.8% from HK\$30.8 million in 1H2013 to HK\$36.6 million in 1H2014.

Package tours

Our revenue from package tours increased by HK\$41.1 million, or 6.2%, from HK\$661.2 million in 1H2013 to HK\$702.3 million in 1H2014, driven mainly by the increase in revenue from our package tours bound for Japan. Our revenue from tours bound for Japan increased by HK\$40.7 million, representing increase of 12.2%, in 1H2014 compared with that of 1H2013. The increase in revenue from package tours bound for Japan for 1H2014 was mainly driven by the increase in number of customers, due to our promotional efforts, together with the lowering of the tour price in order to maintain our market share. The number of customers of tours bound for Japan increased by 5,384, or 14.8% from 36,292 in 1H2013 to 41,676 in 1H2014, while the average revenue per customer decreased by HK\$216 per customers, or 2.3% from HK\$9,226 in 1H2013 to HK\$9,010 in 1H2014.

FIT products

Our revenue from FIT products for 1H2014 amounted to HK\$33.5 million, which remained stable compared with that of HK\$33.4 million in 1H2013.

FINANCIAL INFORMATION

Ancillary travel related products and services

Our revenue from ancillary travel related services and products increased by HK\$5.8 million, or 18.8% from HK\$30.8 million in 1H2013 to HK\$36.6 million in 1H2014. The increase was mainly due to (i) increase in sale of admission tickets by HK\$2.5 million, driven by the launch of a new theme site in an amusement theme park in Osaka, Japan; (ii) increase in sale of public transportation tickets and services by HK\$1.3 million, driven by the increase in sale in railways passes and train tickets for use in Japan; and (iii) increase in commission income from travel insurance by HK\$1.4 million which was in line with the increase in number of customers joining our package tours from 87,624 in 1H2013 to 92,443 in 1H2014.

Cost of sales

Our cost of sales increased by HK\$52.0 million, or 9.1%, from HK\$569.6 million in 1H2013 to HK\$621.6 million in 1H2014. The increase was mainly driven by (i) the increase in airfares by HK\$32.7 million, or 13.0%; (ii) increase in hotel tariffs by HK\$9.0 million, or 12.6%; (iii) increase in transportation expenses by HK\$5.1 million, or 15.7%; (iv) increase in meal expenses by HK\$2.6 million, or 14.4%; and (v) increase in cost of admission tickets by HK\$1.4 million, or 8.4%.

The increase in airfares were mainly due to (i) the increase in the total number of customers joining our package tours by 5.5% for 1H2014 compared with 1H2013; and (ii) the increase in price of air tickets.

The increase in hotel tariffs, transportation expenses, meal expenses, and admission tickets was mainly due to the increase in the number of customers joining our package tours to Japan. As described in the section “Business – Our products and services – I. Package Tours”, we do not employ land operators for our tours bound for Japan. We arranged and purchased hotels, local tour buses, restaurants and various tourist attractions directly with the supplier based on our itinerary. Our total number of customers joining tours bound for Japan amounted 41,676 in 1H2014, representing an increase of 5,384 customers, or 14.8%, over that in 1H2013.

Gross profit

As a result of the foregoing, our gross profits decreased for HK\$5.0 million, or 3.2%, from HK\$155.8 million in 1H2013 to HK\$150.8 million in 1H2014. Our gross profit margin decreased from 21.5% to 19.5% for the same period.

The decrease in our overall gross profit margin was mainly due to the decrease in our profit margin from our package tours from 16.1% for 1H2013 to 14.1% in 1H2014, which was mainly driven by the decrease in gross profit margin from 21.0% to 17.9% and from 14.1% to 12.0% for our tours bound for Japan and Korea from 1H2013 to 1H2014, respectively. The decrease in gross profit margin in our tours bound for Japan were mainly due to the decrease in average revenue from customers by HK\$216, or 2.3%, from HK\$9,226 per customer for 1H2013 to HK\$9,010 per customer in 1H2014. The gross profit margin for tours bound for Japan was also impacted by the increase in cost for travel elements in Japan. The decrease in gross profit margin in our tours bound for Korea was mainly due to the increase in airfare and land operator cost mainly attributable to inflation. Please see the paragraph “– Period to Period Comparison of Results of Operations – 1H2014 compared with 1H2013 – Cost of Sales” in this section above for further details.

As set out in the paragraph “Critical Accounting Policies, Estimates and Judgments” in this section, income from FIT products is recognised as gross proceeds net of all directly associated cost. The gross proceeds to revenue ratio for our FIT products in 1H2014 remained stable to that in 1H2013.

Other income and gains/(losses), net

We had other income and gains of HK\$4.0 million in 1H2014 compared with the other loss of HK\$7.2 million in 1H2013 mainly due to (i) increase in rebate received from the supplier for GDS service by HK\$1.7 million, to HK\$2.3 million in 1H2014; and (ii) the decrease in net foreign exchange loss from loss of HK\$9.5 million in 1H2013 to loss of HK\$562,000 in 1H2014.

FINANCIAL INFORMATION

The increase in rebate received from the GDS service supplier was primarily attributable to the renewal of the GDS service subscription agreement in 2013, pursuant to which the GDS service supplier (i) paid our Group an one-off sign-on bonus of USD240,000; and (ii) increased the rate of rebate per successful booking through the GDS system.

Our net foreign exchange loss for 1H2014 mainly represented the loss sustained from transactions in foreign currencies, which aroused from the difference in exchange rates between the date of recognition and the date of settlement of monetary items which mainly included trade payables. The loss was significantly smaller than that for 1H2013 mainly due to (i) the exchange rate in the major currencies used by us, for example JPY and RMB, were rather stable for 1H2014 as compared to that for 1H2013; and (ii) lower level of foreign currency exposure in terms of cash and cash equivalents in JPY as at 30 June 2014 compared to that as at 31 December 2013. In the fourth quarter of 2012, in anticipation of the rebound in number of customers joining our tours bound for Japan, we had increased our holdings of cash and cash equivalents in JPY to HK\$56.4 million as at 31 December 2012. As JPY depreciated against HKD from fourth quarter of 2012 onwards, we had sustained exchange loss in 2013. Our cash and cash equivalents in JPY reduced from HK\$24.3 million as at 31 December 2013 to HK\$4.4 million as at 30 June 2014. Please refer to the paragraph “– Period to Period Comparison of Results of Operations – 2013 compared with 2012” in this section below for further details on the net foreign gain loss for 2013.

Selling expenses

Our selling expenses increased by HK\$2.7 million, or 7.3%, from HK\$36.7 million in 1H2013 to HK\$39.4 million in 1H2014. The increase was primarily attributable to the increase in staff cost by HK\$2.1 million, resulted from the increase in the average salary of 5.2% together with the increase of head count of our front line staff for 8.0%. Our advertising expenses remained stable for 1H2014 compared with that for 1H2013. We have not made any donation in 1H2014.

Administrative expenses

Our administrative expenses increased by HK\$7.7 million, or 11.1%, from HK\$69.0 million in 1H2013 to HK\$76.7 million in 1H2014. The increase was primarily attributable to the legal and professional fees paid to professional parties for the listing of our Company.

Finance cost

We did not have any finance cost in 1H2014 as we did not have any loans, borrowings or balances due to related companies in the period.

Income tax expenses

Our income tax expenses decreased by HK\$1.2 million, or 15.5%, from HK\$7.4 million in 1H2013 to HK\$6.3 million in 1H2014. Our effective tax rate in 1H2014 remained stable compared to that in 1H2013.

Net profit

As a result of the foregoing, our profit decreased by HK\$3.2 million, or 9.2%, from HK\$35.1 million in 1H2013 to HK\$31.9 million in 1H2014. Our net profit margin decreased from 4.8% in 1H2013 to 4.1% in 1H2014, primarily due to the decrease in gross profit margin from 21.5% in 1H2013 to 19.5% in 1H2014 as mentioned above.

2013 compared with 2012

Revenue

Our revenue increased by HK\$282.6 million, or 20.7%, from HK\$1,364.6 million in 2012 to HK\$1,647.2 million in 2013. The increase was mainly due to (i) the rise in revenue from package tours by HK\$246.0 million, or 19.6%, from HK\$1,252.8 million in 2012 to HK\$1,498.8 million in 2013, driven by

FINANCIAL INFORMATION

the increase in revenue from our package tours bound for Japan; (ii) increase in revenue from FIT products of HK\$19.0 million, or 33.5% from HK\$56.7 million in 2012 to HK\$75.7 million in 2013 arising out of the increase in sale of FIT products to Japan; and (iii) increase in revenue in ancillary travel related products and services of HK\$17.5 million, or 31.8% from HK\$55.1 million in 2012 to HK\$72.6 million in 2013 mainly as a result of the increase in sale of travel insurance and admission tickets. In 2013, the weakening JPY helped to release the pent up spending on tours bound for Japan which was deterred by the earthquake in 2011 and the strong JPY in 2012. This also lifted up the revenue in FIT products and ancillary travel related products and services as over half of such revenue was related to tours bound for Japan.

Package tours

Our revenue from package tours increased by HK\$246.0 million from HK\$1,252.8 million in 2012 to HK\$1,498.8 million in 2013, mainly due to the increase in revenue from our package tours bound for Japan and Europe and other destinations. Our revenue from tours bound for Japan increased by HK\$267.3 million from HK\$555.5 million in 2012 to HK\$822.8 million in 2013, while our revenue from tours bound for Europe and other destinations increased by HK\$33.9 million from HK\$149.5 million in 2012 to HK\$183.4 million in 2013.

The increase of revenue from tours bound for Japan in 2013 was mainly driven by (i) the increase in number of customers; and (ii) the increase in average revenue per customers. The number of customers for tours bound for Japan increased by 28,725, or 49.1% from 58,503 in 2012 to 87,228 in 2013. Our Directors believe that such increase in the number of customers joining our package tours bound for Japan was mainly caused by the increase in the customers' real spending power in Japan as JPY depreciated against HKD from the fourth quarter in 2012 onwards, from HKD1: JPY10.1 in September 2012 to HKD1: JPY13.2 in May 2013, representing a depreciation of 23.5% against HKD for the period. From our experience, as customers of our tours bound for Japan generally spend a portion of their total travel budget for merchandise and souvenir purchases in Japan, the increase in real spending power brought about by the weakening of JPY was one of the factors influencing customers' choice of destinations. The average price of our Japan bound tours remained stable at HK\$9,433 per customer compared with HK\$9,496 per customer in 2012.

The increase in revenue from our tours bound for Europe and other destinations in 2013 was mainly due to the increase in average revenue per customers from HK\$9,153 in 2012 to HK\$15,992 in 2013 as there are more customers travelling to destinations with higher price, such as western Europe.

The increase in revenue for tours bound for Japan and Europe in 2013 was partially offset by the decrease in revenue from tours bound for Asia ex-Japan region by HK\$55.1 million, or 10.1%, from HK\$547.7 million to HK\$492.6 million. It was mainly due to the decrease in number of customers by 17,640, or 16.0%, from 110,352 in 2012 to 92,712 in 2013. The decrease in number of customers bound for Asia ex-Japan region was mainly due to decrease in number of customers to (i) Thailand as a result of its political instability in the second half of 2013; (ii) Taiwan and China, as our Directors believed a portion of the customers have diverted to Japan as attracted by the weakening JPY.

FIT products

Our revenue from FIT products increased by HK\$19.0 million, or 33.5% from HK\$56.7 million in 2012 to HK\$75.7 million in 2013. The increase was mainly due to increase in revenue from our FIT products bound for Japan, by HK\$18.2 million, from HK\$30.5 million in 2012 to HK\$48.7 million in 2013, driven by the increase in number of customers purchasing our FIT products bound for Japan by 28,558, or 48.2%, from 59,285 to 87,843. Our Directors believed that the increase in number of customers purchasing our FIT products bound for Japan was due to increase in the spending power of our customers in Japan as JPY weakened against HKD. Please refer to the paragraph "– Period to Period Comparison of Results of Operations – 2013 compared with 2012 – Revenue – Package tours" above in this section for further details.

FINANCIAL INFORMATION

Ancillary travel related products and services

Our revenue from ancillary travel related products and services increased by HK\$17.5 million or 31.8% from HK\$55.1 million in 2012 to HK\$72.6 million in 2013. The increase was mainly due to (i) increase in sale of travel insurance by HK\$5.0 million, which was in line with the increase in revenue from our package tour and FIT products; (ii) increase in sale of admission tickets for HK\$5.4 million due to the pre-sale of admission tickets to a new theme site in an amusement theme park in Osaka, Japan, opened in July 2014; and (iii) increase in handling fee of remittance service of HK\$3.7 million which was in line with the increase in the number of customers joining our tours bound for Japan.

Cost of sales

Our cost of sales increased by HK\$157.3 million, or 13.8%, from HK\$1,136.7 million in 2012 to HK\$1,294.0 million in 2013. The increase was mainly driven by (i) the increase in airfares by HK\$89.5 million, or 18.1%; (ii) increase in hotel tariffs by HK\$36.8 million, or 27.3%; (iii) increase in meal expenses by HK\$8.5 million, or 26.6%; (iv) increase in transportation expenses by HK\$10.3 million, or 17.8%; and (v) increase in admission tickets expenses by HK\$12.0 million, or 39.8%, whilst the land operator fees remained stable.

The increase in airfare was mainly due to increase of number of customer joining our tours and increase in price of airtickets.

The increase in hotel tariffs, meal expenses, transportation expenses and admission tickets expenses was primarily attributable to the increase in the number of customers in our package tours to Japan. Such costs were mainly denominated in JPY. The number of customers in our Japan tours amounted to 87,228 in 2013, representing an increase of 28,725 or 49.1% over 58,503 customers in 2012. The average number of customers per tour bound for Japan increased from 26.7 persons to 30.8 persons over the same period. The rate of increase in these expenses were lower than the rate of increase in the number of customer per tour bound for Japan mainly due to (i) the depreciation of JPY for more than 20% in 2013; and (ii) discount offered by suppliers as our business volume increased. In addition, as the tour bus used by our tours in Japan generally can hold up to 35 persons, the increase in average number of customers per tour bound for Japan in 2013 also resulted in a decrease in the transportation cost per customer for our tours bound for Japan. As a result, transportation cost only increased by 17.8% in 2013.

Gross profit

As a result of the foregoing, our gross profit increased by HK\$125.2 million, or 55.0%, from HK\$227.9 million in 2012 to HK\$353.2 million in 2013. Our gross profit margin increased from 16.7% to 21.4% in the same period.

The increase in the overall gross profit margin was mainly attributable to the increase in the profit margin from package tours, which was in turn driven by the increase in sales and gross profit margin of package tour bound for Japan and Europe and other destinations. Total gross profit from package tours increased by HK\$97.1 million, or 67.7%, from HK\$143.5 million in 2012 to HK\$240.6 million in 2013 which was mainly driven by the increase in gross profits from our package tours bound for Japan by HK\$92.1 million, or 123.7%, from HK\$74.4 million in 2012 to HK\$166.5 million in 2013. Such increase was mainly due to (i) the increase in revenue from our outbound tour to Japan by 48.1% driven by the increase in customers for our tours bound for Japan, and (ii) the increase in the gross profit margin for our Japan tours from 13.4% for 2012 to 20.2% for 2013. The increase in gross profit margin for tours bound for Japan was mainly attributable to the decrease in cost brought about by (i) the depreciation of JPY for more than 20% during 2013, leading to decrease in costs denominated in JPY, which accounted for approximately 50.0% of total cost for tours bound for Japan for 2013; (ii) discount offered by suppliers as our business volume increased; and (iii) the decrease in transportation expenses per customer

FINANCIAL INFORMATION

brought about by the increase in average tour size for tours bound to Japan as mentioned above. Please refer to the paragraph “Period to Period Comparison of Results of Operations – 2013 compared with 2012 – Cost of sales” above in this section.

Our gross profit from tour bound for Europe and other destinations increased by HK\$4.6 million, or 36.9%, from HK\$12.4 million in 2012 to HK\$17.0 million in 2013. The gross profit margin increased slightly from 8.3% to 9.3% over the same year. The increase in gross profit from tour bound for Europe and other destinations was mainly due to the increase in average tour price from HK\$9,153 to HK\$15,992, as a result of increased number of customers joining tours to destinations of higher price, such as Western Europe.

Our gross profit from FIT products increased for HK\$19.0 million, or 33.6%, from HK\$56.7 million in 2012 to HK\$75.7 million in 2013. It was mainly due to the increase in sale of our FIT products, in particular products bound for Japan. Also, we achieved a higher yield over the gross proceeds from sale of FIT products from 10.7% in 2012 to 11.0% in 2013, mainly as a result of the increased yield for sale of FIT products bound for Japan from 12.0% to 12.5% over the year.

Other income and gains/(losses), net

We had other loss of HK\$2.6 million for 2013 against the other income of HK\$4.4 million for 2012, mainly arising from (i) net foreign exchange loss of HK\$8.8 million for 2013 compared to gain of HK\$1.1 million for 2012; and (ii) decrease in sundry income by HK\$773,000 to HK\$871,000 for 2013; which was partially off-set by (i) the increase in rebate received from our GDS service supplier by HK\$3.2 million; and (ii) the increase in interest income by HK\$445,000.

Our net foreign exchange loss amounted to HK\$8.8 million for 2013 compared to the net exchange gain of HK\$1.1 million for 2012. The loss in 2013 was mainly due to the exchange loss of HK\$9.4 million arising from JPY, which was partially offset by the exchange gain of HK\$592,000 arising from RMB. As discussed in the paragraph “– Period to Period Comparison of Results of Operations – 2013 compared with 2012 – Package tours” above in this section, in anticipation of the rebound in the number of customers joining our tours bound for Japan, we had increased our cash and cash equivalents holdings in JPY to prepare for the settlement of the associated cost of sales in JPY in the fourth quarter of 2012 and first half of 2013. Our net asset denominated in JPY had increased from HK\$8.2 million as at 31 December 2011 to HK\$66.8 million as at 31 December 2012, in which our cash and cash equivalents in JPY increased from HK\$4.4 million as at 31 December 2011 to HK\$56.4 million as at 31 December 2012. As JPY depreciated against HKD from HKD1: JPY10.1 in September 2012 to HKD1: JPY13.2 in May 2013, we recorded exchange loss arising from our JPY assets.

Our sundry income decreased by HK\$773,000, from HK\$1.6 million in 2012 to HK\$871,000 in 2013 mainly due to decrease in income from the forfeiture of customer deposits as there were less customers cancelling their confirmed tour bookings during the year.

Our rebate received from a GDS service supplier increased by HK\$3.2 million, from HK\$696,000 in 2012 to HK\$3.9 million in 2013. It was primarily attributable to the renewal of the GDS service subscription agreement in 2013, pursuant to which the GDS service supplier (i) paid our Group an one-off sign-on bonus of USD240,000; and (ii) increased the rate of rebate per successful booking through the GDS system. We also recorded an increase in volume of booking of FIT products through the GDS system in 2013, as evident in the increase in gross sales proceeds from FIT products from HK\$529.6 million in 2012 to HK\$685.6 million in 2013.

Our interest income increased by HK\$445,000, from HK\$853,000 for 2012 to HK\$1.3 million for 2013 as we increased the amount of short term RMB fixed deposits placed in banks in Hong Kong in 2013 with average interest rate of 2.3%, which was higher than that of 0.01% for balances placed in HKD saving accounts in Hong Kong.

FINANCIAL INFORMATION

Selling expenses

Our selling expenses increased by HK\$15.2 million, or 21.7%, from HK\$70.2 million in 2012 to HK\$85.4 million in 2013. The increase was mainly driven by (i) the increase in staff cost by HK\$10.3 million, or 19.2%; (ii) the increase in advertising expenses by HK\$4.0 million, or 29.0% and (iii) the increase in donations by HK\$0.3 million, or 70.0%.

Among the selling expenses, staff cost accounted for 76.0% and 74.5% of the total selling expenses for 2012 and 2013, respectively. Our staff cost increased by HK\$10.3 million, or 19.2% from HK\$53.3 million in 2012 to HK\$63.6 million in 2013 mainly due to the increase in salary of 7.4% on average for our staff due to inflation together with increase of HK\$3.4 million of discretionary bonus to our staff.

The advertising expenses increased by HK\$4.0 million, or 29.0% from HK\$13.8 million in 2012 to HK\$17.8 million in 2013 because we had placed more focus on promoting our tours to Japan in newspapers and by TV commercials.

Administrative expenses

Our administrative expenses increased by HK\$29.0 million, or 25.0%, from HK\$115.9 million in 2012 to HK\$144.9 million in 2013. The increase was mainly driven by (i) the increase in Director's remuneration of HK\$15.2 million, or 99.5% due to the increase of performance bonus paid to the Directors in view of the increase of net profit of our Group for 2013; (ii) the increase in staff cost by HK\$6.8 million, or 15.4% due to the increase in salary of 7.4% on average because of inflation; (iii) the increase in bank charges, which mainly represents credit card charges and transactions charges by HK\$4.4 million, or 32.4% being in line with the increase in our revenue in 2013; and (iv) the increase in rental expenses, government rents and rates by HK\$1.8 million, or 7.6% mainly due to the addition of our new branch in Yuen Long from May 2013 onward and the increase in rent in our office premises in EGL Towers as a result of the renewal of the rental agreement in 2013.

Finance cost

Our finance costs increased by HK\$1.0 million, or 381.5%, from HK\$0.3 million in 2012 to HK\$1.3 million in 2013 mainly due to the increase in interest paid for the amount due to a related party as a result of higher average outstanding balance during the year. We had made a total drawings for HK\$87.8 million in aggregate in 2013 compared to HK\$50.0 million in 2012. The amount due to the related party was fully repaid before 30 June 2014. Please refer to the paragraph "– Related Party Transactions" below in this section for further details.

Income tax expenses

Our income tax expenses increased by HK\$13.4 million, or 273.5%, from HK\$4.9 million in 2012 to HK\$18.3 million in 2013. Our effective tax rate increased from 10.8% in 2012 to 15.1% in 2013, mainly due to (i) the one off recognition of deferred tax assets of HK\$1.0 million from the unused tax loss carried forward in EGL Japan in 2012, and (ii) decrease in the portion of net income contribution from EGL Macau to the Group, which was subjected to a lower progressive tax rate of up to 12.0%, in 2013. The increase in our income tax expenses was mainly due to the increase in effective tax rate and net profit in 2013.

Net profit

As a result of the foregoing, our profit increased by HK\$61.8 million, or 150.7%, from HK\$41.0 million in 2012 to HK\$102.8 million in 2013. Our net profit margin increased from 3.0% in 2012 to 6.2% in 2013 primarily due to the increase in gross profit margin from 16.7% in 2012 to 21.4% in 2013 due to the increase in the revenue contribution from our Japan outbound tours bound for Japan, which contributed 50.0% to our total revenue in 2013, as compared with 40.7% in 2012.

FINANCIAL INFORMATION

2012 compared with 2011

Revenue

Our revenue increased by HK\$117.9 million, or 9.5%, from HK\$1,246.7 million in 2011 to HK\$1,364.6 million in 2012. The overall increase was primarily attributable to (i) the increase in revenue from package tours by HK\$98.3 million from HK\$1,154.5 million in 2011 to HK\$1,252.8 million in 2012; (ii) increase in revenue from FIT products by HK\$12.0 million, or 26.8% from HK\$44.7 million in 2011 to HK\$56.7 million in 2012; and (iii) increase in revenue in ancillary travel products and services by HK\$7.6 million, or 16.1% from HK\$47.4 million in 2011 to HK\$55.1 million in 2012.

Package tours

Our revenue from outbound package tours increased by HK\$98.3 million from HK\$1,154.5 million in 2011 to HK\$1,252.8 million in 2012, mainly due to the increase in revenue from our tours bound for Japan and Asia-ex Japan region. Our revenue from tours bound for Japan increased by HK\$67.2 million from HK\$488.4 million in 2011 to HK\$555.5 million in 2012, while our revenue from tours to Asia ex-Japan region increased by HK\$27.9 million from HK\$519.8 million in 2011 to HK\$547.7 million in 2012.

The increase in revenue from Japan outbound tours from 2011 to 2012 was mainly driven by the increase in average revenue per customers and, to a smaller extent, due to the increase in number of customers enrolled in our tours bound for Japan. The average revenue of our tours bound for Japan per customer increased by HK\$763 per customer, or 8.7%, to HK\$9,496 per customer compared with HK\$8,733 per customer in 2011. After the earthquake and tsunami in March 2011, we ceased all tours to Japan immediately and from March 2011 to May 2011 and only started to relaunch a limited number of tours bound for Japan at a lower price to attract customers from mid April 2011 onwards. We only resumed to offer full range of tours to Japan in second half in 2011. In 2012, we experienced an increase in the average revenue per customer from our tours bound for Japan, as a result of the increasing demands for such tours and our ability to raise the tour price. The number of customers travelling to Japan with our tours increased by 2,581, or 4.6% from 55,922 in 2011 to 58,503 in 2012.

The increase in our revenue from package tour to Asia ex-Japan region increased by HK\$27.9 million from HK\$519.8 million in 2011 to HK\$547.7 million in 2012. It was mainly due to the increase in our revenue from our tours in Taiwan, Malaysia and Korea, which was mainly attributable to the increase in the number of customers travelling to these destinations. Revenue for tour bound for Korea, Taiwan and Singapore and Malaysia increased by 25.7%, 22.6% and 6.3% respectively in 2012 as compared to in 2011 respectively. Our Directors believe such trend was due to the temporary switching of customer's preference in holiday destinations from Japan to other destinations in Asia after the earthquake and tsunami in March 2011.

FIT products

Our revenue from FIT products increased by HK\$12.0 million or 26.8% from HK\$44.7 million in 2011 to HK\$56.7 million in 2012.

The increase was mainly due to increase in revenue from our FIT products bound for Japan and Asia ex-Japan region. Our revenue from FIT products bound for Japan increased by HK\$7.6 million from HK\$22.9 million in 2011 to HK\$30.5 million in 2012. Such increase was mainly due to the rebound in consumer confidence towards Japan as a holiday destination in the second half of 2012 after the recovery from the earthquake and tsunami in March 2011. The sale of our FIT products was further stimulated by the depreciation of JPY against HKD from September 2012 onwards. Please refer to the paragraph “– Period to Period Comparison of Results of Operations – 2012 compared with 2011 – Revenue – Package tours” for further details.

FINANCIAL INFORMATION

Our revenue from FIT products bound for Asia ex-Japan region also increased by HK\$4.9 million or 25.6% from HK\$19.2 million in 2011 to HK\$24.1 million in 2012. Similar to the trend for our package tours, the increase in revenue was driven by the increase of number of customers who purchased FIT products bound for destinations other than Japan after the earthquake and tsunami in March 2011.

Ancillary travel related products and services

Our ancillary travel related products and services increased by HK\$7.6 million or 16.1% from HK\$47.4 million in 2011 to HK\$55.1 million in 2012. Such increase was mainly due to increase in sale of admission tickets and sale of transportation tickets and services by HK\$5.6 million and HK\$5.0 million, respectively. The increase was partially offset by the decrease in revenue from souvenir sales for HK\$4.8 million which was mainly owing to our inbound tour business volume decreased.

Cost of sales

Our cost of sales increased by HK\$86.0 million, or 8.2%, from HK\$1,050.7 million in 2011 to HK\$1,136.7 million in 2012. The increase was mainly driven by (i) the increase in airfare by HK\$38.3 million, or 8.4%; (ii) increase in hotel accommodation by HK\$17.7 million, or 15.1%; (iii) increase in land operator fees by HK\$16.2 million, or 4.4%; (iv) increase in transportation expenses by HK\$7.6 million, or 15.2%; and (v) increase in admission tickets fees by HK\$8.9 million or 41.6%.

The increase in airfare was in line with our growth in the number of total customers for our package tours from 2011 to 2012.

The increase in hotel tariffs, meal expenses cost, and the costs of transportation services and admission tickets was due to (i) the increase in the number of customers in our package tours bound for Japan; and (ii) the increase in cost of our tours bound for Japan in 2012 as compared to 2011 attributable to the discounts offered by our suppliers after the earthquake and tsunami in March 2011. Our total number of customers in our tours bound for Japan amounted to 58,503 in 2012, representing an increase of 2,581 or 4.6% over 55,922 customers in 2011.

Gross profit

As a result of the foregoing, our gross profit increased by HK\$31.9 million, or 16.3%, from HK\$196.0 million in 2011 to HK\$227.9 million in 2012. Our gross profit margin increased slightly from 15.7% to 16.7% in the same period.

The increase in our overall gross profit margin was mainly because our sale of package tours bound for Japan had a larger increase than package tours bound for other destinations and package tours bound for Japan had the highest gross profit margin amongst all package tours. Our gross profit from sale of package tours increased by HK\$17.0 million, or 13.4%, from HK\$126.5 million in 2011 to HK\$143.5 million in 2012. Our gross profit from sale of package tours bound for Japan increased by HK\$10.4 million, or 16.3%, from HK\$64.0 million in 2011 to HK\$74.4 million in 2012, which was mainly driven by the increase in average revenue per customer and number of customers enrolled in our tours to Japan.

Our gross profit from sale of our package tours to Asia ex-Japan region increased by HK\$5.0 million, or 9.7% from HK\$51.7 million in 2011 to HK\$56.7 million in 2012 mainly due to the increase in revenue from our tours bound for Taiwan, Singapore and Malaysia and Korea resulted from the temporary switching of customer preference in holiday destinations from Japan to other holiday destinations in Asia as impacted by the earthquake and tsunami in Japan in March 2011.

Our gross profit from FIT products increased by HK\$12.0 million, or 26.8%, from HK\$44.7 million in 2011 to HK\$56.7 million in 2012 mainly driven by the increase in our total number of customers purchasing our FIT products, in particular those bound for Japan and Asia ex-Japan region. Please refer to the paragraph “– Period to Period Comparison of Results of Operations – 2012 compared with 2011 – Revenue” in this section above for further details.

FINANCIAL INFORMATION

Other income and gains/(losses), net

Our other income and gains in 2012 decreased by HK\$4.5 million compared to that in 2011 mainly due to (i) decrease of net foreign exchange gain by HK\$4.2 million and (ii) decrease in sundry income for HK\$275,000.

Our net foreign exchange gain decreased from HK\$5.3 million in 2011 to HK\$1.1 million in 2012 mainly attributable to the exchange loss of HK\$1.2 million arising from JPY in 2012 compared with the gain of HK\$4.4 million arising from JPY in 2011, as a result of the combined effects of the depreciation of JPY against HKD in the fourth quarter of 2012 together with the increase in cash holding in JPY during the same period. Please refer to the paragraph “Period to Period Comparison of Results of Operations – 2013 Compared with 2012 – Other income and gains/(losses), net” in this section above for further details.

Selling expenses

Our selling expenses decreased by HK\$5.8 million, or 7.6%, from HK\$75.9 million in 2011 to HK\$70.2 million in 2012. The decrease was mainly driven by (i) the decrease in donations by HK\$9.6 million, or 96.0%; (ii) the decrease in advertising expenses by HK\$0.9 million, or 5.9%, which were partially offset by (iii) the increase in staff cost by HK\$5.9 million, or 12.5%.

Our donation decreased by HK\$9.6 million, or 96.0% from HK\$10.0 million in 2011 to HK\$0.4 million in 2012 mainly due to the one off donation we made to those affected by the earthquake and tsunami in Japan in March 2011. The amount of HK\$10.0 million donated in 2011 mainly represented donations made to government agencies and disaster relief funds of Miyagi Prefecture, Iwate Prefecture and Fukushima Prefecture of Japan in support of their disaster relief and rebuild effort after the earthquake and tsunami in Japan in March 2011. Our donations in 2012 mainly represented donations to local charities, churches and social enterprises in Hong Kong.

The advertising expenses slightly decreased by HK\$0.9 million, or 5.9% from HK\$14.7 million in 2011 to HK\$13.8 million in 2012.

Among the selling expenses, salary and employee benefit expenses accounted for 62.4% and 76.0% of the total selling expenses for 2011 and 2012 respectively. Our staff cost increased by HK\$5.9 million, or 12.5% from HK\$47.4 million in 2011 to HK\$53.3 million in 2012 mainly due to the increase in average salary of 5.3%, and the increase of discretionary bonus of HK\$3.1 million made to our staff.

Administrative expenses

Our administrative expenses increased by HK\$5.2 million, or 4.7%, from HK\$110.8 million in 2011 to HK\$115.9 million in 2012. The increase was mainly driven by the increase in director’s remuneration by HK\$6.7 million, or 78.4% due to increase of performance bonus paid to the Directors in view of the increase of our net profit for 2012 compared to 2011.

Finance cost

Our finance costs increased by HK\$0.1 million, or 56.3%, from HK\$0.2 million in 2011 to HK\$0.3 million in 2012 mainly due to increase in interest paid for amount due to a related party as the average outstanding balance increased from HK\$7.0 million in 2011 to HK\$11.0 million in 2012.

Income tax expenses

Our income tax expenses increased by HK\$1.9 million, or 61.4%, from HK\$3.1 million in 2011 to HK\$4.9 million in 2012. Our effective tax rate decreased from 17.0% in 2011 to 10.8% in 2012 mainly due to (i) an one off recognition of deferred tax assets of HK\$1.0 million from the unused tax loss carried forward in EGL Japan in 2012; and (ii) the over-provision of HK\$325,000 for the income tax for 2012 made in 2011. Save for the above, the increase in our income tax expenses was in line with the increase in profit before tax in 2012.

FINANCIAL INFORMATION

Net profit

As a result of the foregoing, our profit increased by HK\$26.0 million, or 173.7%, from HK\$15.0 million in 2011 to HK\$41.0 million in 2012. Our net profit margin increased from 1.2% in 2011 to 3.0% in 2012, which was primarily attributable to (i) the increase in gross profit margin from 15.7% in 2011 to 16.7% in 2012 as our sale of package tours bound for Japan had a larger increase than package tours bound for other destinations, whilst package tours bound for Japan had the highest gross profit margin amongst all of our Group's package tours; and (ii) the increase in the revenue from FIT products by HK\$12.0 million, from HK\$44.7 million in 2011 to HK\$56.7 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Treasury Management

Throughout the Track Record Period, we had net cash inflow from our operating activities. As a great majority of our customers are required to settle all their fees for the tour products before we render our service and/or deliver our product or service, we have historically funded our working capital and other capital requirement principally with our cash generated from operations. Our cash outflows are mainly for prepayments and deposits to suppliers to secure tour and FIT related services, settlement of trade and other payables and payment of dividends. As at 30 June 2014, we had cash and cash equivalents totaling HK\$475.2 million, which included HK\$359.3 million in HKD, HK\$35.9 million in RMB and HK\$4.4 million in JPY.

We centrally manage our working capital to ensure (i) proper and efficient collection and deployment of our funds; and (ii) sufficient level of funds to settle our liabilities when they fall due. We generally placed our cash balances in authorised banks in Hong Kong, Macau and Japan. During the Track Record Period we had invested in a RMB denominated bond issued by an authorised bank in Hong Kong. Our treasury management policy requires us to place our surplus cash into bank deposits, money market instruments or bonds backed by authorised banks in Hong Kong.

The following table sets out a summary of cash flows for the financial years/periods indicated.

	For the years ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Operating cash flows before movements in working capital	27,064	51,403	125,778	45,486	41,123
Change in working capital usage and interest paid	52,269	(29,169)	44,301	122,603	91,395
Income tax paid	(9,129)	(950)	(8,369)	–	–
Net cash generated from operating activities	70,204	21,284	161,710	168,089	132,518
Net cash (used in)/generated from investing activities	(2,011)	(1,013)	(14,934)	(1,477)	12,643
Net cash (used in)/generated from financing activities	–	–	(44,753)	25,247	–
Net increase in cash and cash equivalents	68,193	20,271	102,023	191,859	145,161
Cash and cash equivalents at the beginning of the year/period	139,563	207,756	228,027	228,027	330,050
Cash and cash equivalents at the end of the year/period, represented by bank balances and cash	<u>207,756</u>	<u>228,027</u>	<u>330,050</u>	<u>419,886</u>	<u>475,211</u>

FINANCIAL INFORMATION

Net Cash Generated from Operating Activities

In 1H2014, net cash generated from operating activities was HK\$132.5 million, which was a result of operating cash flows before working capital changes in the amount of HK\$41.1 million and a decrease in working capital usage of HK\$91.4 million. We did not pay any interest and tax in 1H2014. The change in working capital mainly reflected (i) increase in inventories by HK\$7.9 million; and (ii) increase in accruals, deposits received and other payables for HK\$92.8 million. The increase in inventories was mainly due to the preparation for the expected increase in demand for the amusement park tickets for the summer holiday seasons. The increase in accruals, deposits received and other payables was mainly because of more enrollments as at 30 June 2014 compared with that as at 31 December 2013, as July and August are usually the peak seasons for our travel products.

In 1H2013, net cash generated from operating activities was HK\$168.1 million, which comprised operating cash flows before working capital changes of HK\$45.5 million and a decrease in working capital usage and interest paid of HK\$122.6 million. We did not pay any tax in 1H2013. The change in working capital mainly reflected (i) increase in deposits, prepayments and other receivables for HK\$52.9 million; and (ii) increase in accruals, deposits received and other payables for HK\$172.6 million. The increase in deposits, prepayments and other receivables was mainly attributable to the increase in prepayment for airfare and other cost of tour components chiefly brought about by the increased number of customer joining our tours and FIT packages in the summer holidays in 2013 compared to that in the Chinese new year period of the same year. The increase in accruals, deposits received and other payables was also mainly because of more customer deposits received as at 30 June 2013 compared with 31 December 2012 as there was an increased number of customers joining our tours in July and August as discussed above.

In 2013, net cash generated from operating activities was HK\$161.7 million, which was a result of operating cash flows before working capital changes in the amount of HK\$125.8 million, a decrease in working capital usage and interest paid of HK\$44.3 million and tax paid of HK\$8.4 million. The change in working capital mainly reflected (i) increase in inventories by HK\$2.2 million; (ii) increase in deposits, prepayments and other receivables for HK\$30.5 million; (iii) increase in trade payables for HK\$4.9 million; and (iv) increase in accruals, deposits received and other payables for HK\$72.6 million. The increase in inventories was mainly due to stocking up of admission tickets for the anticipated surge in demand for admission tickets for a new site of an amusement park in Osaka, Japan scheduled to open at July 2014. The increase in deposits, prepayments and other receivables was mainly due to the increase in prepayment for airfare chiefly brought about by the increased number of customer joining our tours in the Chinese New Year Period in 2014. The increase in trade payables was mainly due to increase in accrued land operator fee of HK\$4.4 million driven by the increase in the number of participants in our tours to Europe and Australia in November and December 2013. The increase in accruals, deposits received and other payables was mainly because of more enrolments as at 31 December 2013 compared with that as at 31 December 2012, as a result of the Chinese new year falling in the last week of January in 2014, which was one week earlier than that in 2013.

In 2012, net cash generated from operating activities was HK\$21.3 million, which was a result of operating cash flows before working capital changes in the amount of HK\$51.4 million and an increase in working capital usage and interest paid of HK\$29.2 million and tax paid of HK\$1.0 million. The change in working capital mainly reflected (i) decrease in trade payables of HK\$6.5 million and (ii) decrease in accruals, deposits received and other payables of HK\$24.6 million. The decrease in trade payables was mainly due to settlement of some of our balances with tour bus companies in Japan before the year end. The decrease in accruals, deposits received and other payables was mainly owing to the Chinese New Year, which was in the second week of February in 2013, three weeks later than that in 2012, leading to a smaller number of customers having fully paid their tour enrollment for departure during the upcoming Chinese New Year at the year end.

In 2011, net cash generated from operating activities was HK\$70.2 million, which was a result of operating cash flows before working capital changes in the amount of HK\$27.1 million and an increase in working capital usage and interest paid of HK\$52.3 million and tax paid of HK\$9.1 million. The change

FINANCIAL INFORMATION

in working capital mainly reflected (i) decrease in deposits, prepayments and other receivables of HK\$18.7 million; (ii) increase in trade payables of HK\$9.2 million and (iii) increase in accruals, deposits received and other payables of HK\$25.8 million. The decrease in deposits, prepayments and other receivables and the increase in trade payables were mainly due to less prepayment and payables for travel services in Japan, as a result of the decrease in number of customers joining our tours to Japan after the earthquake and tsunami in Japan in March 2011. The increase in accruals, deposits received and other payables was mainly attributable to increase in customer deposits as at 31 December 2011 as Chinese New Year started on 23 January in 2012 while it was on 3 February in 2011, which was one week earlier than in 2011, leading to a greater number of customers having fully paid their tour enrollments for departure during the Chinese New Year at the year end.

Net Cash (Used in)/Generated from Investing Activities

In 1H2014, net cash generated from investing activities was HK\$12.6 million. Our net cash generated from investing activities primarily consisted of (i) the payment for purchase of property, plant and equipment for HK\$2.0 million mainly for renewal of IT equipments, and (ii) the decrease in pledged deposits for HK\$14.1 million from a bank in Hong Kong after the settlement of all foreign currency option positions in June 2014.

In 1H2013, net cash used in investing activities was HK\$1.5 million. Our net cash used in investing activities primarily comprised (i) the payment for purchase of property, plant and equipment for HK\$2.8 million mainly for the renovation of our Yuen Long branch which opened in November 2013, (ii) collection of loan receivable for HK\$708,000 from an independent third party; and (iii) interest from bank savings for HK\$627,000.

In 2013, net cash used in investing activities was HK\$14.9 million. Our net cash used in investing activities primarily consisted of (i) the payment for purchase of property, plant and equipment for HK\$4.8 million mainly for the renovation of our Yuen Long branch which was opened in November 2013; and (ii) the increase in pledged deposits for HK\$12.2 million paid to a licensed bank in Hong Kong as security deposit for our foreign currency option positions, as we entered into such foreign currency option contracts with this bank.

In 2012, net cash used in investing activities was HK\$1.0 million. Our net cash used in investing activities primarily consisted of (i) the payment for purchase of property, plant and equipment for HK\$1.9 million mainly for the renewal of computer equipments and hardware; and (ii) the interest received for HK\$860,000 for savings and fixed terms deposits in banks.

In 2011, net cash used in investing activities was HK\$2.0 million. Our net cash used in investing activities primarily consisted of the payment for purchase of property, plant and equipment for HK\$2.4 million mainly for the leasehold improvements for the renovation of our head offices in EGL Tower.

Net Cash (Used in)/Generated from Financing Activities

In 1H2014, we had no cash generated from or used in financing activities.

In 1H2013, net cash generated from financing activities was HK\$25.2 million, mainly representing (i) the proceeds from net borrowings of HK\$70.0 million from our related company, Great Port Limited; which was partially offset by (ii) the dividend payments to our then shareholders for HK\$44.8 million. The borrowings from Great Port Limited were fully repaid before the end of 2013.

In 2013, net cash used from financing activities was HK\$44.8 million, mainly representing dividend payments to our then shareholders of the same amount. We borrowed HK\$87.8 million in aggregate from our related Company, Great Port Limited, and fully repaid all of such balances before the end of 2013 as discussed above.

FINANCIAL INFORMATION

In 2012, we had no cash generated from or used in financing activities. We borrowed HK\$50.0 million in aggregate from our related company, Great Port Limited, and fully repaid all of such balances before the end of 2012.

In 2011, we had no cash generated from or used in financing activities. We borrowed HK\$90.5 million in aggregate from our related Company, Great Port Limited, and drawn from a bank facility line for HK\$60.0 million in aggregate in 2011. All such amounts were fully repaid before end of 2011.

CAPITAL EXPENDITURES

Historical Capital Expenditures

We from time to time make capital expenditures to expand our operations, maintain the image of our branches and increase our operating efficiency. The following table sets forth our historical capital expenditures for the periods indicated:

	For the year ended 31 December			For the six months ended
	2011	2012	2013	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>
Property, plant and equipment	2,374	1,915	4,751	2,015
Total	<u>2,374</u>	<u>1,915</u>	<u>4,751</u>	<u>2,015</u>

During the Track Record Period, our capital expenditures were primarily used for renovation of our head office at EGL Tower and for our branch in Yuen Long which was opened in November 2013. Part of our capital expenditure were used to purchase IT equipment and hardware for regular renewal and maintenance.

Planned Capital Expenditures

Our capital expenditures are expected to primarily consist of expenditures related to renovation of our existing branches, development of a web portal, and improvement of our information system by implementing an enterprise resources planning system. We intend to invest approximately HK\$22.9 million for refurbishment of existing branches by utilising net proceeds from the Global Offering and cash generated from our operations.

In addition, we also plan to invest approximately HK\$14.2 million and HK\$13.8 million of capital expenditure for development of a web portal and implementation of an enterprise resources planning system respectively. Such plans will be funded by part of the net proceeds from the Global Offering.

Our eventual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic condition in Hong Kong and Macau and factors affecting revenue growth and other factors that may not be able to be controlled by our Group.

FINANCIAL INFORMATION

CONTRACTUAL COMMITMENTS

Operating Lease Commitments

During the Track Record Period, we leased a number of properties as our offices and branches, and office equipment including photocopier machines under operating leases. We also entered into lease arrangements with companies in Japan to rent their tour buses for transportation of customers enrolled in our package tours bound for Japan (one of which has been prepaid, please refer to “Prepaid Lease Payments” in this section for further details). The table below sets forth our minimum lease payments payable under non-cancellable operating leases as at the dates indicated:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rented premises				
– Within one year	18,671	9,879	18,025	20,093
– After 1 year but within 5 years	11,930	4,407	16,471	16,790
	<u>30,601</u>	<u>14,286</u>	<u>34,496</u>	<u>36,883</u>
Office equipment				
– Within one year	1,483	1,694	2,594	2,615
– After 1 year but within 5 years	1,623	7,219	10,531	9,267
	<u>3,106</u>	<u>8,913</u>	<u>13,125</u>	<u>11,882</u>
Rented tour buses				
– Within one year	8,117	10,694	9,365	11,173
– After 1 year but within 5 years	15,495	17,797	8,829	15,511
– More than five years	–	–	–	286
	<u>23,612</u>	<u>28,491</u>	<u>18,194</u>	<u>26,970</u>
	<u><u>57,319</u></u>	<u><u>51,690</u></u>	<u><u>65,815</u></u>	<u><u>75,735</u></u>

INDEBTEDNESS

As at 30 September 2014, our total banking facilities issued by licensed banks in Hong Kong and Macau, amounted to HK\$24.1 million, of which HK\$16.1 million of guarantees were issued to our suppliers, mainly airlines, to guarantee our trade payable balances due to them. All of such guarantees issued were fully pledged with deposits at the respective licensed banks. As at the Latest Practicable Date, there were no material covenants relating to any of our facilities.

Save as disclosed in this prospectus, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities as at 30 September 2014, being the latest practicable date for our indebtedness statement. Since 30 September 2014 and up to the date of this prospectus, there has not been any material adverse change in our indebtedness and contingent liabilities. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise. Our Directors confirm that the Company does not have any external financing plans as at the Latest Practicable Date.

FINANCIAL INFORMATION

OFF BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any off balance sheet commitments and arrangements.

NET CURRENT ASSETS

The following table shows out current assets and current liabilities as at the date indicated:

	As at 31 December			As at 30 June	As at 30 September
	2011	2012	2013	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Current assets					
Inventories	2,949	3,072	5,256	13,159	7,776
Trade receivables	5,756	3,253	2,493	1,985	1,417
Prepaid lease payments	2,029	2,517	1,618	1,672	1,672
Deposits, prepayments and other receivables	75,159	77,008	107,501	106,695	98,895
Financial asset at fair value through profit and loss	258	–	721	–	–
Loan receivable	778	708	–	–	–
Amounts due from related companies	6,148	5,544	5,444	2,280	2,280
Tax recoverable	441	–	–	–	–
Pledged bank deposits	10,074	10,105	22,301	8,231	22,262
Cash and cash equivalents	207,756	228,027	330,050	475,211	382,413
Total current assets	<u>311,348</u>	<u>330,234</u>	<u>475,384</u>	<u>609,233</u>	<u>516,715</u>
Current liabilities					
Trade payables	49,441	42,949	47,841	49,888	37,021
Accruals, deposits received and other payables	157,672	133,088	205,656	298,429	196,882
Derivative financial instruments	–	9	–	188	98
Provision for taxation	–	4,518	14,097	20,550	22,085
Dividend payable	–	–	–	197,353	197,353
Total current liabilities	<u>207,113</u>	<u>180,564</u>	<u>267,594</u>	<u>566,408</u>	<u>453,439</u>
Net current assets	<u>104,235</u>	<u>149,670</u>	<u>207,790</u>	<u>42,825</u>	<u>63,276</u>

Our Group's net current assets increased from HK\$104.2 million as at 31 December 2011 to HK\$149.7 million as at 31 December 2012 and further increased to HK\$207.8 million as at 31 December 2013. The increase was mainly due to the increase in cash and cash equivalents from our net profit earned in the corresponding periods. Our net current assets dropped to HK\$42.8 million as at 30 June 2014, mainly due to the recognition of dividend payable of HK\$197.4 million as we declared dividend of the same amount on 25 June 2014. Our net current assets increased to HK\$63.3 million as at 30 September 2014, being the latest practicable date for presenting our net current assets position in this prospectus, which was mainly attributable to our net profit earned in the three months ended 30 September 2014.

FINANCIAL INFORMATION

During the Track Record Period and as at the Latest Practicable Date, we have not defaulted on the repayment of any of our borrowings or loans and breached any financial covenants.

ANALYSIS OF CERTAIN COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

The following table sets forth the balance and turnover days of our inventories as at and for the periods indicated:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Admission tickets	1,875	2,043	3,916	11,920
Train and bus passes	884	916	1,139	859
Others	190	113	201	380
	<u>2,949</u>	<u>3,072</u>	<u>5,256</u>	<u>13,159</u>
Turnover days of inventory (<i>Note</i>)	<u>38.3</u>	<u>31.4</u>	<u>34.7</u>	<u>75.0</u>

Note: Inventory turnover days are calculated based on the average of the beginning and ending inventory balance of a given year/period divided by the aggregate of sale of transportation tickets, admission tickets and souvenir for the corresponding year/period and multiplied by 365 days for 2011, 2012, 2013 and by 183 days for the 1H2014.

Our inventories mainly included admission tickets for theme parks and amusement parks in Japan and other overseas locations and train and bus passes for Japan and other parts of the world. We only keep adequate level of inventories sufficient for the use by our package tours and for retail sales to our customers based on our best estimate. Our inventory balance remained stable from 2011 to 2012. The inventory balance increased from HK\$3.1 million in 2012 to HK\$5.3 million in 2013 due to increase in the balance of admission tickets as we anticipated surge in demand for admission tickets for a new site of an amusement park in Osaka Japan scheduled to open in July 2014. Our inventory balance further increased to HK\$13.2 million as at 30 June 2014 due to the expected increase in demand for the amusement park tickets in Japan for the upcoming summer holiday seasons.

Our inventory turnover days remained stable in 2011, 2012 and 2013. Our inventory turnover days increased from 34.7 days in 2013 to 75.0 days in 1H2014 primarily attributable to the increased level of inventory as at 30 June 2014 as discussed above.

For the inventories as at 30 June 2014, HK\$6.4 million, HK\$711,000 and HK\$174,000 of admission tickets, train and bus passes and other inventories were subsequently sold up to 30 September 2014, respectively.

FINANCIAL INFORMATION

Trade Receivables

Our customers consist predominantly of retail customers who settle all their purchases in cash and other customers including corporate clients for our MICE tours and overseas tour agents to which we provide ground handling services for inbound tours to Hong Kong and Macau. Corporate customers for our MICE products are normally granted credit terms of up to 90 days. We typically offer a 45 day credit period to overseas tour agents. In respect of new corporate customers and overseas tour agents, we will normally assess their credit worthiness by conducting company searches and site visits. We monitor closely our outstanding trade receivables and issue written reminders to follow-up with our customers.

Our trade receivables amounted to HK\$5.8 million, HK\$3.3 million, HK\$2.5 million and HK\$2.0 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. The decrease in trade receivable balance during the Track Record period was mainly due to the decrease in the service volume in our inbound tour offered to overseas tour agents. The following sets forth our trade receivables and the allowance for doubtful debts in the Track Record Period:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014 HK\$'000
Trade receivables	5,756	3,253	2,493	1,985
Less: Allowance for trade receivables	—	—	—	—
Trade receivables, net	<u>5,756</u>	<u>3,253</u>	<u>2,493</u>	<u>1,985</u>

The following is the ageing analysis of our trade receivables, net of allowance for bad and doubtful debts, based on invoice date for the Track Record Period:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014 HK\$'000
0-90 days	5,647	3,069	2,355	1,962
91-180 days	109	184	138	23
181-365 days	—	—	—	—
Over 1 year	—	—	—	—
	<u>5,756</u>	<u>3,253</u>	<u>2,493</u>	<u>1,985</u>
Debtors' turnover days (<i>Note</i>)	21.9	17.8	11.0	7.4

Note: Debtors' turnover days are calculated based on the average of the beginning and ending trade receivable balance of a given year/period divided by the aggregate of revenue from MICE and inbound tours for the corresponding year/period and multiplied by 365 days for 2011, 2012 and 2013 and by 183 days for 1H2014.

The debtors' turnover days were 21.9 days, 17.8 days, 11.0 days and 7.4 days as at 31 December 2011, 2012, 2013 and 30 June 2014, respectively. The debtors' turnover days decreased during Track Record Period as the turnover from our inbound tours decreased during the Track Record Period.

FINANCIAL INFORMATION

Our policy for impairment loss on trade receivables is based on an evaluation of evidence of impairment, including collectability and ageing analysis of the receivables, on both individual and collective basis, which requires the use of judgement and estimates. We make provisions for receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. Our management closely review the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances. In 2011, we recognised an impairment of HK\$1,000 of trade receivable balances in which we were unable to collect. Save as mentioned above, we have not made any provision for allowance for doubtful debts and any impairment on the trade receivables during the Track Record Period and up to Latest Practicable Date.

As at the 30 September 2014, all except HK\$102,000 of our trade receivables as at 30 June 2014 have been settled.

Prepaid Lease Payments

The prepaid lease payments represent the upfront payments made to the tour bus companies for our use of their tour buses in Japan. The following table sets out the movement of the prepaid lease payments during the Track Record Period:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year/period				
Cost	15,797	15,938	15,938	15,938
Accumulated amortisation	(3,667)	(4,087)	(5,906)	(8,003)
Net carrying amount	<u>12,130</u>	<u>11,851</u>	<u>10,032</u>	<u>7,935</u>
Movement during the year ended 31 December/ period ended 30 June				
Opening net carrying amount	12,130	11,851	10,032	7,935
Additions	141	–	–	–
Amortisation	(420)	(1,819)	(2,097)	(782)
Closing net carrying amount	<u>11,851</u>	<u>10,032</u>	<u>7,935</u>	<u>7,153</u>
At the end of year/period				
Cost	15,938	15,938	15,938	15,938
Accumulated amortisation	(4,087)	(5,906)	(8,003)	(8,785)
Net carrying amount	<u><u>11,851</u></u>	<u><u>10,032</u></u>	<u><u>7,935</u></u>	<u><u>7,153</u></u>

FINANCIAL INFORMATION

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Represented by:				
Non-current assets	9,822	7,515	6,317	5,481
Current assets	2,029	2,517	1,618	1,672
	<u>11,851</u>	<u>10,032</u>	<u>7,935</u>	<u>7,153</u>

Given the package tours bound for Japan forming a major part of our business and the substantial number of such customers we have to serve every year, it is important that we can have a stable supply of quality tour bus service to serve our customers when they are in Japan. Therefore, in 2006, we entered into an agreement with a tour bus company whereby we prepaid the bus company JPY138.5 million and the bus company agreed to arrange seven buses for our use until such prepayment amount is fully utilised. Under the agreement, the bus tour company would allow us to settle the monthly charge for the tour bus service utilised by way of two instalments. The first instalment would be a fixed amount offset against the prepayment amount and the second instalment would be settled by way of cash.

In 2011, a fixed charge of JPY 2,500,000 (the first instalment as mentioned above) was agreed to offset against the prepayment amount on a monthly basis until March 2011. From March 2011 to April 2012, we found it difficult to forecast the market demand for our package tours bound for Japan and, therefore, the usage of tour bus service in advance after the earthquake. We, therefore, agreed with the tour bus company to suspend the monthly offsetting instalment but, instead, to settle the monthly tour bus service fee entirely in cash. From May 2012 to December 2012, the monthly offsetting instalment was agreed at JPY 2,000,000. From January 2013 to July 2013, such amount increased to JPY 2,500,000 and then revised down to JPY 1,500,000 from August 2013 onwards in view of the reduction in the number of tour buses reserved for our use from 7 to 3. Our Executive Directors consider that this tour bus company is a long term business partner of our Group and we do not foresee any difficulty on their part to fulfill our requirement on tour bus service until the remaining balance of the prepayment is fully utilised in 2018.

As at 31 December 2011, we also had a prepayment balance with another tour bus company amounting to JPY1,500,000 and the service derived from such prepayment had been fully utilised in 2012.

FINANCIAL INFORMATION

Deposits, Prepayments and Other Receivables

Deposits, prepayments and other receivables comprise mainly (i) prepayments placed with hotels, transportation companies and other service providers for secured booking of their services; and (ii) other receivables representing temporary deposits placed with hotels and other tour service providers to expedite payable settlement for relationship purpose. Our policy is to limit this kind of temporary deposit to approximately equivalent to one month spending with such service providers. The following sets out the breakdown of the deposits, prepayments and other receivables during the Track Record Period:

	As at 31 December			As at
	2011	2012	2013	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments				
Airfare	36,825	36,610	59,240	59,514
Hotel accommodation, local transportation and other tour services providers	11,565	9,772	13,080	23,377
Others	2,905	3,481	4,094	3,351
	<u>51,295</u>	<u>49,863</u>	<u>76,414</u>	<u>86,242</u>
Other receivables	<u>17,679</u>	<u>20,913</u>	<u>25,074</u>	<u>12,376</u>
Utility and deposits	<u>6,974</u>	<u>6,232</u>	<u>6,013</u>	<u>8,077</u>
Subtotal	75,948	77,008	107,501	106,695
Less: Provision for impairment	(789)	–	–	–
Total	<u><u>75,159</u></u>	<u><u>77,008</u></u>	<u><u>107,501</u></u>	<u><u>106,695</u></u>

Our prepayments and other receivables increased during the Track Record Period as our business volume grew in the same period. Our deposits mainly represent utilities deposits. The amount remained stable in the Track Record Period.

The following sets out the movement of allowance for bad and doubtful debts for other receivables during the Track Record Period:

	As at 31 December			As at
	2011	2012	2013	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year/period	–	789	–	–
Impairment losses recognised on receivables	789	–	–	–
Reversal of impairment loss previously recognised	–	(789)	–	–
Balance at the end of the year/period	<u><u>789</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

FINANCIAL INFORMATION

Included in the allowance for bad and doubtful debts are other receivables that were individually impaired with an aggregate balance of approximately HK\$789,000, HK\$nil, HK\$nil and HK\$nil, as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. The balance of HK\$789,000 as at 31 December 2011 was related to cash advances (for the purpose of settling upcoming inbound tour related expenses) extended to an employee without proper authorisation and such balance was fully recovered from such employee in 2012, which resulted in a reversal of impairment loss. Such incident was one off and there was no other incident of similar nature occurred during the Track Record Period. In view of such incident, we tightened the internal controls over cash management at our Macau subsidiary, whereby all cash advances to employees and tour escorts for settling upcoming inbound tour related expenses, in addition to being properly authorised and accounted for, have to be recorded with Hong Kong head office at the same time.

Financial Assets/Liabilities at Fair Value through Profit or Loss

During the Track Record Period, our Executive Directors were responsible for the monitoring of our Group's foreign currency transactions. From time to time we may enter into certain derivative transactions to manage our foreign currency risk. In 2012, 2013 and 1H2014, our Group has entered into certain derivative transactions, including principally foreign currency forward and options transactions, based on the instructions of our management. For 2012, 2013, 1H2013 and 1H2014, as a result of the derivative transactions, we recorded the gains and losses in our financial statements of a loss of HK\$9,000, a gain of HK\$2.1 million and HK\$375,000, and a loss of HK\$490,000, respectively. The table below sets forth our position of financial instruments and our net realised and unrealised (loss)/gain on derivative financial instruments for the periods indicated:

	As at 31 December			As at 30 June	
	2011	2012	2013	2014	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Financial assets at fair value through profit or loss:					
Debenture, unlisted	258	–	–		–
Derivative financial instruments					
– Foreign currency forward contract	–	–	105		–
– Foreign currency options contracts	–	–	616		–
	<u>258</u>	<u>–</u>	<u>721</u>		<u>–</u>
Financial liabilities at fair value through profit or loss:					
Derivative financial instruments					
– Foreign currency forward contracts	–	9	–		188
	<u>–</u>	<u>9</u>	<u>–</u>		<u>188</u>
	As at 31 December			As at 30 June	
	2011	2012	2013	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised and unrealised (loss)/gain on derivative financial instruments	–	(9)	2,146	375	(490)
	<u>–</u>	<u>(9)</u>	<u>2,146</u>	<u>375</u>	<u>(490)</u>

FINANCIAL INFORMATION

For details of the nominal amounts and the duration of the derivative financial instruments, net settlement terms and conditions, please refer to Note 19 to the accountant's report in Appendix I.

We have ceased all of our investments in derivatives from 30 June 2014 onwards, except for two foreign currency forward contracts to buy Renminbi and sell HKD with notional value of RMB6.0 million in aggregate maturing in February 2015. In order to enhance our internal control and risk management procedures we have adopted enhanced internal control policies on foreign exchange since August 2014. For further details of our internal control policies, please refer to the section "Business – Internal Control – Foreign Exchange Risk Management".

Trade Payables

The following table sets forth the balance of our trade payables as at the period indicated:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables				
Accrued land operator fees	25,886	24,662	29,056	27,518
Hotel, local transportation services and other tour related cost	17,464	13,635	18,563	22,140
Airfare	2,592	2,793	–	–
Others	3,499	1,859	222	230
Total	49,441	42,949	47,841	49,888

Trade payables mainly include the accrued land operator fees, hotel tariffs, cost of transportation services and other tour related costs and payables for airfare for our tour and FIT operations. Our trade payables remained stable during the Track Record Period.

The following sets out the ageing analysis of our trade payables during the Track Record Period:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0-90 days	48,457	42,471	47,394	49,196
91-180 days	668	79	87	293
181-365 days	1	29	25	45
Over 1 year	315	370	335	354
	49,441	42,949	47,841	49,888
Creditors' turnover days (<i>Note</i>)	13.1	12.4	10.1	11.6

Note: Creditors' turnover days are calculated based on the average of the beginning and ending trade payables balances of a given year/period divided by the revenue for the corresponding year/period and multiplied by 365 days for 2011, 2012 and 2013 and by 183 days for 1H2014.

FINANCIAL INFORMATION

We are generally allowed a credit period of 30 days by our suppliers. Our creditors' turnover days were lower than the credit terms offered in the Track Record Period as it is our policy to early settle our payables to further enhanced our relationship with suppliers. As at 31 August 2014, all except HK\$3.2 million of our trade payables as at 30 June 2014 have been settled.

Accruals, Deposits Received and Other Payables

The following sets out the accruals, deposits received and other payables during the Track Record Period:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accrued expenses	6,278	5,770	6,472	8,938
Customer deposits received	125,237	92,115	140,071	227,833
Other payables				
Bonus payable	8,558	15,422	29,555	34,000
Other provisions for staff cost	10,040	11,045	13,084	15,043
Remittance payable	3,243	4,516	11,623	5,425
Others	4,316	4,220	4,851	7,190
Total	157,672	133,088	205,656	298,429

Accrued expenses mainly represent the accruals for advertising fees, professional fees, IT fees and other utility expenses incurred but not yet billed by our suppliers. The amount remained stable from 2011 to 2013. The accrued expenses increased from HK\$6.4 million as at 31 December 2013 to HK\$8.9 million as at 30 June 2014 and such increase is primarily attributable to increased accrual for promotional and marketing expenses for our travel products during summer holidays.

Our customer deposits received represent the payments by our customers to us for booking of package tours, packages. According to our accounting policy, customer deposits received are recognised upon receipt from customers, and will only be derecognised when the related services have been rendered with corresponding revenue recognised. As such, the customer deposits received at a given time reflect the amount of bookings for tours products by our customers that will depart in the future.

Generally speaking, the amount of customer deposits as at the end of a year is significantly influenced by when the Chinese New Year lies. The customer deposits received amounted to HK\$92.1 million as at 31 December 2012, representing a decrease of HK\$33.1 million, or 26.4% from that as at 31 December 2011, mainly due to the fact that the Chinese New Year in 2013 was on 11 February, which was 3 weeks later than that in 2012, leading to a smaller number of customers having fully paid their tour enrollments for departure during the Chinese New Year at the year end. Customer deposits received amounted to HK\$140.1 million as at 31 December 2013, representing an increase of HK\$48.0 million, or 52.1% from that as at 31 December 2012, which was mainly due to the fact that Chinese New Year in 2014 was on 31 January, which was one week earlier than that for 2013, leading to a greater number of customers having fully paid their tour enrollments for departure during the Chinese New Year at the year end. The amount of customer deposits received further increased to HK\$227.8 million as at 30 June 2014, representing an increase of HK\$87.8 million, or 62.6% from that as at 31 December 2013, mainly due to the fact that there were more enrollments for our tours and FIT products for our summer holidays in 2014 compared to that as at 31 December 2013.

FINANCIAL INFORMATION

Other payables represented the bonus payable for our Executive Directors and other staff members, other staff cost provisions, refund provisions to customers for tours and other payables. The increase in bonus payables from HK\$8.6 million as at 31 December 2011 to HK\$15.4 million and HK\$29.6 million as at 31 December 2012 and 2013 was mainly due to the increase in bonus payable to our Directors as our net income increased in the same period. We had a bonus policy in which 23% of net profit before tax will be reserved as bonus pool for our Directors. The increase in other provisions for staff cost from 2011 to 1H2014 mainly reflected the increase in provision for long service payments and annual leave provision due to increase in number of staff from 616 to 676 in the same period.

Included in other payables were remittance payables representing amounts to be remitted to souvenir suppliers in Japan, for HK\$3.2 million, HK\$4.5 million, HK\$11.6 million and 5.4 million as at 31 December 2011, 2012, 2013 and 30 June 2014 respectively. The increase of the amount from 2011 to 2013 was mainly due to the increase of our business volume in our tours bound for Japan. The amount decreased from HK\$11.6 million as at 31 December 2013 to HK\$5.4 million as at 30 June 2014 as our business volume for our tours bound for Japan was higher in December 2013 than that in June 2014.

SELECTED FINANCIAL RATIOS DISCUSSION

The following table sets out certain financial ratios of our Group as at the end of the financial year/period indicated:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
Current ratio ⁽¹⁾	1.50	1.83	1.78	1.08
Quick ratio ⁽²⁾	1.49	1.81	1.76	1.05
Gearing ratio ⁽³⁾	N/A	N/A	N/A	N/A
Debt to equity ratio ⁽⁴⁾	N/A	N/A	N/A	N/A
Return on total asset ⁽⁵⁾	4.5%	11.9%	21.0%	5.1%
Return on equity ⁽⁶⁾	12.2%	25.0%	46.2%	56.0%
Interest coverage ratio ⁽⁷⁾	103.6	168.2	92.5	N/A

Notes:

- (1) Current ratio is calculated by dividing current assets with current liabilities as at the respective year/period end.
- (2) Quick ratio is calculated by dividing current assets (less inventory) with current liabilities as at the respective year/period end.
- (3) Gearing ratio is calculated by dividing the total interest-bearing loans and shareholder's loans with the total assets as at the respective year/period end.
- (4) Debt to equity ratio is calculated by dividing the net debt (being the total debt less cash on hand) with total equity as at the respective year/period end.
- (5) Return on total assets is calculated by dividing profit for the year or period with the total assets as at the respective year or period end.
- (6) Return on equity is calculated by dividing profit for the year or period with the total equity as at the respective year or period end.
- (7) Interest coverage is calculated by dividing profit before interest and tax with the finance cost for the corresponding year/period.

FINANCIAL INFORMATION

Current Ratio

Our current ratio improved to 1.83 as at 31 December 2012 from 1.50 as at 31 December 2011 mainly due to the increase in our cash balance as a result of our increase in net profit in 2012 compared with that in 2011. Our current ratio remained stable at 1.78 as at 31 December 2013 compared with that of 31 December 2012.

Our current ratio decreased to 1.08 as at 30 June 2014 mainly due to the dividend amounting to HK\$197.4 million declared on 25 June 2014 which was settled on 31 October 2014.

Quick Ratio

Inventory did not form a significant portion of the Group's current assets, representing only 0.90%, 0.90%, 1.1% and 2.2% of the total current asset for 2011, 2012, 2013 and 1H2014 respectively. Our movements of quick ratio in 2011, 2012, 2013 and 1H2014 were in line with the movements of the current ratio for the same period.

Gearing Ratio

Our gearing ratio was nil, nil, nil and nil as at 31 December 2011, 2012, 2013 and 30 June 2014 as we did not have any loans or borrowings as at the respective year and period ends.

Debt to Equity Ratio

Our debt to equity ratio was nil, nil, nil and nil as at 31 December 2011, 2012, 2013 and 30 June 2014 as we did not have any loans or borrowings as at the respective year and period ends.

Return on Total Assets

Return on total asset ratio increased to 11.9% for 2012 from 4.5% for 2011 mainly due to increase in profit attributable to the owners of the Company from HK\$15.0 million for 2011 to HK\$41.0 million for 2012. Return on total assets further improved to 21.0% in 2013, mainly due to increase in profit attributable to the owners of the Company from HK\$41.0 million in 2012 to HK\$102.8 million in 2013 on the back of an increase of total asset from HK\$345.0 million as at 31 December 2012 to HK\$490.1 million as at 31 December 2013. Excluding the effect of increase in total asset, the increase in return on total assets for 2012 and 2013 was in line with the increase in gross profit over the same period. Return on total asset ratio declined to 5.1% as at 30 June 2014, which was mainly due to (i) only results for the half year are included in the calculation of return on total asset ratio for 1H2014; (ii) decrease in net profit margin from 6.2% for the year ended 31 December 2013 to 4.1% for 1H2014; and (iii) increase in total assets by HK\$133.4 million. Please refer to the paragraph “– Period to Period Comparison of Results of Operations” above in this section for further details.

Return on Equity

Our return on equity ratio increased to 25.0% in 2012 from 12.2% in 2011 and further improved to 46.2% in 2013 mainly due to increase in profit attributable to owners of the Company from HK\$41.0 million in 2012 to HK\$102.8 million in 2013, which was resulted from the increase in the sale of package tour and FIT products, notwithstanding the interim dividend of HK\$44.8 million declared in 1H2013. Return on equity ratio further increased to 56.0% for 1H2014 mainly as a result of the decrease in total equity by HK\$165.5 million, from HK\$222.5 million as at 31 December 2013 to HK\$57.0 million as at 30 June 2014, as we had declared dividend of the same amount on 25 June 2014. Since the only movements in our equity during the Track Record Period were the increase in retained earnings due to our net profit and the dividend declared in 1H2013 and June 2014, our return on equity is generally in line with the changes in our net profit. Please refer to the paragraph “– Period to Period Comparison of Results of Operations” above in this section for further details.

FINANCIAL INFORMATION

Interest Coverage

Our interest coverage ratio, being the profit before interest and tax divided by the finance cost for the corresponding year/period, was all over 90 for 2011, 2012 and 2013, while we did not have any interest expenses in 1H2014. For 2011, 2012, 2013 and 1H2014, we did not have any borrowings and loans, except an amount due to a related party, the balance of which has been settled prior to 30 June 2014.

SUFFICIENCY OF WORKING CAPITAL

Our Directors confirm that, after due and careful enquiry and taking into consideration the financial resources presently available to us, including banking facilities, other internal resources, and the estimated net proceeds of the Global Offering, our Group has sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 27 to the accountant's report in Appendix I, our Directors confirmed that these transactions were conducted on an arm's length basis and normal commercial terms. The effect of such related party transactions would not distort the track record to the extent that the historical results of the Group are not reflective of its performance.

The amounts due from related parties, as set out in note 21 of the accountant's report in Appendix I, mainly represented (i) rental deposits paid to Great Port Limited in connection with the lease of premises and (ii) balances receivable from EGL J-mart Limited in connection with settlement of utilities expense on its behalf. Our Directors confirmed that such balances were in each case incurred in the ordinary course of business. All guarantees granted by our related parties for our Group's obligations in relation to borrowings from banks and other financial institutions, finance leases and other borrowings have been released on 30 June 2014. The amount due from EGL J-mart Limited was fully settled before 30 June 2014, whilst the amount due from Great Port Limited will be maintained as rental deposits with the amount determined according to the rental agreements to be renewed. Please refer to the section "Continuing Connected Transactions" for further details.

RECENT DEVELOPMENT

Based on our latest internal management information, we recorded a year-on-year decrease in the overall number of customers who purchased our travel products and services from 104,523 for the three months ended 30 September 2013 to 95,304 for the three months ended 30 September 2014, representing a year-on-year decrease of 8.8%. The decrease was primarily attributable to the fall in the number of customers who purchased our travel products bound for Japan, as compared to the corresponding period in the prior year. In respect of other destinations, the number of customers who purchased our travel products was stable. Our Executive Directors believe that the drop in the overall number of customers was mainly attributable to (i) short-term weakening of consumer sentiment for overseas travel resulting from the recent geopolitical tension and social unrests in Ukraine, the Middle East and Thailand; (ii) the slow down in growth momentum of demand for package tours and FIT products bound for Japan after the significant growth in 2013, mainly due to the increase in the consumption tax rate of Japan from 5% to 8% in April 2014, and the general stabilisation of JPY exchange rate against HKD for the first three quarters of 2014 following its depreciation in 2013; and (iii) the promotion effort of airlines in the summer holidays to attract customers to purchase travel products directly via their direct distribution channel.

For the three months ended 30 September 2014, we generated revenue of approximately HK\$489.1 million, which was lower than that for the corresponding period in 2013. Furthermore, our gross profit margin decreased to around 17.5% for the three months ended 30 September 2014, as

FINANCIAL INFORMATION

compared to the gross profit margin of 19.5% recorded in 1H2014. Our Executive Directors attribute the decrease in our overall gross profit margin mainly to the drop in gross profit margin for our Japan-bound package tours resulted from the rise in the cost of certain travel elements in Japan (such as hotel accommodation, meals, and transportation) owing to the increases in the consumption tax of Japan as mentioned above and the domestic ground transportation costs in Japan. In view of the short term weakening of consumer sentiment, we did not raise the price level of our tour products to pass on such cost increase, in order to maintain our competitiveness. Therefore, the average price level of our Japan-bound package tours was relatively stable in the summer holiday period in 2014 as compared to that in 2013, whilst we experienced increase in the cost of certain travel elements.

The abovementioned unaudited financial information for the three months ended 30 September 2014 has been derived from the internal financial information of our Group, which has been reviewed by our Reporting Accountant in accordance with the Hong Kong Standard on Review Engagements 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity".

Notwithstanding the factors described above, our Directors did not note any material adverse change in our financial conditions and trading position for the three months ended 30 September 2014 as compared to that for 1H2014. While we are not certain as to whether the above factors will persist for the remaining time of 2014, we shall continue to price our products and services competitively to maintain our market share. So far as our Directors are aware, as at the Latest Practicable Date, save for the payment of dividend of HK\$197.4 million on 31 October 2014, there was no other subsequent event since 30 June 2014 that would have a material and adverse impact on the information in the accountant's report set out in Appendix I.

PROFIT FORECAST

Our unaudited pro forma forecast earnings per Share for the year ending 31 December 2014 have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering and the Capitalisation Issue as if they had taken place on 1 January 2014. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, may not provide a true picture of our financial results following the Global Offering and the Capitalisation Issue.

Forecast combined profit attributable to equity
shareholders of our Company for the year ending
31 December 2014⁽¹⁾⁽²⁾ not less than HK\$65.0 million

Unaudited pro forma forecast earnings per
Share for the year ending 31 December 2014⁽¹⁾⁽²⁾ not less than HK\$0.13

Notes:

- (1) The basis and assumptions on which the above profit forecast for the year ending 31 December 2014 has been prepared are summarised in Part I of Appendix III. Our Directors have prepared the forecast combined profit attributable to equity shareholders of our Company for 2014 based on the forecast combined results for 2014.
- (2) The calculation of unaudited pro forma forecast earnings per Share is based on the forecast combined profit attributable to the equity shareholders of the Company for 2014 of HK\$65.0 million and on the assumption that our Company had been listed since 1 January 2014 and a total number of 500,000,000 Shares were in issue during 2014. The calculation of the forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

FINANCIAL INFORMATION

DECREASE IN NET PROFIT AS FORECASTED FOR 2014 AS COMPARED TO 2013

As set out in the paragraph “Profit Forecast” above, the combined profit attributable to equity shareholders of our Company is forecasted to decrease significantly from HK\$102.8 million in 2013 to not less than HK\$65.0 million for the year ending 31 December 2014. Our Executive Directors attribute such decrease in the forecasted net profit to the following factors:

- (i) (a) comparing to the second half of 2013, we expect a decrease in the gross profit margin for our Japan-bound package tours for the second half of 2014, as caused by the increase in the consumption tax in Japan and the rise in costs of travel element in Japan;
 - (b) we intend to continue to price our products and services competitively to maintain our market share for the remaining time of 2014; and
 - (c) the expected lower gross margin for our long-haul package tours given the lowering of margin for our tours bounded for Australia due to the price promotion effort aiming to increase the number of participants in these tours; and
- (ii) the recognition of the listing expenses of approximately HK\$16.8 million to be charged to our profit and loss accounts for 2014 as further discussed in the paragraph “Listing Expenses” below.

Given the abovementioned reasons, we expect our net profit for the six months ending 31 December 2014 will decline as compared with the corresponding period in 2013, leading to a decline in our forecasted net profit for 2014 as compared to our net profit for 2013.

LISTING EXPENSES

The total expenses (excluding underwriting commission) in connection with the Listing of the existing Shares (including the Sale Shares) and the New Shares amounted to HK\$21.2 million, out of which HK\$17.7 million was attributable to services rendered by professional parties and their incidental expenses (“**Professional Fees**”) and HK\$3.5 million was attributable to non-professional expenses pertaining directly to the Listing. The Professional Fees are borne by our Company and the Selling Shareholder based on the proportion of the aggregate number of existing Shares and New Shares (475,000,000 Shares, equivalent to 95% of the total number of issued Shares upon Listing) and the number of Sale Shares (25,000,000 Shares, equivalent to 5% of the total number of issued Shares upon Listing), respectively. The non-professional expenses pertaining directly to the Listing are borne by our Company. The underwriting commission in relation to the Global Offering of HK\$5.2 million (assuming an Offer Price of HK\$1.39 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.48) is shared by our Company and the Selling Shareholder based on the proportion of the number of New Shares and Sale Shares respectively.

The total expenses for the Listing (including the underwriting commission) to be borne by our Company are estimated to be approximately HK\$24.5 million (assuming an Offer Price of HK\$1.39 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.48), of which approximately HK\$7.7 million is directly attributable to the issue of new Shares in the Global Offering and to be accounted for as a deduction from equity and approximately HK\$16.8 million is to be charged as administrative expenses to our profit and loss accounts for the period in which the expenses are incurred. The Listing expenses of approximately HK\$6.7 million were charged to our profit and loss account for 1H2014. Approximately HK\$10.1 million are expected to be charged to our profit and loss account after 30 June 2014, which will be reflected in our administrative expenses for the year ending 31 December 2014.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 24 July 2014. As at 30 June 2014, there were no distributable reserves available for distribution to our shareholders.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks, including interest rate risk, credit risks, foreign currency risk and liquidity risk in our normal course of business.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. We consider our interest rate risk minimal as we did not have any outstanding interest bearing loans or borrowings as at 31 December 2011, 2012, 2013 and 30 June 2014.

Credit Risk

Our Group's credit risk is primarily attributable from granting credit to customers in the ordinary course of our operations and is limited to the carrying amount of trade receivables, deposits and prepayments recognised at the end of 2011, 2012, 2013 and 1H2014, as summarised in note 31(b) in the accountant's report as in Appendix I. Our Group is also exposed to risk of financial loss if a partner, customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk on liquid funds is limited because the counterparties are banks with good reputation or high credit ratings.

In order to minimise our credit risk, our Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. Our Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Our bank balances are deposited with major banks in Hong Kong, Japan and Macau. We only enter into financial instruments with authorised banking institutions or established foreign exchange houses in Hong Kong. We consider we have no other significant exposure to credit risk.

Foreign Currency Risk

We receive most of our revenue in Hong Kong Dollars and MOP and incur a significant portion of the expenditures, mainly the land operator fees, hotel tariffs and transportation expenses for package tours in foreign currencies, including JPY, RMB, AUD and SGD and others. Approximately 4.4%, 3.4%, 2.9% and 2.7% of our revenue and approximately 34.9%, 35.0%, 37.8% and 37.2% of our costs were denominated in currencies other than Hong Kong Dollars and MOP in 2011, 2012, 2013 and 1H2014, respectively. In order to enhance the internal control and risk management procedures and to identify and manage the risks which we may be exposed to in handling foreign exchange transactions in the future, we have adopted enhanced internal control policies on foreign exchange transactions. Our Directors believe that such internal control policies help strengthen the checks and balances in processing foreign currency transactions. Please see the section "Business – Internal Control – Foreign Exchange Risk Management" for more details.

FINANCIAL INFORMATION

The carrying amount of monetary assets and liabilities denominated in JPY and RMB as at each of the year/period end in the Track Record Period is presented as follows:

	As at 30 June 2014	
	JPY	RMB
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets in foreign currency		
Trade receivables	193	–
Deposits and other receivables	13,566	1
Cash and cash equivalents	4,417	35,866
	<u>18,176</u>	<u>35,867</u>
Liabilities in foreign currency		
Financial liabilities at fair value through profit or loss		
– Foreign currency forward contracts	–	(188)
Trade payables	(15,941)	–
Accruals and other payables	(7,000)	–
	<u>(22,941)</u>	<u>(188)</u>
As at 31 December 2013		
	JPY	RMB
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets in foreign currency		
Trade receivables	388	–
Deposits and other receivables	15,311	–
Cash and cash equivalents	24,312	32,607
Financial assets at fair value through profit or loss		
– Foreign currency forward contracts	–	105
	<u>40,011</u>	<u>32,712</u>
Liabilities in foreign currency		
Trade payables	(10,486)	–
Accruals and other payables	(12,964)	–
	<u>(23,450)</u>	<u>–</u>

FINANCIAL INFORMATION

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. The majority of our revenue arises from sale of travel products to retail customers made on cash which are required to settle their fees before we render our service and/or deliver our products or services. As such, we are able to fund our operation from the customer deposits and consider our liquidity risk is minimal.

DIVIDEND POLICY

On 25 June 2014, we declared aggregate interim dividends (“**2014 Interim Dividend**”) of HK\$197.4 million out of historical profits of our Group. We paid out aggregate interim dividends of approximately HK\$44.8 million in 2013, and did not declare any dividend in 2011 and 2012. All dividends payable for each year or period during the Track Record Period have already been settled. Upon completion of the Global Offering, our Shareholders will be entitled to receive any dividends we may declare pro rata according to the amounts paid up or credited as paid up on the Shares.

Under Cayman Islands Companies Law, dividends may be paid out of the profits of our Company or out of sums standing to the credit of our share premium account. Under our Articles, declaration of dividends is subject to the Shareholders’ approval at our general meeting, but no dividend shall exceed the amount recommended by our Directors. In addition, our Directors may also pay interim or special dividends without Shareholders’ approval as appear to our Directors to be justified by the financial conditions and the profits of the Company. Our Directors may recommend that dividends be declared after taking into account, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits, reserves available for distribution based on HKFRSs, our Memorandum of Association and Articles, the Cayman Islands Companies Law, applicable laws and regulations and other factors which our Directors deem relevant.

Except for the 2014 Interim Dividend, we do not intend to declare or pay any additional dividend for the year ending 31 December 2014. Going forward, subject to the factors and considerations above, we currently plan to pay annual dividends of not less than 50% of our consolidated profit attributable to our Shareholders in the future. Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars. Other distributions, if any, will be paid to our Shareholders by any means which our Directors consider legal, fair and practicable. Any distributable profits that are not distributed in any given year may be retained and be made available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available for reinvestment in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our historical declarations of dividends may or may not affect our future declarations of dividends and will be at the discretion of our Board.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Global Offering on our net tangible assets as at 30 June 2014 as if it had taken place on 30 June 2014.

FINANCIAL INFORMATION

Unaudited Pro Forma Combined Net Tangible Assets

The following statement of unaudited pro forma combined net tangible assets of the Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the proposed offering by the Company of its shares as if it had taken place on 30 June 2014. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2014, or at any future date. The unaudited pro forma statement of combined net tangible assets does not form part of the accountant's report as set forth in Appendix I.

	Combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma combined net tangible assets	Unaudited pro forma combined net tangible assets per Share
	<i>HK\$'000 (Note 1)</i>	<i>HK\$'000 (Note 2)</i>	<i>HK\$'000</i>	<i>HK\$ (Note 3)</i>
Based on the offer price of HK\$1.48 per Share	<u>57,027</u>	<u>123,204</u>	<u>180,231</u>	<u>0.36</u>
Based on the offer price of HK\$1.30 per Share	<u>57,027</u>	<u>105,744</u>	<u>162,771</u>	<u>0.33</u>

Notes:

- (1) The balances represented the combined net tangible assets of the Group as at 30 June 2014 as extracted from the accountant's report of the Group as set out in Appendix I.
- (2) The estimated net proceeds from the Global Offering are based on the minimum and maximum offer price of HK\$1.30 and HK\$1.48 per Share, respectively, after deduction of estimated expenses for the Listing.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share are determined after the adjustments as described in notes 1 and 2 above and on the basis that 500,000,000 Shares are issued and outstanding as set out in the section "Share Capital".
- (4) The unaudited pro forma financial information presented above does not take into account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2014).

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had our Shares been listed on the Stock Exchange.

FUTURE PLANS

For detailed information of our business strategies and future plans, please refer to the section "Future Plans and Use of Proceeds".

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section “Business – Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the Global Offering (“**Net Proceeds**”), after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, are estimated to be approximately HK\$114.5 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$1.39, being the mid-point of the proposed Offer Price range of HK\$1.30 to HK\$1.48. We intend to use such Net Proceeds as follows:

- (i) approximately HK\$40.1 million (approximately 35% of our Net Proceeds) to enhance our sales channels, among which:
 - approximately HK\$22.9 million (approximately 20% of our Net Proceeds) will be used for refurbishment and facelifting of our existing branches; and
 - approximately HK\$17.2 million (approximately 15% of our Net Proceeds) will be used for the development of a comprehensive online web portal equipped with an integrated online booking system, including approximately HK\$2.0 million for upgrading our hardware and approximately HK\$15.2 million for project development cost;
- (ii) approximately HK\$28.6 million (approximately 25% of our Net Proceeds) to promote our brand image and recognition through marketing initiatives, out of which:
 - approximately HK\$9.2 million (approximately 8% of our Net Proceeds) will be used for conducting marketing initiatives with a focus on conventional media channels, including television, magazines and internet advertisements;
 - approximately HK\$8.0 million (approximately 7% of our Net Proceeds) will be used to employ featured products or signature tours marketing campaigns with suitable spokespersons, such as high-end gourmet tours; and
 - approximately HK\$11.4 million (approximately 10% of our Net Proceeds) will be used to launch a reward and incentive scheme to enhance customer loyalty under our membership system;
- (iii) approximately HK\$30.9 million (approximately 27% of our Net Proceeds) to strengthen operational infrastructure to deliver sustainable growth, out of which:
 - approximately HK\$13.8 million (approximately 12% of our Net Proceeds) will be used to improve our management information system by implementing an enterprise resources planning system, including approximately HK\$3.2 million for upgrading our hardware, and approximately HK\$10.6 million for project development cost;
 - approximately HK\$11.4 million (approximately 10% of our Net Proceeds) will be used to arrange charter flights to destinations which are not served by scheduled flights;
 - approximately HK\$5.7 million (approximately 5% of our Net Proceeds) will be used to attract and recruit experienced employees to join our ranks including experienced and high-quality tour escorts, sales representatives and other talents in operation management;

FUTURE PLANS AND USE OF PROCEEDS

- (iv) approximately HK\$5.7 million (approximately 5% of our Net Proceeds) will be used to develop overseas wedding tours, including approximately HK\$4.0 million to setup new specialised branches and website, and approximately HK\$1.7 million for hiring additional staff and promotion; and

- (v) the balance to be used for working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the Net Proceeds, assuming that the Over-allotment Option is not exercised, will increase to approximately HK\$123.2 million or decrease to approximately HK\$105.7 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the Net Proceeds will increase to approximately HK\$139.8 million, assuming an Offer Price of HK\$1.39 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the Net Proceeds, including the proceeds from the exercise of the Over-allotment Option, will increase or decrease by approximately HK\$10.4 million or HK\$10.4 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

To the extent that the Net Proceeds are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering. The Selling Shareholder estimate that it will receive net proceeds from the Global Offering of approximately HK\$32.8 million after deducting the estimated underwriting commissions and expenses payable by it in the Global Offering and assuming an Offer Price of HK\$1.39.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, other than a Director or chief executive of our Company, the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Nature of Interest	Immediately upon the completion of the Global Offering and the Capitalisation Issue	
		Number of Shares	Percentage of shareholding
Evergloss (<i>note 2</i>)	Beneficial Interest	375,000,000 (L) (<i>note 1</i>)	75%
Fiducia Suisse S.A. (<i>note 3</i>)	Interest of a controlled corporation	375,000,000 (L) (<i>note 1</i>)	75%

Notes:

- (1) the letter "L" denotes the entity/person's long position in the Shares.
- (2) Evergloss is legally owned as to approximately 26.69% by Likang, which is wholly-owned by the Trustee acting as the trustee of the Yuen Family Trust, approximately 26.24% by Yohki Ryokoh, which is wholly-owned by the Trustee acting as the trustee of the Happyau Family Trust, approximately 23.08% by Kwok Lai (which is wholly owned by Mr. Huen), approximately 9.95% by Mr. Leung, approximately 4.98% by Mr. Lam Wai Man, approximately 4.98% by Mr. Lui Lok Pun, approximately 3.17% by Mr. Chong Cheung Po and approximately 0.91% by Ms. Lee, respectively.
- (3) Fiducia Suisse S.A. acts as the trustee of Yuen Family Trust and Happyau Family Trust. Fiducia Suisse S.A. is deemed to have an interest in Likang and Yohki Ryokoh. The sole shareholder of Likang is the Trustee acting as trustee of the Yuen Family Trust. Yuen Family Trust 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. Mr. Yuen is the settlor and protector of the Yuen Family Trust. The sole shareholder of Yohki Ryokoh is the Trustee acting as trustee of the Happyau Family Trust. Happyau Family 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 Happyau Family Trust and Ms. Li Siu King is the protector of the Happyau Family Trust.

Save as disclosed in the prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and any other member of our Group.

SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

	<i>HK\$</i>
<i>Authorised share capital:</i>	
1,000,000,000 Shares	<u>100,000,000</u>
	<u><u>100,000,000</u></u>

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately following the Global Offering will be as follows:

	<i>HK\$</i>
<i>Issued and to be issued, fully paid or credited as fully paid, upon completion of the Global Offering and the Capitalisation Issue:</i>	
10,000 Shares in issue as at the date of this prospectus	1,000
399,990,000 Shares to be issued under the Capitalisation Issue	39,999,000
<u>100,000,000</u> Shares to be issued under the Global Offering	<u>10,000,000</u>
<u><u>500,000,000</u></u> Shares in total	<u><u>50,000,000</u></u>

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following the Global Offering will be as follows:

	<i>HK\$</i>
<i>Issued and to be issued, fully paid or credited as fully paid, upon completion of the Global Offering and the Capitalisation Issue:</i>	
10,000 Shares in issue as at the date of this prospectus	1,000
399,990,000 Shares to be issued under the Capitalisation Issue	39,999,000
<u>118,750,000</u> Shares to be issued under the Global Offering and the Over-allotment Option	<u>11,875,000</u>
<u><u>518,750,000</u></u> Shares in total	<u><u>51,875,000</u></u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional.

The above table takes no account of (a) Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or (b) any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to the Directors to allot and issue or repurchase Shares as described below.

SHARE CAPITAL

RANKING

The Offer Shares and the Shares that may be issued pursuant to exercise of the Over-allotment Option will rank *pari passu* in all respects with all other existing Shares in issue as mentioned in this prospectus, and in particular, will be entitled to all dividends and other distributions hereafter declared, paid or made on the Shares after the date of this prospectus save for entitlements under the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 13 November 2014 and subject to the conditions set out therein, our Directors were authorised to allot and issue a total of 399,990,000 Shares credited as fully paid at par to the Shareholder whose name appears on the register of members of our Company at close of business on 13 November 2014 by way of capitalisation of the sum of HK39,999,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued under this resolution shall rank *pari passu* in all respects with the existing issued Shares. For further details, please see the section “Statutory and General Information – Further Information about our Group – 3. Resolutions of the Sole Shareholder” in Appendix V.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 13 November 2014. Under the Share Option Scheme, the eligible participants of the scheme, including directors, full-time employees of and advisors and consultants to our Company or our subsidiaries may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially not more than 10% of the Shares in issue on the Listing Date. Further details of the terms of the Share Option Scheme are summarised in the section “Statutory and General Information – Other information – 13. Share Option Scheme” in Appendix V.

GENERAL MANDATE

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of (a) 20% of the aggregate nominal value of the share capital of our Company in issue as enlarged by the Global Offering and the Capitalisation Issue; and (b) the aggregate nominal value of the share capital of our Company which may be repurchased by our Company pursuant to the general mandate to repurchase Shares granted to the Directors referred to below.

The Directors may, in addition to the Shares which they are authorised to issue under this issuing mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options which may be granted under the Share Option Scheme. The aggregate nominal value of the Shares which the Directors are authorised to allot and issue under the issuing mandate will not be reduced by the allotment and issue of such Shares.

This issuing mandate will expire:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting,

SHARE CAPITAL

whichever occurs first.

For further details of this general mandate, please see the section “Statutory and General Information – Further information about our Group – 3. Resolutions of the Sole Shareholder” in Appendix V.

REPURCHASE MANDATE

The Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue, as enlarged by the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Capitalisation Issue.

This repurchase mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section “Statutory and General Information – Further information about our Group – 6. Securities repurchase mandate” in Appendix V.

This repurchase mandate will expire:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further information about this repurchase mandate, please see the section “Statutory and General Information – Further information about our Group – 3. Resolutions of the Sole Shareholder” in Appendix V.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by ordinary shareholders’ resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to sanction by the courts in the Cayman Islands, reduce its share capital by shareholders’ special resolution. For more details, please see the section “Summary of the Constitution of the Company and Cayman Islands Companies Law” in Appendix IV.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see “Summary of the Constitution of the Company and Cayman Islands Companies Law” in Appendix IV.

UNDERWRITING

HONG KONG UNDERWRITERS

Shenyin Wanguo Capital (H.K.) Limited
Halcyon Securities Limited
Pacific Foundation Securities Limited

INTERNATIONAL UNDERWRITERS

Shenyin Wanguo Capital (H.K.) Limited
Halcyon Securities Limited
Pacific Foundation Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 17 November 2014. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to apply to purchase or procure applications to purchase the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been entered into and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination with immediate effect by notice in writing from the Sole Global Coordinator, for itself and on behalf of the Hong Kong Underwriters, if prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, Japan, Korea, Taiwan, Malaysia, Singapore, the United States, the United Kingdom, the European Union as a whole, Switzerland or where any member of our Group was incorporated (the “**Relevant Jurisdictions**”); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting the Relevant Jurisdictions; or

UNDERWRITING

- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange; or
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign (“**Authority**”)), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union as a whole, or any other jurisdiction where any member of our Group was incorporated, or any disruption in commercial banking or foreign exchange trading, procedures or matters in those places or jurisdictions; or
- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union as a whole on any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in the Relevant Jurisdictions; or
- (viii) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of our Group; or
- (ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of the Company; or
- (x) the Chairman or an Executive Director of our Company vacating his or her office; or
- (xi) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (xii) an Authority or a political body or organisation in any of the Relevant Jurisdictions commencing any investigation or other action or announcing an intention to investigate or take other action, against any Executive Director; or

UNDERWRITING

- (xiii) save as disclosed in this prospectus, the Application forms, the formal notice in agreed form to be issued in connection with the Hong Kong Public Offering pursuant to the Listing Rules and the preliminary and final offering circulars relating to the International Placing Shares, including all amendments or supplements thereto, a contravention by any member of our Group of the Listing Rules or applicable laws or regulations; or
- (xiv) a prohibition on our Company for whatever reason from offering, allotting, selling or delivering the Shares (including the Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xv) any adverse change or development reasonably likely to involve a prospective material adverse change in or affecting the assets, liabilities, results of operations, financial position or performance of our Group taken as a whole of any of the risks set out in “Risk Factors” in this prospectus; or
- (xvi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (xvii) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with our creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (xviii) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the indemnities set out in the Hong Kong Underwriting Agreement,

which, individually or in the aggregate, in the sole opinion (after consultation with our Company) of the Sole Global Coordinator:

- (1) has or will have a material adverse change on the assets, liabilities, business, management, prospects, shareholders’ equity or financial condition of our Company and the other members of our Group; or
- (2) has or will have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or
- (3) makes or will make it inadvisable or inexpedient or impracticable for the Global Offering to proceed; or
- (4) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

UNDERWRITING

- (b) it has come to the notice of the Sole Global Coordinator:
- (i) that any statement contained in any of this prospectus or the Application Forms and/or in any notices, announcements or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained in any of this prospectus or the Application Forms and/or any notices, announcements or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest in any material respect and is not based on reasonable assumptions in any material respect; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus or the Application Forms and/or in any notices, announcements or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
 - (iii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (iv) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
 - (v) any expert named in the section “Statutory and General Information – Other Information – 21. Qualifications of experts” in Appendix V to this prospectus has withdrawn its consent to being named in any or to the issue of this prospectus or the Application Forms and/or in any notices, announcements, or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto).

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any issue of shares or securities in circumstances prescribed by Rule 10.08 of the Listing Rules, we will not, at any time within six months from the Listing Date, issue any shares or other securities convertible into our equity securities or enter into any agreement or arrangement to issue such shares or securities (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

UNDERWRITING

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), that he or it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date ("**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) ("**Parent Shares**"); or
- (b) during the period of six months commencing on the date on which the First Six-month Period expires ("**Second Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be our controlling shareholder (as defined in the Listing Rules).

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he or it will:

- (a) if he or it pledges or charges any of our securities beneficially owned by him or it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and
- (b) if he or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and issue of Shares pursuant to the Capitalisation Issue and the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date, we will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Underwriters) and unless in compliance with the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage,

UNDERWRITING

charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). We further agree that, in the event that we enter into the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transactions during the Second Six-month Period, we will take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of our Company.

Undertakings by Evergloss

Pursuant to the Hong Kong Underwriting Agreement, Evergloss has undertaken to each of us, the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, save for the lending of Shares pursuant to the Stock Borrowing Agreement and sale of the Offer Shares by Evergloss pursuant to the Global Offering, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date:

- (a) it will not:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable), or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or

UNDERWRITING

- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified above is to be settled by delivery of Shares or such other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period).

- (b) it will not, during the period of six months commencing on the date which is six months after the Listing Date expires (“**Second Half-Year Period**”), enter into any of the transactions specified in paragraph (a)(i), (ii), (iii) or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder (if applicable) of our Company; and
- (c) until the expiry of the Second Half-Year period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (ii), (iii) or offer to or agrees to or announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

For the avoidance of doubt, the above restrictions do not prevent Evergloss from using the Shares beneficially owned by it as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) for a bona fide commercial loan).

Indemnity

We, Evergloss, Mr. Yuen and Mr. Huen have agreed to indemnify the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement, subject to the terms of the Hong Kong Underwriting Agreement.

The International Placing

In connection with the International Placing, it is expected that we, the Selling Shareholder, Evergloss and the Executive Directors will enter into the International Underwriting Agreement with, among others, the Sole Global Coordinator, the International Underwriters and the Sole Sponsor. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

We expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilising Manager in agreement with the Sole Global Coordinator on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to offer up to an aggregate of 18,750,000 additional Shares, together representing 15% of the number of Shares initially being offered under the Global Offering, at the Offer Price to solely cover over-allocations in the International Placing, if any.

Under the International Underwriting Agreement, we, Evergloss, Mr. Yuen and Mr. Huen will agree to indemnify the International Underwriters and the Sole Sponsor against certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the International Underwriters, subject to the terms of the International Underwriting Agreement.

UNDERWRITING

Underwriting Commission and Expenses

Under the terms and conditions of the Hong Kong Underwriting Agreement, the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) will receive an underwriting commission equal to 3.0% on the aggregate Offer Price payable in respect of all of the Hong Kong Offer Shares (excluding any International Placing Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Placing). The respective entitlements of the Hong Kong Underwriters to the underwriting commission will be paid as separately agreed between the Sole Global Coordinator and the Hong Kong Underwriters. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters).

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$1.39 per Share (being the mid-point of the indicative Offer Price range of HK\$1.30 to HK\$1.48 per Share), the aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the listing of the existing Shares and the Global Offering to be borne by us and the Selling Shareholder are estimated to amount to approximately HK\$24.5 million and HK\$1.9 million in aggregate, respectively (assuming an Offer Price of HK\$1.39, being the mid-point of the indicative range of the Offer Price of HK\$1.30 to HK\$1.48).

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Independence of the Sole Sponsor

Shenyin Wanguo Capital (H.K.) Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. Shenyin Wanguo Capital (H.K.) Limited is the Sole Sponsor for the listing of the Shares on the Stock Exchange and the Sole Global Coordinator, Sole Lead Manager and Sole Bookrunner of the Global Offering.

The Global Offering initially consists of:

- (i) the Hong Kong Public Offering of 12,500,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described in “– Hong Kong Public Offering” in this section below (including the Employee Preferential Offering of up to 1,250,000 Offer Shares as described in the paragraph “Employee Preferential Offering” below in this section); and
- (ii) the International Placing of 112,500,000 Offer Shares of which 87,500,000 Offer Shares are to be offered by our Company and 25,000,000 Sale Shares are to be offered by the Selling Shareholder (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

Eligible Employees may make an application for the Employee Reserved Shares on a **PINK** Application Form and, in addition, will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering but may not apply for or indicate an interest for International Placing Shares under the International Placing. Such Eligible Employees will receive no preference as to entitlement or allocation in respect of such further applications for Hong Kong Offer Shares under the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing respectively may be subject to adjustment and, in the case of the International Placing only, the Over-allotment Option as set out in “– International Placing – Over-allotment Option” in this section below.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company (on behalf of itself and the Selling Shareholder) and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. Details of the underwriting arrangements are summarised in the section “Underwriting”.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on the Stock Exchange;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective agreements in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (on behalf of itself and the Selling Shareholder) on the Price Determination Date, which is expected to be on or around 21 November 2014 and in any event, not later than 27 November 2014.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (on behalf of itself and the Selling Shareholder) by 27 November 2014, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.egltours.com on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section "How to Apply for the Hong Kong Offer Shares and Employee Reserved Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on 27 November 2014 but will only become valid certificates of title at 8:00 a.m. on 28 November 2014 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting – Underwriting Arrangements and Expenses – Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 12,500,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to the reallocation of Shares between (i) the International Placing; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Offer Shares will represent approximately 2.5% of our Company's issued share capital immediately after completion of the Global Offering and the Capitalisation Issue without taking into account any Shares which may be issued and allotted upon any exercise of over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

Of the 12,500,000 Shares initially being offered under the Hong Kong Public Offering, 1,250,000 Shares (representing 10% and 1% of the total number of Shares initially being offered under the Hong Kong Public Offering and the Global Offering, respectively) are available for subscription by Eligible Employees on a preferential basis, subject to the terms and conditions set out in this prospectus and the **PINK** Application Forms.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph "Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total available Shares under the Hong Kong Public Offering (after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing and after deducting the number of Employee Reserved Shares validly applied for under the Employee Preferential Offering) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B with any odd board lots being allocated to pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in pool A and pool B will be 5,626,000 and 5,624,000 respectively. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this section only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 5,624,000 Hong Kong Offer Shares are liable to be rejected.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 37,500,000 Offer Shares (in the case of (i)), 50,000,000 Offer Shares (in the case of (ii)) and 62,500,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Overallotment Option) in each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate. In addition, in certain prescribed circumstances, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate International Placing Shares as it deems appropriate from the International Placing to the Hong Kong Public Offering to satisfy in whole or in part the excess valid application in the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportion as the Sole Global Coordinator deems appropriate.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.48 per Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph “– Price Determination of the Global Offering” below in this section, is less than the maximum price of HK\$1.48 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for the Hong Kong Offer Shares and Employee Reserved Shares” in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

EMPLOYEE PREFERENTIAL OFFERING

Up to 1,250,000 Employee Reserved Shares, representing 10% of the Offer Shares available under the Hong Kong Public Offering and 0.25% of the enlarged issued share capital of our Company upon completion of the Global Offering and the Capitalisation Issue, which are not subject to reallocation to the International Placing as described in the paragraph “Hong Kong Public Offering – Reallocation” above in this section, are available for subscription by Eligible Employees on a preferential basis.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The 1,250,000 Employee Reserved Shares available for application by Eligible Employees on PINK Application Forms will be allocated to such applicants on a basis based on the level of valid applications received under the Employee Preferential Offering and the number of Employee Reserved Shares validly applied for within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. The Employee Reserved Shares will be balloted if there are insufficient Employee Reserved Shares available to PINK Application Form applicants. If balloting is conducted, an Eligible Employee may be allocated more Employee Reserved Shares than others who have applied for the same number of Employee Reserved Shares. The allocation of Employee Reserved Shares to Eligible Employees will in any event be made on an equitable basis and will not be based on the identity, seniority, work performance or length of service of the Eligible Employees. No favour will be given to the Eligible Employees who apply for a large number of Employee Reserved Shares. Any application made on a PINK Application Form for more than 1,250,000 Employee Reserved Shares will be rejected. Allocation of Hong Kong Offer Shares under the Employee Preferential Offering will be based on the allocation guidelines contained in Practice Note 20 to the Listing Rules. In addition to any application for Employee Reserved Shares on a PINK Application Form, Eligible Employees will be entitled to apply for the Hong Kong Offer Shares on a WHITE or YELLOW Application Form or by submitting application online through the designated website of the HK eIPO White Form Service Provider or giving electronic application instruction to HKSCC via CCASS.

As at the Latest Practicable Date, our Group had 576 Eligible Employees.

In case not all the 1,250,000 Employee Reserved Shares are subscribed for by Eligible Employees, the undersubscribed Employee Reserved Shares will be available as Hong Kong Offer Shares for subscription by the public under the Hong Kong Public Offering.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 112,500,000 Shares (comprising 87,500,000 new Shares and 25,000,000 Sale Shares representing approximately 90% of the total number of the Offer Shares initially available under the Global Offering (subject to adjustment and the Overallotment Option). Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the International Placing Shares will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

The International Placing is subject to the same conditions as stated in the paragraph “– Conditions of the Global Offering” below in this section.

Allocation

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the Sole Global Coordinator (for itself and on behalf of the International Underwriters) that exercisable at the sole discretion of the Sole Global Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 18,750,000 additional Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover, among other things, over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option but without taking into account any Shares which may fall to be issued upon the exercise of any options to be granted under the Share Option Scheme. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around 21 November 2014, and in any event not later than 27 November 2014, by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company (on behalf of itself and the Selling Shareholder).

The Offer Price will be not more than HK\$1.48 per Share and is expected to be not less than HK\$1.30 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Global Coordinator, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.egltours.com notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Sole Global Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The Offer Price, the levels of indication of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on 27 November 2014 in the manner set out in the section “How to Apply for the Hong Kong Offer Shares and Employee Reserved Shares – 11. Publication of Results”.

STABILISATION ACTION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

The Sole Global Coordinator has been appointed by us as the stabilising manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. Any market purchases of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Sole Global Coordinator and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 18,750,000 Shares in aggregate, which is approximately 15% of the Shares initially available under the Global Offering.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares; (iii) subscribing, or agreeing to subscribe, for our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; (v) selling, or agreeing to sell, our Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above. The Stabilising Manager, its affiliates or any person acting for it, may take all or any of the above stabilising action in Hong Kong during the stabilisation period.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilising Manager, its affiliates or any other person acting for them, may have an adverse impact on the market price of the Shares;

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- stabilising action cannot be used to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 18,750,000 additional Shares and cover such over allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at its sole discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on 28 November 2014, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on 28 November 2014, and will be traded in board lots 2,000.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

In addition, if you are an Eligible Employee, you may also apply for Employee Reserved Shares using a **PINK** Application Form. Eligible Employees may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering and the Employee Reserved Shares under the Employee Preferential Offering but may not apply for or indicate an interest for International Placing Shares under the International Placing.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares. If you are an Eligible Employee are applying for Employee Reserved Shares using a **PINK** Application Form, you must apply as an individual. Joint applications will not be accepted.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares (including any Employee Reserved Shares) if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive of the Company and/or any of its subsidiaries;
- a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

Only Eligible Employees may apply for the Employee Reserved Shares with a **PINK** Application Form.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Tuesday, 18 November 2014 until 12:00 noon on Friday, 21 November 2014 from:

- (i) the following offices of the Underwriters:

Shenyin Wanguo Capital (H.K.) Limited	Level 19, 28 Hennessy Road, Hong Kong
Halcyon Securities Limited	11/F, 8 Wyndham Street, Central, Hong Kong
Pacific Foundation Securities Limited	11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong

- (ii) any of the branches of the receiving bank:

The Bank of East Asia, Limited

	Branch	Address
Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central
	North Point Branch	326-328 King's Road, North Point
Kowloon	Prince Edward Branch	G/F, Hanley House, 776-778 Nathan Road, Prince Edward
	Hoi Yuen Road Branch	Unit 1, G/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong
	East Tsim Sha Tsui Branch	Shop G3-G5, G/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui
New Territories	Shatin Plaza Branch	Shop 3-4, Level 1, Shatin Plaza, Shatin
	Tuen Mun Town Plaza Branch	Shop 2-10, UG/F, Tuen Mun Town Plaza Phase II, 3 Tuen Lung Street, Tuen Mun
	Tsuen Wan Branch	239-243 Sha Tsui Road, Tsuen Wan

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Tuesday, 18 November 2014 until 12:00 noon on Friday, 21 November 2014 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

A **PINK** Application Form together with this prospectus can be collected by Eligible Employees from our Company's head office at 15th Floor, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours from 9:00 a.m. on Tuesday, 18 November 2014 until 12:00 noon on Thursday, 20 November 2014. Electronic copies of the **PINK** Application Form and this prospectus can be viewed from our Company's website at www.epltours.com and the Stock Exchange's website at www.hkexnews.hk.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "The Bank of East Asia (Nominees) Limited – EGL Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Tuesday, 18 November 2014	–	9:00 a.m. to 5:00 p.m.
Wednesday, 19 November 2014	–	9:00 a.m. to 5:00 p.m.
Thursday, 20 November 2014	–	9:00 a.m. to 5:00 p.m.
Friday, 21 November 2014	–	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 21 November, the last application day or such later time as described in the paragraph "– 10. Effect of Bad Weather on the Opening of the Applications Lists" below in this section.

Your completed **PINK** Application Form, together with a cheque attached and marked payable to "The Bank of East Asia (Nominees) Limited – EGL Public Offer" for the payment must be returned to our Company's head office at 15th Floor, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong by 12:00 noon on Thursday, 20 November 2014.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Selling Shareholder, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to the Company, the Selling Shareholder, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, the Hong Kong Branch Share Registrar, the receiving bank, and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) (if the laws of any place outside Hong Kong apply to your application) agree and warrant that you have complied with all such laws and none of our Company, the Selling Shareholder, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number of such Shares allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company (on behalf of itself and the Selling Shareholder) and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

Additional terms and conditions for the Employee Preferential Offering

You may refer to the **PINK** Application Form for details.

5. APPLYING THROUGH HK eIPO White Form service

General

Individuals who meet the criteria set out in the paragraph “– 2. Who Can Apply” above in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 18 November 2014 until 11:30 a.m. on Friday, 21 November 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 21 November 2014 or such later time under the paragraph “– 10. Effects of Bad Weather on the Opening of the Applications Lists” below in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a copy of this prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number of such Shares allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
 - declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that the Company, the Selling Shareholder, the Directors, the Sole Sponsor and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
 - agree that none of the Company, the Selling Shareholder, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Underwriter, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
 - agree to disclose your personal data to the Company, the Selling Shareholder, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, our Hong Kong Branch Share Registrar, receiving bank and/or its respective advisers and agents;
 - agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and the Bye-laws; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 18 November 2014	–	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Wednesday, 19 November 2014	–	8:30 a.m. to 8:30 p.m. ⁽¹⁾
Thursday, 20 November 2014	–	8:30 a.m. to 8:30 p.m. ⁽¹⁾
Friday, 21 November 2014	–	8:30 a.m. to 12:00 noon ⁽¹⁾

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 18 November 2014 until 12:00 noon on Friday, 21 November 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 21 November 2014, the last application day or such later time as described in the paragraph “– 10. Effect of Bad Weather on the Opening of the Application Lists” below in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Selling Shareholder, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Selling Shareholder the Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 21 November 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are an Eligible Employee, you may also make an application for Employee Reserved Shares by using a **PINK** Application Form. Only one application for Employee Reserved Shares is permitted per Eligible Employee under the Employee Preferential Offering. Multiple applications or suspected multiple applications by any Eligible Employee are liable to be rejected.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"*Unlisted company*" means a company with no equity securities listed on the Stock Exchange.

"*Statutory control*" means you:

- control the composition of the board of directors of the company;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE, YELLOW** or **PINK** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE, YELLOW** or **PINK** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section “Structure and Conditions of the Global Offering – Price Determination of the Global Offering”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 21 November 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 21 November 2014 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the Employee Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and the Employee Reserved Shares on Thursday, 27 November 2014 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at www.egltours.com and the website of the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.egltours.com and the Stock Exchange's website at www.hkexnews.hk by no later than Thursday, 27 November 2014;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 27 November 2014 to 12:00 midnight on Wednesday, 3 December 2014;
- by telephone enquiry line by calling (852)3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 27 November 2014 to Tuesday, 2 December 2014 (excluding Saturday and Sunday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 27 November 2014 to Monday, 1 December 2014 at all the receiving bank branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares (including, if applicable, Employee Reserved Shares) if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure and Conditions of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares (and the Employee Reserved Shares) is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; or
- you apply for more than 1,250,000 Employee Reserved Shares.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.48 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

Public Offering are not fulfilled in accordance with the section “Structure and Conditions of the Global Offering – Conditions of the Global Offering” or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 27 November 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below and one share certificate for all the Employee Reserved Shares allotted to you under the Employee Preferential Offering.).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **PINK** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares and/or Employee Reserved Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, 27 November 2014. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 28 November 2014 provided that the Global Offering has become unconditional and the right of termination described in “Underwriting” has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE and/or PINK Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 27 November 2014 or such other date as notified by us in the newspapers.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares and/or Employee Reserved Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 27 November 2014, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 27 November 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 27 November 2014, or in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "– 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 27 November 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 27 November 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto refund payment instructions/refund cheques.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 27 November 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via *Electronic Application Instructions to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 27 November 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "– 11. Publication of Results" above on Thursday, 27 November 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before Thursday, 27 November 2014 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 27 November 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND EMPLOYEE RESERVED SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 27 November 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.



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The Directors
 EGL Holdings Company Limited

Shenyin Wanguo Capital (H.K.) Limited

18 November 2014

Dear Sirs,

We set out below our report on the financial information regarding EGL Holdings Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), including the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 (the “**Track Record Period**”) and the combined statements of financial position of the Group as at 31 December 2011, 2012, 2013 and 30 June 2014, together with explanatory notes thereto (the “**Financial Information**”), for inclusion in the prospectus of the Company dated 18 November 2014 (the “**Prospectus**”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company was incorporated in the Cayman Islands on 24 July 2014 as an exempted company with limited liability under the Companies Law (2013 Revision), Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation (the “**Group Reorganisation**”) as set out in note 1.2 of Section II below, the Company has become the holding company of the companies now comprising the Group. The Company has not carried on any business since the date of its incorporation saved for the aforementioned Group Reorganisation.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name of company	Date and place of incorporation	Issued and fully paid share capital	Principal activities	Name of the auditor
<i>Interests held directly</i>				
EGL Management Group Company Limited (“ EGL Management ”)	Incorporated on 21 July 2014 in the British Virgin Islands	337,025 shares of United States dollar (“ US\$ ”) 1 each	Investment holding	Not applicable

Name of company	Date and place of incorporation	Issued and fully paid share capital	Principal activities	Name of the auditor
<i>Interests held indirectly</i>				
EGL Tours Company Limited ("EGL Tours")	Incorporated on 28 July 1987 in Hong Kong	3,315,000 ordinary shares totalling Hong Kong dollar ("HK\$") 3,315,000	Provision of package tours, free independent travellers ("FIT") packages, individual travel elements (together with FIT packages as "FIT Products") and ancillary travel-related products and services	BDO Limited
EGL Tours (Japan) Company Limited ("EGL Japan")	Incorporated on 20 September 2006 in Hong Kong	221 ordinary shares totalling HK\$221	Provision of outbound package tours, FIT Products and ancillary travel-related products and services in Japan	BDO Limited
i-Evertravel Company Limited ("i-Evertravel")	Incorporated on 16 June 2000 in Hong Kong	550,000 ordinary shares totalling HK\$550,000	Sales of air tickets	BDO Limited
EGL Tours (Macau) Company Limited ("EGL Macau")	Incorporated on 27 May 2005 in Macau	Macau Pataca ("MOP") 1,800,000	Provision of package tours, FIT Products and ancillary travel-related products and services	Keng Ou CPAs

All companies now comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company and EGL Management since their respective dates of incorporation as they were incorporated in jurisdictions where there are no statutory audit requirements.

For the purposes of the Financial Information of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "HKFRSs Financial Statements").

The Financial Information set out in this report has been prepared by the directors of the Company based on the underlying HKFRSs Financial Statements, with no adjustments made thereon.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANT

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA, the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange, and the contents of this Prospectus in which this report is included. The directors of the Company are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you. For the purposes of this report, we have carried out appropriate audit procedures on the HKFRSs Financial Statements for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Financial Information in accordance with the Auditing Guideline 3.340 – “Prospectuses and the Reporting Accountant” issued by the HKICPA and have carried out such additional procedures on the Financial Information as we considered necessary.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purposes of this report, the Financial Information prepared on the basis as set out in note 2 of Section II and in accordance with the accounting policies set out in note 3 of Section II, gives a true and fair view of the states of affairs of the Group as at 31 December 2011, 2012, 2013 and 30 June 2014 and of the combined results and cash flows of the Group for the Track Record Period.

COMPARATIVE FINANCIAL INFORMATION

For the purposes of this report, we have also reviewed the unaudited comparative financial information of the Group including the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the six months ended 30 June 2013, together with the notes thereto (the “**Comparative Financial Information**”), for which the directors of the Company are responsible, 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. Our responsibility is to express a conclusion on the Comparative Financial Information based on our review.

A review consists principally of making enquiries of the Group’s management and applying analytical procedures to the Comparative Financial Information and other review procedures. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit and consequently does not enable us to obtain assurance that we would be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

On the basis of our review which does not constitute an audit, for the purposes of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Combined Statements of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 December			Six months ended 30 June	
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Revenue	6	1,246,689	1,364,605	1,647,173	725,387	772,400
Cost of sales		(1,050,684)	(1,136,697)	(1,294,018)	(569,626)	(621,613)
Gross profit		196,005	227,908	353,155	155,761	150,787
Other income and gains/(losses), net	6	8,946	4,446	(2,605)	(7,174)	3,972
Net realised and unrealised (loss)/gain on derivative financial instruments		–	(9)	2,146	375	(490)
Selling expenses		(75,944)	(70,159)	(85,397)	(36,678)	(39,362)
Administrative expenses		(110,774)	(115,930)	(144,878)	(69,029)	(76,698)
Profit from operation	7	18,233	46,256	122,421	43,255	38,209
Finance costs	8	(176)	(275)	(1,324)	(653)	–
Profit before income tax		18,057	45,981	121,097	42,602	38,209
Income tax expense	9	(3,063)	(4,943)	(18,309)	(7,447)	(6,292)
Profit for the year/period		14,994	41,038	102,788	35,155	31,917
Total comprehensive income for the year/period attributable to owners of the Company		<u>14,994</u>	<u>41,038</u>	<u>102,788</u>	<u>35,155</u>	<u>31,917</u>
Earnings per share for profit attributable to owners of the Company						
– Basic and diluted (HK cents)	10	<u>3.75</u>	<u>10.26</u>	<u>25.70</u>	<u>8.79</u>	<u>7.98</u>

Combined Statements of Financial Position

	Notes	As at 31 December			As at
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	30 June 2014 HK\$'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	13	9,333	6,277	7,751	7,955
Prepaid lease payments	14	9,822	7,515	6,317	5,481
Deferred tax asset	15	–	966	605	766
		<u>19,155</u>	<u>14,758</u>	<u>14,673</u>	<u>14,202</u>
Current assets					
Inventories	16	2,949	3,072	5,256	13,159
Trade receivables	17	5,756	3,253	2,493	1,985
Prepaid lease payments	14	2,029	2,517	1,618	1,672
Deposits, prepayments and other receivables	18	75,159	77,008	107,501	106,695
Financial assets at fair value through profit or loss	19	258	–	721	–
Loan receivables	20	778	708	–	–
Amounts due from related companies	21	6,148	5,544	5,444	2,280
Tax recoverable		441	–	–	–
Pledged bank deposits	22	10,074	10,105	22,301	8,231
Cash and cash equivalents	22	207,756	228,027	330,050	475,211
		<u>311,348</u>	<u>330,234</u>	<u>475,384</u>	<u>609,233</u>
Current liabilities					
Trade payables	23	49,441	42,949	47,841	49,888
Accruals, deposits received and other payables	24	157,672	133,088	205,656	298,429
Financial liabilities at fair value through profit or loss	19	–	9	–	188
Provision for taxation		–	4,518	14,097	20,550
Dividends payable		–	–	–	197,353
		<u>207,113</u>	<u>180,564</u>	<u>267,594</u>	<u>566,408</u>
Net current assets		<u>104,235</u>	<u>149,670</u>	<u>207,790</u>	<u>42,825</u>
Net assets		<u>123,390</u>	<u>164,428</u>	<u>222,463</u>	<u>57,027</u>
CAPITAL AND RESERVES					
Share capital	25	3,315	3,315	3,315	3,315
Reserves	26	120,075	161,113	219,148	53,712
Total equity		<u>123,390</u>	<u>164,428</u>	<u>222,463</u>	<u>57,027</u>

Combined Statements of Changes in Equity

	Share capital HK\$'000	Foreign exchange reserve* HK\$'000	Statutory reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
At 1 January 2011	3,315	(3)	872	104,212	108,396
Profit and total comprehensive income for the year	—	—	—	14,994	14,994
At 31 December 2011 and 1 January 2012	3,315	(3)	872	119,206	123,390
Profit and total comprehensive income for the year	—	—	—	41,038	41,038
At 31 December 2012 and 1 January 2013	3,315	(3)	872	160,244	164,428
Profit and total comprehensive income for the year	—	—	—	102,788	102,788
Interim dividends (note 11)	—	—	—	(44,753)	(44,753)
At 31 December 2013 and 1 January 2014	3,315	(3)	872	218,279	222,463
Profit and total comprehensive income for the period	—	—	—	31,917	31,917
Interim dividends (note 11)	—	—	—	(197,353)	(197,353)
At 30 June 2014	<u>3,315</u>	<u>(3)</u>	<u>872</u>	<u>52,843</u>	<u>57,027</u>
At 31 December 2012 and 1 January 2013	3,315	(3)	872	160,244	164,428
Profit and total comprehensive income for the period (unaudited)	—	—	—	35,155	35,155
Interim dividends (note 11)	—	—	—	(44,753)	(44,753)
At 30 June 2013 (unaudited)	<u>3,315</u>	<u>(3)</u>	<u>872</u>	<u>150,646</u>	<u>154,830</u>

* The total of these accounts as at the reporting dates represents "Reserves" in the combined statements of financial position.

Combined Statements of Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Cash flows from operating activities					
Profit before income tax	18,057	45,981	121,097	42,602	38,209
Adjustments for:					
Depreciation of property, plant and equipment	8,348	4,968	3,275	1,636	1,811
Amortisation of prepaid lease payments	420	1,819	2,097	1,229	782
Finance costs	176	275	1,324	653	–
Interest income	(868)	(860)	(1,305)	(627)	(588)
Loss on disposal of property, plant and equipment, net	3	–	2	2	–
Changes in fair value of financial instruments at fair value through profit or loss	–	9	(730)	(9)	909
Bad debts directly written off in respect of trade receivables	1	–	–	–	–
Bad debts directly written off in respect of other receivables	138	–	18	–	–
Provision for/(Reversal of) impairment in respect of other receivables	789	(789)	–	–	–
Operating profit before working capital changes	27,064	51,403	125,778	45,486	41,123
Increase in prepaid lease payments	(141)	–	–	–	–
Decrease/(Increase) in inventories	282	(123)	(2,184)	(224)	(7,903)
Decrease in debenture	42	258	–	–	–
(Increase)/Decrease in trade receivables	(2,044)	2,503	760	1,076	508
Decrease/(Increase) in deposits, prepayments and other receivables	18,721	(1,060)	(30,511)	(52,899)	806
Decrease in amounts due from related companies	621	604	100	1,211	3,164
Increase/(Decrease) in trade payables	9,190	(6,492)	4,892	1,540	2,047
Increase/(Decrease) in accruals, deposits received and other payables	25,774	(24,584)	72,568	172,552	92,773
Cash generated from operations	79,509	22,509	171,403	168,742	132,518
Interest paid	(176)	(275)	(1,324)	(653)	–
Income tax paid	(9,129)	(950)	(8,369)	–	–
<i>Net cash generated from operating activities</i>	<u>70,204</u>	<u>21,284</u>	<u>161,710</u>	<u>168,089</u>	<u>132,518</u>

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Cash flows from investing activities					
Purchase of property, plant and equipment	(2,374)	(1,915)	(4,751)	(2,800)	(2,015)
Proceeds from sales of property, plant and equipment	1	3	–	–	–
Decrease/(Increase) in pledged bank deposits	62	(31)	(12,196)	(12)	14,070
(Increase)/Decrease in loan receivables	(568)	70	708	708	–
Interest received	868	860	1,305	627	588
<i>Net cash (used in)/generated from investing activities</i>	<u>(2,011)</u>	<u>(1,013)</u>	<u>(14,934)</u>	<u>(1,477)</u>	<u>12,643</u>
Cash flows from financing activities					
Dividends paid	–	–	(44,753)	(44,753)	–
Proceeds from bank borrowings	60,000	–	–	–	–
Repayment of bank borrowings	(60,000)	–	–	–	–
Proceeds from loan from a related company	90,542	50,000	87,800	87,800	–
Repayment of loan from a related company	(90,542)	(50,000)	(87,800)	(17,800)	–
<i>Net cash (used in)/generated from financing activities</i>	<u>–</u>	<u>–</u>	<u>(44,753)</u>	<u>25,247</u>	<u>–</u>
Net increase in cash and cash equivalents	68,193	20,271	102,023	191,859	145,161
Cash and cash equivalents at beginning of the year/period	<u>139,563</u>	<u>207,756</u>	<u>228,027</u>	<u>228,027</u>	<u>330,050</u>
Cash and cash equivalents at end of the year/period	<u>207,756</u>	<u>228,027</u>	<u>330,050</u>	<u>419,886</u>	<u>475,211</u>

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND GROUP REORGANISATION

1.1 General Information

The Company was incorporated in the Cayman Islands on 24 July 2014 under the Companies Law (2013 Revision), Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability. The Company's registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company's principal place of business is located at 15/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. As at the date of incorporation, its initial authorised share capital was HK\$380,000.

The directors of the Company considered Evergloss Management Group Company Limited, a company incorporated in the British Virgin Islands ("**Evergloss**") as the immediate and ultimate holding company.

The principal activity of the Company is investment holding. The principal activities of the Group are provisions of package tours, FIT Products and ancillary travel-related products and services (the "**Listing Business**").

1.2 Group Reorganisation

Prior to the incorporation of the Company and the completion of the Group Reorganisation as described below, the Listing Business was carried out by companies now comprising the Group (hereinafter collectively referred to as the "**Operating Companies**"). The Operating Companies were collectively controlled by Mr. Yuen Man Ying, Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu and Ms. Lee Po Fun throughout the Track Record Period.

In preparation for listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing**"), the Group Reorganisation was undertaken to transfer the Listing Business to the Company principally through the following steps:

The Company was incorporated as an exempted company under the Companies Law (2013 Revision), Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with limited liability on 24 July 2014 to act as the holding company of the Group. The initial authorised share capital of the Company was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each.

On 30 July 2014, the initial subscribing shareholder transferred the one issued share of HK\$0.10 in the Company at nominal value to Evergloss. On 15 October 2014, 999 shares of HK\$0.10 each were allotted and fully paid to Evergloss.

On 21 October 2014, EGL Management entered into a sale and purchase agreement with Mr. Yuen Man Ying, Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po, Ms. Lee Po Fun, Yohki Ryokoh Limited and Mr. Yau Shui Fung, pursuant to which, EGL Management agreed to acquire the entire issued share capital of EGL Tours from them, at a consideration of HK\$60,250,487, being net book value of EGL Tours as at 30 June 2014, which was settled by EGL Management allotting and issuing 331,500 shares of US\$1.00 each in EGL Management to Evergloss.

On 21 October 2014, EGL Management entered into a sale and purchase agreement with Mr. Yuen Man Ying, Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po, Ms. Lee Po Fun, Yohki Ryokoh Limited and Mr. Yau Shui Fung, pursuant to which, EGL Management agreed to acquire the entire issued share capital of EGL Japan from them, at a consideration of HK\$947,676, being net book value of EGL Japan as at 30 June 2014, which was settled by EGL Management allotting and issuing 5,524 shares of US\$1.00 each in EGL Management to Evergloss.

On 26 August 2014, Mr. Yuen Man Ying transferred the one share of HK\$1.00 in i-Evertravel to EGL Tours at nil consideration.

On 13 November 2014, the Company entered into a sale and purchase agreement with Evergloss, pursuant to which, the Company agreed to acquire the entire issued share capital of EGL Management from Evergloss at a consideration of HK\$61,198,163, being net book value of EGL Tours and EGL Japan, the major subsidiaries of EGL Management, as at 30 June 2014, which was settled by the Company allotting and issuing 9,000 shares in the Company to Evergloss.

2. BASIS OF PRESENTATION

Immediately prior to and after the Group Reorganisation, the Listing Business is held by the Operating Companies. Pursuant to the Group Reorganisation, the Operating Companies together with the Listing Business are transferred to and held by the Company through EGL Management. The Company has not been involved in any other business prior to the Group Reorganisation and does not meet the definition of a business. The Group Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the Listing Business under EGL Management for all periods presented. For the purposes of this report, the Financial Information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as "**HKFRSs**") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below. These policies have been consistently applied to all the years/periods presented unless otherwise stated. The Financial Information has been prepared under the historical cost basis except for debenture and derivative financial instruments which are measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and judgements have been made in preparing the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and judgements. The areas where estimates and judgements are significant to the Financial Information are set out in note 4 "Critical accounting estimates and judgements".

3.1 Adoption of new or revised HKFRSs

The HKICPA has issued a number of new or revised HKFRSs which were relevant to the Group and became effective during the Track Record Period. In preparing the Financial Information, the Group has adopted all these new or revised HKFRSs consistently throughout the Track Record Period.

At the date of authorisation of the Financial Information, certain new or revised HKFRSs, which have been published but are not yet effective, have not been early adopted by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new or revised HKFRS that is expected to have an impact on the Group's accounting policies is provided below. Certain other new or revised HKFRSs have been issued but are not expected to have a material impact on the Financial Information.

HKFRS 9 Financial instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains or losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

3.2 Basis of combination

The Financial Information incorporates the HKFRSs Financial Statements of the Company and its subsidiaries comprising the Group for the Track Record Period. As explained in note 2 of Section II above, the Group Reorganisation has been accounted for using merger accounting.

All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on combination. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.4 Foreign currency translation

The HKFRSs Financial Statements are presented in HK\$, which is also the functional currency of the Company.

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Upon combination, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the year/period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rates ruling at the end of each reporting period. Exchange differences arisen, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

3.5 Revenue recognition

Revenue comprises the fair value of the sales of goods, rendering of services and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that economic benefits will flow to the Group and revenue can be measured reliably, revenue is recognised as follows:

Income from provision of package tours is recognised when the services are rendered by the Group.

Income from provision of other travel-related services, management services and sales of air tickets, hotel accommodation and hotel packages is recognised when the services are rendered by the Group as an agent on a net basis. Where the Group acts as a principal in certain transactions, including sales of admission tickets and merchandise, revenue is recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the admission tickets and merchandise is delivered and the customer has accepted the admission tickets and merchandise.

Commission income is recognised when the services are rendered by the Group. Interest income is recognised on a time-proportion basis using the effective interest method.

Rebate received from a supplier is recognised as income when the Group's entitlement to the rebates is established in accordance with the terms of the subscriber agreement, i.e. when the booking of the corresponding travel item is confirmed.

3.6 Property, plant and equipment

Property, plant and equipment is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is depreciated so as to write off its cost over its estimated useful life, using the straight-line method, at the following rates per annum:

Leasehold improvements	30% or over the lease term, whichever is shorter
Office equipment	20%
Computer equipment	20%
Motor vehicles	20%
Furniture and fixtures	20%

The depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the reporting period in which they are incurred.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and its carrying amount which is recognised in profit or loss on disposal.

3.7 Prepaid lease payments

Prepaid lease payments represent up-front payments for the rental of tour buses. They are stated at cost less accumulated amortisation and any accumulated impairment losses. The amortisation is calculated on a straight-line basis over the lease term, which is negotiated and agreed between the Group and a lessor on an arm's length basis from time to time.

3.8 Impairment of non-financial assets

Property, plant and equipment and prepaid lease payments are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Company's accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from other assets, the recoverable amount is determined as the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

3.9 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the right over the use of assets held under operating leases, payments made under the leases are charged to profit or loss on the straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rent is charged to profit or loss in the period in which it is incurred.

3.10 Financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and, when appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are only recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fee that are an integral part of the effective interest rate and transaction cost. Gain or loss is recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through amortisation process.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Impairment of financial assets

At the end of each reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial asset includes observable data that comes to the attention of the Company about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors in the company and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised based on the classification of the financial assets as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss of the period in which the impairment occurs. When any part of the financial asset is determined as uncollectable, it is written off against the allowance account of the relevant financial asset.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Financial assets, other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated applicable selling expenses.

3.12 Accounting for income tax

Income taxes for the year/period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3.13 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, accruals, other payables and dividends payable are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised.

3.16 Employee benefits

(i) *Retirement benefit schemes*

The Group operates defined contribution retirement benefits schemes (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinances, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee’s basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administrated funds.

(ii) *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.17 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision makers, i.e. executive directors, for their decisions about allocation of resources to the Group’s business components and for their review of the performance of those components.

3.19 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company’s parent.

- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are discussed below:

(i) Depreciation and amortisation

The Group depreciates the property, plant and equipment and amortises prepaid lease payments in accordance with the accounting policies stated in notes 3.6 and 3.7 respectively. The estimated useful lives reflect the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of these assets. The management reassesses the estimated useful lives at the end of each reporting period.

(ii) Impairment of receivables

The management assesses impairment of receivables on a regular basis. This estimate is based on the credit history of the customers and debtors and current market conditions. The management reassesses the impairment of receivables at the end of each reporting period.

(iii) Estimates of current tax and deferred tax

Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related tax. Where the final tax outcomes are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of non-financial assets

The Group assesses impairment by evaluating conditions specific to the Group that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and judgements about future events, which are subject to uncertainties and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market conditions existing at the reporting date and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Future changes in the events and conditions underlying the estimates and judgements would affect the estimation of recoverable amounts and result in adjustments to their carrying amounts.

(v) Fair value measurement

A number of assets and liabilities included in the Group's HKFRSs Financial Statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period in which they occur.

The Group measures financial assets or liabilities at fair value through profit or loss.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

5. SEGMENT INFORMATION

The Group has identified its operating segment based on the regular internal financial information reported to the chief operating decision makers on decisions about allocation of resources to assess the performance of the Group's business. The only component in internal reporting to the chief operating decision makers is the Group's travel and travel-related services business during the Track Record Period. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 *Operating Segments* and no segment information is presented.

As all revenue of the Group was derived in Hong Kong and Macau and no transactions with a single customer amounts to 10 per cent or more of the Group's revenue, no segment analysis by geographic location or major customer is presented.

6. REVENUE AND OTHER INCOME AND GAINS/(LOSSES), NET

The Group's principal activities are disclosed in note 1.1 of Section II.

Revenue, which is also the Group's turnover, derived from the Group's principal activities during the Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Revenue					
Package tours	1,154,513	1,252,821	1,498,836	661,184	702,283
FIT Products (<i>note</i>)	44,728	56,701	75,725	33,391	33,513
Ancillary travel-related products and services (<i>note</i>)	47,448	55,083	72,612	30,812	36,604
	<u>1,246,689</u>	<u>1,364,605</u>	<u>1,647,173</u>	<u>725,387</u>	<u>772,400</u>
Other income and gains/(losses), net					
Exchange gain/(loss), net	5,292	1,106	(8,780)	(9,543)	(562)
Interest income on bank deposits	760	853	1,305	627	588
Interest income on debenture	7	7	–	–	–
Interest received from a related company	101	–	–	–	–
Management fee income	258	108	84	54	15
Rebate received from a supplier	582	696	3,883	572	2,275
Rental income	27	32	32	16	7
Sundry income	1,919	1,644	871	1,100	1,649
	<u>8,946</u>	<u>4,446</u>	<u>(2,605)</u>	<u>(7,174)</u>	<u>3,972</u>

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

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Gross proceeds received and receivable	<u>466,647</u>	<u>565,076</u>	<u>733,005</u>	<u>316,482</u>	<u>323,736</u>

7. PROFIT FROM OPERATION

Profit from operation is arrived at after charging/(crediting) the following:

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Auditors' remuneration	516	569	567	284	286
Amortisation of prepaid lease payments	420	1,819	2,097	1,229	782
Cost of inventories recognised as expenses	8,967	10,743	17,729	7,246	14,364
Bad debts recovered in respect of other receivables	–	(27)	(51)	–	–
Bad debts directly written off in respect of:					
– Trade receivables	1	–	–	–	–
– Others receivables	138	–	18	–	–
Depreciation of property, plant and equipment	8,348	4,968	3,275	1,636	1,811
Provision for/(Reversal of) impairment in respect of other receivables	789	(789)	–	–	–
Loss on disposal of property, plant and equipment, net	3	–	2	2	–
Operating lease rental in respect of:					
– Premises	18,512	19,282	20,924	10,448	11,011
– Office equipment	1,178	1,551	1,510	596	1,059
– Tour buses	32,417	36,257	35,497	16,894	17,639
Listing expenses	–	–	–	–	6,733
Staff costs (including directors' emoluments in note 12):					
– Salaries and other benefits in kind	95,728	108,439	139,965	61,689	64,644
– Retirement scheme contribution	3,664	4,220	4,955	2,353	2,593
	<u>99,392</u>	<u>112,659</u>	<u>144,920</u>	<u>64,042</u>	<u>67,237</u>

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Interest paid to a related company	125	275	1,324	653	–
Bank loan interest	51	–	–	–	–
	<u>176</u>	<u>275</u>	<u>1,324</u>	<u>653</u>	<u>–</u>

9. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Current tax – Hong Kong Profits Tax					
Tax for the current year/period	2,030	4,857	16,466	6,868	5,709
Under/(Over) provision in respect of prior year	8	(325)	(508)	–	–
	<u>2,038</u>	<u>4,532</u>	<u>15,958</u>	<u>6,868</u>	<u>5,709</u>
Current tax – Macau Complementary Tax					
Tax for the current year/period	992	1,377	1,990	557	744
Under provision in respect of prior year	33	–	–	–	–
	<u>1,025</u>	<u>1,377</u>	<u>1,990</u>	<u>557</u>	<u>744</u>
Deferred tax (note 15)					
(Credited)/Charged to profit or loss for the year/period	–	(966)	361	22	(161)
	<u>3,063</u>	<u>4,943</u>	<u>18,309</u>	<u>7,447</u>	<u>6,292</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% for each reporting period on the estimated assessable profits of subsidiaries operating in Hong Kong.

Macau Complementary Tax is calculated at rates ranging from 9% to 12% for each reporting period on the estimated assessable profits of a subsidiary operating in Macau.

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Year ended 31 December			Six months ended	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Profit before income tax	<u>18,057</u>	<u>45,981</u>	<u>121,097</u>	<u>42,602</u>	<u>38,209</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	2,979	7,587	19,981	7,029	6,304
Tax effect of different tax rates of a subsidiary operating in other jurisdiction	(217)	(656)	(797)	(242)	(318)
Tax effect of non-deductible items	31	16	1,881	1,896	1,225
Tax effect of non-taxable items	(837)	(910)	(1,789)	(855)	(817)
Tax effect of deductible/(taxable) temporary differences not recognised	823	299	(336)	(428)	(102)
Tax effect of tax losses not recognised	243	79	–	47	–
Under/(Over) provision in prior year	41	(325)	(508)	–	–
Utilisation of tax losses previously not recognised	–	(181)	(123)	–	–
Recognition of deferred tax asset in respect of tax loss previously not recognised	–	(966)	–	–	–
Income tax expense	<u>3,063</u>	<u>4,943</u>	<u>18,309</u>	<u>7,447</u>	<u>6,292</u>

10. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share for the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 are based on the profits attributable to owners of the Company of approximately HK\$14,994,000, HK\$41,038,000, HK\$102,788,000 and HK\$31,917,000 (six months ended 30 June 2013: HK\$35,155,000) respectively, and on the basis of 400,000,000 ordinary shares in issue (being the number of shares of the Company prior to the Listing) as if these ordinary shares had been issued throughout the Track Record Period.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares during the Track Record Period.

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation. The dividends proposed by EGL Tours and EGL Japan to Mr. Yuen Man Ying, Yohki Ryokoh Limited, Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po and Ms. Lee Po Fun (the "Majority Shareholders") before they became subsidiaries of the Company during the Track Record Period are summarised as follows:

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Interim dividends	–	–	44,753	44,753	197,353

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS, THE FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules, Section 161 of the predecessor Hong Kong Companies Ordinance and Section 383 of the new Hong Kong Companies Ordinance are as follows:

	Fees HK\$'000	Salaries HK\$'000	Allowance and other benefits HK\$'000	Bonus HK\$'000	Retirement scheme contribution HK\$'000	Total HK\$'000
Year ended 31 December 2011						
<i>Executive Directors</i>						
LEE Po Fun	–	983	42	506	49	1,580
LEUNG Shing Chiu	–	1,122	85	1,022	56	2,285
HUEN Kwok Chuen	–	1,055	35	960	55	2,105
YUEN Man Ying	–	1,384	35	1,129	69	2,617
	–	4,544	197	3,617	229	8,587
Year ended 31 December 2012						
<i>Executive Directors</i>						
LEE Po Fun	–	1,021	84	2,343	51	3,499
LEUNG Shing Chiu	–	1,164	106	2,414	59	3,743
HUEN Kwok Chuen	–	1,096	71	2,356	57	3,580
YUEN Man Ying	–	1,435	68	2,922	72	4,497
	–	4,716	329	10,035	239	15,319
Year ended 31 December 2013						
<i>Executive Directors</i>						
LEE Po Fun	–	1,320	72	5,710	66	7,168
LEUNG Shing Chiu	–	1,320	94	5,835	66	7,315
HUEN Kwok Chuen	–	1,320	72	5,715	68	7,175
YUEN Man Ying	–	1,680	73	7,068	84	8,905
	–	5,640	311	24,328	284	30,563

	Fees HK\$'000	Salaries HK\$'000	Allowance and other benefits HK\$'000	Bonus HK\$'000	Retirement scheme contribution HK\$'000	Total HK\$'000
Six months ended 30 June 2013 (unaudited)						
<i>Executive Directors</i>						
LEE Po Fun	–	522	38	2,738	26	3,324
LEUNG Shing Chiu	–	595	16	2,800	30	3,441
HUEN Kwok Chuen	–	561	52	2,740	29	3,382
YUEN Man Ying	–	734	32	3,385	37	4,188
	–	2,412	138	11,663	122	14,335
Six months ended 30 June 2014						
<i>Executive Directors</i>						
LEE Po Fun	–	663	29	1,880	33	2,605
LEUNG Shing Chiu	–	663	18	1,920	33	2,634
HUEN Kwok Chuen	–	663	59	1,880	34	2,636
YUEN Man Ying	–	844	21	2,320	42	3,227
	–	2,833	127	8,000	142	11,102

In addition to the directors' emoluments as disclosed above pursuant to the Listing Rules, Section 161 of the predecessor Hong Kong Companies Ordinance and Section 383 of the new Hong Kong Companies Ordinance, certain directors are also the beneficial owners of certain companies which have transactions with the Group during the Track Record Period. Details of these transactions were set out in note 27.

The amounts represented remuneration of the executive directors for their services rendered for the Operating Companies during the Track Record Period. The executive directors were appointed as directors of the Company on 24 July 2014.

Mr. Yuen Man Ying is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

(b) The five highest paid individuals

The five highest paid individuals of the Group during the Track Record Period are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> (Unaudited)	<i>Number of individuals</i>
Directors	4	4	4	4	4
Non-director, the highest paid individual	1	1	1	1	1
	5	5	5	5	5

Details of the emoluments of the above non-director, the highest paid individual during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Salaries and other benefits in kind	694	786	828	411	416
Discretionary bonuses	74	284	640	88	73
Retirement scheme contribution	12	14	15	8	8
	<u>780</u>	<u>1,084</u>	<u>1,483</u>	<u>507</u>	<u>497</u>

The number of the highest paid non-director fell within the following emolument bands:

	Year ended 31 December			Six months ended 30 June	
	2011 <i>Number of individual</i>	2012 <i>Number of individual</i>	2013 <i>Number of individual</i>	2013 <i>Number of individual</i> (Unaudited)	2014 <i>Number of individual</i>
Nil-HK\$1,000,000	1	–	–	1	1
HK\$1,000,001-HK\$1,500,000	–	1	1	–	–
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

During the Track Record Period, no emoluments were paid by the Group to any director or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director waived or agreed to waive any emolument during the Track Record Period.

(c) Senior management emoluments

The emoluments paid or payable to members of senior management for the Track Record Period fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2011 <i>Number of individuals</i>	2012 <i>Number of individuals</i>	2013 <i>Number of individuals</i>	2013 <i>Number of individuals</i> (Unaudited)	2014 <i>Number of individuals</i>
Nil-HK\$1,000,000	8	7	6	8	8
HK\$1,000,001-HK\$1,500,000	–	1	2	–	–
	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
At 1 January 2011						
Cost	29,647	11,214	20,447	–	4,981	66,289
Accumulated depreciation	(25,332)	(9,714)	(12,251)	–	(3,681)	(50,978)
Net carrying amount	4,315	1,500	8,196	–	1,300	15,311
Year ended 31 December 2011						
Opening net carrying amount	4,315	1,500	8,196	–	1,300	15,311
Additions	1,470	75	809	–	20	2,374
Disposals	–	(4)	–	–	–	(4)
Depreciation	(4,032)	(716)	(2,992)	–	(608)	(8,348)
Closing net carrying amount	1,753	855	6,013	–	712	9,333
At 31 December 2011 and 1 January 2012						
Cost	29,409	11,263	21,256	–	5,001	66,929
Accumulated depreciation	(27,656)	(10,408)	(15,243)	–	(4,289)	(57,596)
Net carrying amount	1,753	855	6,013	–	712	9,333
Year ended 31 December 2012						
Opening net carrying amount	1,753	855	6,013	–	712	9,333
Additions	349	32	1,384	–	150	1,915
Disposals	–	(3)	–	–	–	(3)
Depreciation	(906)	(659)	(2,838)	–	(565)	(4,968)
Closing net carrying amount	1,196	225	4,559	–	297	6,277
At 31 December 2012 and 1 January 2013						
Cost	29,758	11,291	22,640	–	5,042	68,731
Accumulated depreciation	(28,562)	(11,066)	(18,081)	–	(4,745)	(62,454)
Net carrying amount	1,196	225	4,559	–	297	6,277
Year ended 31 December 2013						
Opening net carrying amount	1,196	225	4,559	–	297	6,277
Additions	3,141	60	1,320	–	230	4,751
Disposals	(2)	–	–	–	–	(2)
Depreciation	(1,110)	(119)	(1,873)	–	(173)	(3,275)
Closing net carrying amount	3,225	166	4,006	–	354	7,751

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
At 31 December 2013 and 1 January 2014						
Cost	30,697	11,351	23,960	–	5,272	71,280
Accumulated depreciation	(27,472)	(11,185)	(19,954)	–	(4,918)	(63,529)
Net carrying amount	3,225	166	4,006	–	354	7,751
Period ended 30 June 2014						
Opening net carrying amount	3,225	166	4,006	–	354	7,751
Additions	894	82	840	170	29	2,015
Depreciation	(817)	(39)	(894)	(7)	(54)	(1,811)
Closing net carrying amount	3,302	209	3,952	163	329	7,955
At 30 June 2014						
Cost	31,591	11,418	24,800	170	5,301	73,280
Accumulated depreciation	(28,289)	(11,209)	(20,848)	(7)	(4,972)	(65,325)
Net carrying amount	3,302	209	3,952	163	329	7,955

14. PREPAID LEASE PAYMENTS

	As at 31 December			As at 30 June 2014
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
At beginning of the year/period				
Cost	15,797	15,938	15,938	15,938
Accumulated amortisation	(3,667)	(4,087)	(5,906)	(8,003)
Net carrying amount	12,130	11,851	10,032	7,935
Year ended 31 December/ Period ended 30 June				
Opening net carrying amount	12,130	11,851	10,032	7,935
Additions	141	–	–	–
Amortisation	(420)	(1,819)	(2,097)	(782)
Closing net carrying amount	11,851	10,032	7,935	7,153
At end of the year/period				
Cost	15,938	15,938	15,938	15,938
Accumulated amortisation	(4,087)	(5,906)	(8,003)	(8,785)
Net carrying amount	11,851	10,032	7,935	7,153

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
Represented by:				HK\$'000
Non-current assets	9,822	7,515	6,317	5,481
Current assets	2,029	2,517	1,618	1,672
	<u>11,851</u>	<u>10,032</u>	<u>7,935</u>	<u>7,153</u>

Amortisation of HK\$420,000, HK\$1,819,000, HK\$2,097,000 and HK\$782,000 was charged to profit or loss under cost of sales for the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$1,229,000) respectively.

15. DEFERRED TAX ASSET

Deferred tax asset represents the tax impact on tax losses expected to be utilised in the future. Details of the deferred tax asset recognised and movements during the Track Record Period are as follows:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
At beginning of the year/period	–	–	966	605
Credited/(Charged) to profit or loss for the year/period (note 9)	–	966	(361)	161
At end of the year/period	<u>–</u>	<u>966</u>	<u>605</u>	<u>766</u>

The Group had estimated unrecognised tax losses of approximately HK\$8,856,000, HK\$2,379,000, HK\$1,635,000, and HK\$1,860,000 as at 31 December 2011, 2012, 2013 and 30 June 2014, respectively. No deferred tax asset has been recognised in respect of these unrecognised tax losses carried forward by a subsidiary due to the unpredictability of future profit streams. The deductible temporary differences can be carried forward indefinitely.

16. INVENTORIES

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
Merchandise for sales	2,949	3,072	5,256	13,159
	<u>2,949</u>	<u>3,072</u>	<u>5,256</u>	<u>13,159</u>

17. TRADE RECEIVABLES

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
Trade receivables	5,756	3,253	2,493	1,985
	<u>5,756</u>	<u>3,253</u>	<u>2,493</u>	<u>1,985</u>

The ageing analysis of trade receivables that are not impaired as at the end of each reporting period, based on invoice date, is as follows:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
0 – 90 days	5,647	3,069	2,355	1,962
91 – 180 days	109	184	138	23
	<u>5,756</u>	<u>3,253</u>	<u>2,493</u>	<u>1,985</u>

The Group has a policy of granting trade customers with credit terms of generally 10 days to 90 days. The ageing analysis of the Group's trade receivables that are not impaired, based on due date, is as follows:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Neither past due nor impaired	5,033	2,684	1,156	1,706
Past due for less than 3 months	709	569	1,337	256
Past due for more than 3 months but less than 6 months	14	–	–	23
	<u>5,756</u>	<u>3,253</u>	<u>2,493</u>	<u>1,985</u>

At the end of each reporting period, the Group had no significant balances of trade receivables that were past due but not impaired as there was no recent history of default in respect of these trade debtors. Trade receivables that were neither past due nor impaired related to a large number of independent customers that had a good track record of credit with the Group. In general, the Group does not hold any collateral or other credit enhancements over these balances.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Other receivables	17,679	20,913	25,074	12,376
Less: Provision for impairment	(789)	–	–	–
Other receivables, net	16,890	20,913	25,074	12,376
Deposits	6,974	6,232	6,013	8,077
Prepayments	51,295	49,863	76,414	86,242
	<u>75,159</u>	<u>77,008</u>	<u>107,501</u>	<u>106,695</u>

The movements in the allowance for impairment of other receivables during the Track Record Period are as follows:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
At beginning of the year/period	–	789	–	–
Impairment loss recognised	789	–	–	–
Recovery of impairment loss previously recognised	–	(789)	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At end of the year/period	<u>789</u>	<u>–</u>	<u>–</u>	<u>–</u>

At 31 December 2011, the Group determined other receivables of approximately HK\$789,000 as individually impaired. The Group did not hold any collateral or other credit enhancements over these balances.

19. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Financial assets at fair value through profit or loss:				
Debenture, unlisted	258	–	–	–
Derivative financial instruments				
– Foreign currency forward contract	–	–	105	–
– Foreign currency options contracts	–	–	616	–
	<u>258</u>	<u>–</u>	<u>721</u>	<u>–</u>
Financial liabilities at fair value through profit or loss:				
Derivative financial instrument				
– Foreign currency forward contracts	–	9	–	188
	<u>–</u>	<u>9</u>	<u>–</u>	<u>188</u>

The debenture is denominated in Renminbi (“RMB”) and is classified as held for trading. The fair value is determined with reference to the quoted market price of comparable debt instruments. The foreign currency forward contracts as at 31 December 2012, 2013 and 30 June 2014 represented the exchange of a notional amount denominated in RMB at a contract rate on a specified maturity date. Derivative financial instruments are measured at fair value at the end of each reporting period. The foreign currency options contracts as at 31 December 2013 represented the exchange of a nominal amount denominated in US\$ at a contract rate on a specified maturity date.

The total notional principal amounts of the outstanding foreign currency forward or options contracts as at 31 December 2011, 2012, 2013 and 30 June 2014 are as follows:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Sell HK\$ for RMB	–	6,204	6,278	7,673
Sell HK\$ for US\$	–	–	62,208	–
	<u>–</u>	<u>6,204</u>	<u>68,486</u>	<u>7,673</u>

20. LOAN RECEIVABLES

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
Within one year	778	708	–	–

These balances represented amounts due from certain independent third parties. Loan receivables are unsecured, interest free and repayable on demand.

21. AMOUNTS DUE FROM RELATED COMPANIES

	As at	As at 31 December			As at	Maximum outstanding amount during the year/period			
	1 January	2011	2012	2013	30 June	31 December			30 June
	2011	2011	2012	2013	2014	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Great Port Limited ("Great Port")	1,902	2,090	2,039	2,282	2,280	25,468	2,090	2,518	2,729
EGL J-Mart Limited ("EGL J-Mart")	4,867	4,058	3,505	3,111	–	5,128	4,123	3,673	3,111
Evergloss Tours Company Limited	–	–	–	51	–	–	–	246	51
	<u>6,769</u>	<u>6,148</u>	<u>5,544</u>	<u>5,444</u>	<u>2,280</u>				

The executive directors of the Company, Ms. Lee Po Fun, Mr. Leung Shing Chiu, Mr. Huen Kwok Chuen and Mr. Yuen Man Ying, who were appointed after the Track Record Period, have equity interests in the above companies.

The amounts due from related companies are unsecured, interest free and repayable on demand.

At the end of each reporting period, the amount due from Great Port represented rental deposits paid to the related company for the rented premises.

22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
Cash at banks and in hand	170,848	168,415	297,034	391,057
Fixed deposits	46,982	69,717	55,317	92,385
	217,830	238,132	352,351	483,442
Less: Pledged bank deposits	(10,074)	(10,105)	(22,301)	(8,231)
Cash and cash equivalents	<u>207,756</u>	<u>228,027</u>	<u>330,050</u>	<u>475,211</u>

The Group's cash and cash equivalents comprise bank deposits carrying interests at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rates ranging from 0.1% to 5.6%, 0.1% to 3.0%, 0.1% to 5.8% and 0.1% to 2.8% per annum as at 31 December 2011, 2012, 2013 and 30 June 2014 respectively, with an original maturity of three months or less.

As at 31 December 2011, 2012, 2013 and 30 June 2014, certain deposits of the Group in banks amounted to approximately HK\$10,074,000, HK\$10,105,000, HK\$22,301,000 and HK\$8,231,000 were pledged to banks as securities for letters of guarantee issued to certain third parties on behalf of the Group and for foreign currency arrangements.

23. 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 receipt 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 each reporting period is as follows:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
0 – 90 days	48,457	42,471	47,394	49,196
91 – 180 days	668	79	87	293
181 – 365 days	1	29	25	45
Over 365 days	315	370	335	354
	<u>49,441</u>	<u>42,949</u>	<u>47,841</u>	<u>49,888</u>

The trade payables are short-term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

24. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Accrued expenses	6,278	5,770	6,472	8,938
Customer deposits received	125,237	92,115	140,071	227,833
Other payables	26,157	35,203	59,113	61,658
	<u>157,672</u>	<u>133,088</u>	<u>205,656</u>	<u>298,429</u>

Customer deposits received represent the advanced payments by customers upon their enrolments in the package tours, FIT Products and certain ancillary travel-related products and services. The customer deposits received are recognised as revenue when the services are rendered.

25. SHARE CAPITAL

For the purposes of this report, the share capital as at 31 December 2011, 2012, 2013 and 30 June 2014 represented the paid-up share capital of subsidiaries in which the shareholders of the Company held direct interests, after elimination of its investment in the subsidiaries.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the combined statements of changes in equity in Section I.

Foreign exchange reserve of the Group represents the exchange differences on translation of the financial statements of the Macau subsidiary.

Statutory reserve of the Group represents EGL Macau, incorporated in Macau and limited by quotas, which is required under the Macau Commercial Code Article 377 to set aside a minimum of 25% of profit after taxation to the legal reserve until the balance of the reserve reaches a level equivalent to 50% of the company's share capital. At 31 December 2011, 2012, 2013 and 30 June 2014, the legal reserve reached 50% of the company's share capital. Legal reserve is not distributable.

27. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this report, the following transactions were carried out with related parties:

(i) Significant related party transactions during the Track Record Period

	Notes	Year ended 31 December			Six months ended 30 June	
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Rental paid to a related company	(a)					
– Great Port		<u>12,802</u>	<u>12,696</u>	<u>13,883</u>	<u>6,965</u>	<u>6,879</u>
Interest paid to a related company	(b)					
– Great Port		<u>125</u>	<u>275</u>	<u>1,324</u>	<u>653</u>	<u>–</u>
Interest received from a related company	(b)					
– Great Port		<u>101</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Management fee received from a related company	(c)					
– EGL J-Mart		<u>258</u>	<u>108</u>	<u>84</u>	<u>54</u>	<u>15</u>
Provision of travel-related products and services to a related company	(c)					
– EGL J-Mart		<u>5</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Provision of travel-related products and services to a director controlled company	(c)					
– Ever Win Company Limited ("Ever Win")		<u>–</u>	<u>60</u>	<u>121</u>	<u>96</u>	<u>41</u>
Transfer of products from a related company	(c)					
– EGL J-Mart		<u>107</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes:

- (a) Rental expenses paid to a related company were conducted in the normal course of business and in accordance with terms of the tenancy agreement entered into between the Group and the related company.
- (b) Interest paid to and received from a related company was conducted on the basis of agreed interest rate and terms of repayment.
- (c) The transactions were conducted on the basis of mutually agreed terms.

The executive directors of the Company, Ms. Lee Po Fun, Mr. Leung Shing Chiu, Mr. Huen Kwok Chuen and Mr. Yuen Man Ying, who were appointed after the Track Record Period, have equity interests in Great Port and EGL J-Mart. Mr. Lui Lok Pun has an equity interest in Ever Win.

(ii) Compensation of key management personnel

Total emoluments of the Group's directors and other members of key management personnel during the Track Record Period were as follows:

	Year ended 31 December			Six months ended 30 June	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Short-term benefits	12,812	20,705	37,125	17,080	13,807
Post-employment benefits	337	372	427	186	217
	<u>13,149</u>	<u>21,077</u>	<u>37,552</u>	<u>17,266</u>	<u>14,024</u>

The emoluments of the executive directors who were appointed after the Track Record Period, and other members of key management personnel are determined by the senior management having regard to the performance of the individuals and market trend.

28. OPERATING LEASE COMMITMENT

The Group leases a number of premises, office equipment and tour buses under operating leases. The leases run for an initial period of one to six years.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 June
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Rented premises:				
– Within one year	18,671	9,879	18,025	20,093
– In the second to fifth year, inclusive	<u>11,930</u>	<u>4,407</u>	<u>16,471</u>	<u>16,790</u>
	<u>30,601</u>	<u>14,286</u>	<u>34,496</u>	<u>36,883</u>
Office equipment:				
– Within one year	1,483	1,694	2,594	2,615
– In the second to fifth year, inclusive	<u>1,623</u>	<u>7,219</u>	<u>10,531</u>	<u>9,267</u>
	<u>3,106</u>	<u>8,913</u>	<u>13,125</u>	<u>11,882</u>
Rented tour buses:				
– Within one year	8,117	10,694	9,365	11,173
– In the second to fifth year, inclusive	15,495	17,797	8,829	15,511
– More than five years	<u>–</u>	<u>–</u>	<u>–</u>	<u>286</u>
	<u>23,612</u>	<u>28,491</u>	<u>18,194</u>	<u>26,970</u>
	<u>57,319</u>	<u>51,690</u>	<u>65,815</u>	<u>75,735</u>

29. RETIREMENT SCHEMES

Under the Mandatory Provident Fund Schemes Ordinance regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, with effect from 1 December 2000, the Group participates in an MPF Scheme operated by an approved trustee in Hong Kong and makes contributions for its eligible employees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income. The cap of monthly relevant income is increased from HK\$20,000 to HK\$25,000 from 1 June 2012 and from HK\$25,000 to HK\$30,000 from 1 June 2014, respectively. Contributions to the MPF Scheme vest immediately.

During the Track Record Period, the aggregate amounts of employer's contributions made by the Group are approximately HK\$3,664,000, HK\$4,220,000, HK\$4,955,000, HK\$2,353,000 and HK\$2,593,000 for each of the years ended 31 December 2011, 2012, 2013 and for each of the six months ended 30 June 2013 and 2014, respectively. No forfeited contribution was available for offset against existing contributions during the Track Record Period.

30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives include:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, capital expenditures and strategic investment opportunities. The Group does not currently adopt any formal dividend policy.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sell assets to reduce debt.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposures to interest rate, credit, liquidity and foreign currency risks arise in the normal course of the Group's business. The board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk (including principal changes in interest rates and foreign currency rates), credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its risk management.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk mainly arises from bank deposits which earn interests at floating or fixed rates. At the end of each reporting period, the Group did not have any interest bearing borrowings. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk. The directors considered that the Group's exposure to interest rate risk is not significant.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of which and cause a financial loss to the Group.

The Group's exposure to credit risk mainly arises from granting credits to customers in the ordinary course of its operations and is limited to the carrying amount of financial assets recognised at the end of each reporting period, as summarised in note 31(f).

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group is not exposed to any significant credit risk to any single counterparty or any group of counterparties having similar characteristics. The Group's bank balances are mainly deposited with major banks in Hong Kong, Japan and Macau. The Group has no other significant exposure to credit risk.

With respect to credit risk arising from the amounts due from related companies, the Group's exposure to credit risk arising from repayment default of counterparties is limited as the counterparties have good credit history and the Company does not expect any significant loss of uncollected advances from these entities.

The credit policies have been followed by the Group throughout the Track Record Period and are considered to be effective.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's policy is to regularly monitor current and expected liquidity requirements in the short and long terms. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations. The Group relies on internally generated funding as a significant source of liquidity.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contracted undiscounted payments, was as follows:

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cash flows <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than three months <i>HK\$'000</i>	Three to twelve months <i>HK\$'000</i>
As at 31 December 2011					
Non-derivatives:					
Trade payables	49,441	49,441	–	47,487	1,954
Accruals and other payables	32,435	32,435	133	11,585	20,717
	<u>81,876</u>	<u>81,876</u>	<u>133</u>	<u>59,072</u>	<u>22,671</u>

	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	On demand HK\$'000	Less than three months HK\$'000	Three to twelve months HK\$'000
As at 31 December 2012					
Non-derivatives:					
Trade payables	42,949	42,949	2,831	39,699	419
Accruals and other payables	40,973	40,973	1,950	11,831	27,192
	<u>83,922</u>	<u>83,922</u>	<u>4,781</u>	<u>51,530</u>	<u>27,611</u>
Derivative settled net:					
Foreign currency forward contract	9	9	–	–	9
	<u>83,931</u>	<u>83,931</u>	<u>4,781</u>	<u>51,530</u>	<u>27,620</u>
As at 31 December 2013					
Non-derivatives:					
Trade payables	47,841	47,841	2,671	45,057	113
Accruals and other payables	65,585	65,585	1,952	23,147	40,486
	<u>113,426</u>	<u>113,426</u>	<u>4,623</u>	<u>68,204</u>	<u>40,599</u>
As at 30 June 2014					
Non-derivatives:					
Trade payables	49,888	49,888	10,024	39,839	25
Accruals and other payables	70,596	70,596	4,783	12,159	53,654
Dividends payable	197,353	197,353	–	–	197,353
	<u>317,837</u>	<u>317,837</u>	<u>14,807</u>	<u>51,998</u>	<u>251,032</u>
Derivatives settled net:					
Foreign currency forward contracts	188	188	–	–	188
	<u>318,025</u>	<u>318,025</u>	<u>14,807</u>	<u>51,998</u>	<u>251,220</u>

(d) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures. Such exposures arise from the income from provision of package tours, other travel-related services as well as costs of services consumed in hotel accommodation and other travel-related services in currencies other than the Group entities' functional currency. Approximately 40.3%, 39.9%, 42.9% and 41.8% of costs and approximately 12.7%, 11.3%, 10.1% and 8.6% of the Group's turnover are denominated in the currencies other than the Group entities' functional currency for the three years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 respectively.

The Group also has translational currency exposures. Such exposures arise from the balances of assets and liabilities in currencies other than the Group entities' functional currency. The carrying amounts of the foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	As at 31 December			As at
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	30 June 2014 HK\$'000
Assets				
Japanese Yen ("JPY")	22,069	77,646	40,011	18,176
RMB	17,389	42,459	32,712	35,867
	<u>39,458</u>	<u>120,105</u>	<u>72,723</u>	<u>54,043</u>
Liabilities				
JPY	13,881	10,880	23,450	22,941
RMB	–	9	–	188
	<u>13,881</u>	<u>10,889</u>	<u>23,450</u>	<u>23,129</u>

The management monitors foreign currency exposure by closely monitoring the movements of foreign exchange rates and will enter into a foreign currency forward or options contract, when and where appropriate.

The directors consider that the Group's exposure on foreign currency risk in respect of MOP is not significant because MOP is effectively pegged with HK\$. The following table illustrates the sensitivity of the Group's profit and equity for each of the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014 in regard to a 5% appreciation or depreciation in HK\$ against other foreign currencies. The 5% rate is used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible changes in foreign exchange rates.

The following sensitivity analysis has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the reporting year/period and held constant throughout the year/period.

	As at 31 December 2011	
	Increase/(decrease) in profit for the year and increase/(decrease) in retained earnings	
	JPY HK\$'000	RMB HK\$'000
Changes in exchange rate:		
HK\$ appreciates by 5% against foreign currencies	(342)	(726)
HK\$ depreciates by 5% against foreign currencies	342	726
	<u> </u>	<u> </u>

As at 31 December 2012
Increase/(decrease) in profit for
the year and increase/(decrease)
in retained earnings

	JPY	RMB
	<i>HK\$'000</i>	<i>HK\$'000</i>
Changes in exchange rate:		
HK\$ appreciates by 5% against foreign currencies	(2,787)	(1,772)
HK\$ depreciates by 5% against foreign currencies	2,787	1,772
	2,787	1,772

As at 31 December 2013
Increase/(decrease) in profit for
the year and increase/(decrease)
in retained earnings

	JPY	RMB
	<i>HK\$'000</i>	<i>HK\$'000</i>
Changes in exchange rate:		
HK\$ appreciates by 5% against foreign currencies	(691)	(1,366)
HK\$ depreciates by 5% against foreign currencies	691	1,366
	691	1,366

As at 30 June 2014
Increase/(decrease) in profit for
the period and increase/(decrease)
in retained earnings

	JPY	RMB
	<i>HK\$'000</i>	<i>HK\$'000</i>
Changes in exchange rate:		
HK\$ appreciates by 5% against foreign currencies	199	(1,490)
HK\$ depreciates by 5% against foreign currencies	(199)	1,490
	(199)	1,490

(e) Fair value

The following table provides an analysis of financial instruments carried at fair value by level of the Fair Value Hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2011				
Financial asset at fair value through profit or loss:				
Debenture, unlisted	–	258	–	258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2012				
Financial liability at fair value through profit or loss:				
Derivative financial instrument	–	9	–	9
– Foreign currency forward contract	–	9	–	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2013				
Financial assets at fair value through profit or loss:				
Derivative financial instruments	–	105	–	105
– Foreign currency forward contract	–	105	–	105
– Foreign currency options contracts	–	616	–	616
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2014				
Financial liabilities at fair value through profit or loss:				
Derivative financial instrument	–	188	–	188
– Foreign currency forward contracts	–	188	–	188
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The fair value of foreign currency forward or options contracts is with reference to the current fair value of other instruments that are substantially the same (subject to appropriate adjustments). The fair value of a debenture is determined with reference to the quoted price of comparable debt instruments.

There was no transfer of financial assets or financial liabilities between Level 1 and Level 2 of the Fair Value Hierarchy during the Track Record Period.

(f) Summary of financial assets and liabilities by category

The carrying amounts presented in the combined statements of financial position related to the following categories of financial assets and financial liabilities:

	As at 31 December			As at
	2011	2012	2013	30 June
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents):				
Trade receivables	5,756	3,253	2,493	1,985
Deposits and other receivables	23,864	27,145	31,087	20,453
Loan receivables	778	708	–	–
Amounts due from related companies	6,148	5,544	5,444	2,280
Pledged bank deposits	10,074	10,105	22,301	8,231
Cash and cash equivalents	207,756	228,027	330,050	475,211
	<u>254,376</u>	<u>274,782</u>	<u>391,375</u>	<u>508,160</u>
Financial assets at fair value through profit or loss:				
Debtenture, unlisted	258	–	–	–
Foreign currency forward contract	–	–	105	–
Foreign currency options contracts	–	–	616	–
	<u>254,634</u>	<u>274,782</u>	<u>392,096</u>	<u>508,160</u>
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	49,441	42,949	47,841	49,888
Accruals and other payables	32,435	40,973	65,585	70,596
Dividends payable	–	–	–	197,353
	<u>81,876</u>	<u>83,922</u>	<u>113,426</u>	<u>317,837</u>
Financial liabilities at fair value through profit or loss:				
Foreign currency forward contracts	–	9	–	188
	<u>81,876</u>	<u>83,931</u>	<u>113,426</u>	<u>318,025</u>

32. MAJOR NON-CASH TRANSACTION

For the period ended 30 June 2014, the dividends declared but have not been paid, amounting to HK\$197,353,000 were included in dividends payable.

33. EVENTS AFTER THE END OF TRACK RECORD PERIOD

The companies now comprising the Group underwent and completed Group Reorganisation on 13 November 2014 in preparation for the Listing. Further details of the Group Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus.

On 13 November 2014, written resolutions of the shareholders of the Company were passed to approve the matters set out in the section headed "Statutory and General Information – Further Information about Our Group – 3. Resolutions of the Sole Shareholder" in Appendix V to the Prospectus.

The dividends payable by EGL Tours and EGL Japan to the Majority Shareholders as at 30 June 2014, before they became subsidiaries of the Company, were paid on 31 October 2014.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2014.

Yours faithfully,

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate number P05057

Hong Kong

A. UNAUDITED PRO FORMA COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma combined net tangible assets of the Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the proposed offering by the Company of its shares (the “**Global Offering**”) as if it had taken place on 30 June 2014. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2014, or at any future date.

	Combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2014 HK\$'000 (Note 1)	Estimated net proceeds from the Global Offering HK\$'000 (Note 2)	Unaudited pro forma combined net tangible assets HK\$'000	Unaudited pro forma combined net tangible assets per share HK\$ (Note 3)
Based on the offer price of HK\$1.48 per share	<u>57,027</u>	<u>123,204</u>	<u>180,231</u>	<u>0.36</u>
Based on the offer price of HK\$1.30 per share	<u>57,027</u>	<u>105,744</u>	<u>162,771</u>	<u>0.33</u>

Notes:

- (1) The balances represent the combined net tangible assets of the Group as at 30 June 2014 as extracted from the accountant’s report of the Group as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the minimum and maximum offer price of HK\$1.30 and HK\$1.48 per share, respectively, after deduction of estimated expenses for the Global Offering.
- (3) The unaudited pro forma combined net tangible assets per share are determined after the adjustments as described in notes 1 and 2 above and on the basis that 500,000,000 shares are issued and outstanding as set out in the section headed “Share Capital” to this prospectus.
- (4) The unaudited pro forma financial information presented above does not take account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2014).

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The unaudited pro forma forecast earnings per share for the year ending 31 December 2014 have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering and the Capitalisation Issue as if they had taken place on 1 January 2014. This unaudited pro forma forecast earnings per share has been prepared for illustrative purposes only and, because of its hypothetical nature, may not provide a true picture of the financial results of the Group following the Global Offering and the Capitalisation Issue.

Forecast combined profit attributable to equity
shareholders of the Company for the year ending
31 December 2014⁽¹⁾⁽²⁾. not less than HK\$65.0 million

Unaudited pro forma forecast earnings per
share for the year ending 31 December 2014⁽¹⁾⁽²⁾. not less than HK\$0.13

Notes:

- (1) The basis and assumptions on which the above profit forecast for the year ending 31 December 2014 has been prepared are summarised in Part I of Appendix III to this prospectus. The Directors have prepared the forecast combined profit attributable to equity shareholders of the Company for 2014 based on the forecast combined results for 2014.
- (2) The calculation of unaudited pro forma forecast earnings per share is based on the forecast combined profit attributable to the equity shareholders of the Company for 2014 of HK\$65.0 million and on the assumption that our Company had been listed since 1 January 2014 and a total number of 500,000,000 shares were in issue during 2014. The calculation of the forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

C. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the additional unaudited pro forma financial information of our Group.



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永安中心25樓

The Directors
EGL Holdings Company Limited

Shenyin Wanguo Capital (H.K.) Limited

18 November 2014

Dear Sirs,

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF EGL HOLDINGS COMPANY LIMITED

We have completed our assurance engagement report on the compilation of unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of EGL Holdings Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Director**") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of combined net tangible assets of the Group as at 30 June 2014 and the unaudited pro forma forecast earnings per share for the year ending 31 December 2014 and related notes as set out in Part A and B of Appendix II to the prospectus dated 18 November 2014 (the "**Prospectus**") issued by the Company in connection with proposed listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited by way of global offering (the "**Global Offering**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Part A and B of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering on the Group's financial position as at 30 June 2014 and the forecast earnings per share of the Company for the year ending 31 December 2014 as if the Global Offering had taken place on 30 June 2014 and 1 January 2014, respectively. As part of this process, information about the Group's financial position as at 30 June 2014 has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2014, on which an accountant's report has been published. Information about the Group's forecast of the combined profit attributable to shareholders of the Company for the year ending 31 December 2014 (the "**Profit Forecast**") has been extracted by the Directors from the section headed "Financial Information" in the Prospectus on which a letter from us has been published as set out in Appendix III to the Prospectus.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of the Global Offering on unadjusted financial information of the Group as if the Global Offering had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Global Offering would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Global Offering, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate number P05057

Hong Kong

The forecast of the combined profit of the Company for the year ending 31 December 2014 is set out in the section headed “Financial Information – Profit Forecast” in this prospectus.

A. PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2014

Our Directors have prepared the forecast of the combined profit and total comprehensive income of our Company for the year ending 31 December 2014 based on our audited combined result for the six months ended 30 June 2014, the unaudited management accounts for two months ended 31 August 2014 and the forecast of the combined results for the remaining four months ending 31 December 2014.

Principal Assumptions for the Profit Forecast

The profit forecast has been prepared on a basis consistent in all material aspects with the accounting policies currently adopted by our Group as summarised in the accountant’s report, the text of which is set out in Appendix I to this prospectus, and on the following principal assumptions:

- (i) There will be no material change in the existing political, legal, fiscal, market or economic conditions in Hong Kong and Macau, or are otherwise material to our Group’s business;
- (ii) There will be no change in legislation, regulations or rules in Hong Kong and Macau, which materially adversely affect our Group’s business;
- (iii) There will be no material change in the basis or rates of taxation in Hong Kong and Macau;
- (iv) There will be no material change in the inflation rates, interest rates or foreign currency exchange rates from those currently prevailing;
- (v) The operations of our Group will not be materially affected or interrupted by any force majeure events or unforeseeable factors or reasons that are beyond the control of our Directors, including but not limited to occurrence of natural disasters, outbreak of epidemics, terrorists’ attack, labour disputes or serious accidents;
- (vi) Our Directors and key senior management of our Group will continue to involve in the development and operation of our Group and our Group will be able to retain our key senior management and personnel during the forecast period; and
- (vii) Our Group’s operations, results and financial position will not be materially and adversely affect by any of the risk factors set out under the section headed “Risk Factors” of this document.

B. LETTER FROM THE REPORTING ACCOUNTANT

The following is the text of a letter received from the reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the Group's profit forecast for the purpose of inclusion in this prospectus.



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永安中心25樓

The Directors
EGL Holdings Company Limited

Shenyin Wanguo Capital (H.K.) Limited

18 November 2014

Dear Sirs,

PROFIT FORECAST OF EGL HOLDINGS COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDING 31 DECEMBER 2014

We refer to the forecast of the combined profit attributable to shareholders of EGL Holdings Company Limited (the “**Company**”) for the year ending 31 December 2014 (“**the Profit Forecast**”) set forth in the section headed “Financial Information” in the prospectus of the Company dated 18 November 2014 (“**the Prospectus**”).

Responsibilities

The Profit Forecast has been prepared by the directors of the Company based on the audited combined results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2014, the unaudited combined results based on the management accounts of the Group for the two months ended 31 August 2014 and a forecast of the combined results of the Group for the remaining four months ending 31 December 2014.

The Company’s directors are solely responsible for the Profit Forecast. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

Basis of opinion

We carried out our work in accordance with the terms of our engagement letter dated 10 June 2014 (supplemented by an addendum to the engagement letter dated 31 October 2014) and Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the assumptions made by the Company’s directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the basis and assumptions adopted by the directors of the Company as set out in Appendix I to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountant's report dated 18 November 2014, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate number P05057

Hong Kong

C. LETTER FROM THE SOLE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Sole Sponsor, in connection with the forecast of our combined profit for the year ending 31 December 2014.



Shenyin Wanguo Capital (H.K.) Limited
Level 19, 28 Hennessy Road
Hong Kong

The Board of Directors
EGL Holdings Company Limited
15/F., EGL Tower,
83 Hung To road,
Kwun Tong, Kowloon,
Hong Kong

18 November 2014

Dear Sirs,

We refer to the forecast of the combined profit of EGL Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ending 31 December 2014 (the “**Profit Forecast**”), as set out in the prospectus dated 18 November 2014 issued by the Company (the “**Prospectus**”).

The Profit Forecast, for which the directors of the Company (“**Directors**”) are solely responsible, has been prepared by the Directors based on the audited combined results of the Group for the year ended 31 December 2013, the audited combined results of the Group for the six months ended 30 June 2014, the unaudited combined results based on the management accounts of the Group for the two months ended 31 August 2014 and the forecast of the combined results of the Group for the remaining four months ending 31 December 2014.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 18 November 2014 addressed to you and us from BDO Limited, regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by BDO Limited, we have formed the opinion that the Profit Forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Ting Kay Loong
Managing Director and Head of Corporate Finance

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 July 2014 under the Cayman Islands Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and the Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

- 1.1 The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- 1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 13 November 2014 and effective from the Listing Date. The following is a summary of certain provisions of the Articles:

2.1 Shares

2.1.1 *Classes of shares*

The share capital of the Company consists of ordinary shares.

2.1.2 *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

2.2 Directors

2.2.1 Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Islands Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Islands Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

2.2.2 Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Islands Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

2.2.3 Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

2.2.4 Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

2.2.5 Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (a) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (d) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his close associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or
- (e) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

2.2.6 Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An Executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including

pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

2.2.7 Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (a) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (b) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (c) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

- (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (e) if he is prohibited from being a director by law;
- (f) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (g) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (h) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

2.2.8 Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Islands Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

2.2.9 Register of Directors and officers

Pursuant to the Cayman Islands Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

2.2.10 Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

2.4 Variation of rights of existing shares or classes of shares

Subject to the Cayman Islands Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Cayman Islands Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

2.6 Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Islands Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

2.7 Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

- 2.7.1 the chairman of the meeting; or
- 2.7.2 at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- 2.7.3 any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- 2.7.4 a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

2.8 Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

2.9 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Islands Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Islands Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.10 Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Islands Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- 2.10.1 in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- 2.10.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of the remuneration of the Directors and of the auditors;

- (f) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (g) the granting of any mandate or authority to the Board to repurchase securities in the Company.

2.11 Transfer of shares

Subject to the Cayman Islands Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Islands Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

2.13 Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

2.14 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- 2.14.1 all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- 2.14.2 all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the

Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.16 Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

2.17 Inspection of corporate records

Members of the Company have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

2.20 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

2.20.1 if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

2.20.2 if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Islands Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.21 Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- 2.21.1 all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- 2.21.2 upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- 2.21.3 the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

2.22 Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Islands Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on 24 July 2014 subject to the Cayman Islands Companies Law. Certain provisions of Cayman Islands Companies Law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Islands Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

In accordance with the Cayman Islands Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Islands Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- 3.2.1 paying distributions or dividends to members;
- 3.2.2 paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- 3.2.3 any manner provided in section 37 of the Cayman Islands Companies Law;
- 3.2.4 writing-off the preliminary expenses of the company; and
- 3.2.5 writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Islands Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Islands Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Islands Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Islands Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Islands Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Islands Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- 3.6.1 an act which is ultra vires the company or illegal;
- 3.6.2 an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- 3.6.3 an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions in the Cayman Islands Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3.8 Accounting and auditing requirements

Section 59 of the Cayman Islands Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Islands Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- 3.10.1 that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- 3.10.2 in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (a) on or in respect of the shares, debentures or other obligations of the Company; or
 - (b) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 19 August 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

The Cayman Islands Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of the company have no general right under the Cayman Islands Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Islands Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

3.15 Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.16 Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Islands Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad

faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.17 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.18 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands Companies Law. This letter, together with a copy of the Cayman Islands Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 24 July 2014. We have established a principal place of business in Hong Kong at 15th Floor, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong, Hong Kong and we were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 8 September 2014. Mr. Yuen has been appointed as our agent for the acceptance of service of process and notices in Hong Kong and such appointment shall be effective from the Listing Date.

As we are incorporated in the Cayman Islands, our operation is subject to the Cayman Islands laws and to the Memorandum of Association and the Articles of Association. A summary of certain parts of the Memorandum of Association and the Articles of Association and relevant aspects of the Cayman Islands Companies Law is set forth in Appendix IV.

2. Changes in share capital of our Company

- (a) As at the date of the incorporation, the authorised share capital of our Company was HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each.
- (b) Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option), the authorised share capital of our Company will be HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.10 each, of which 500,000,000 Shares will be issued, fully paid or credited as fully paid, and 500,000,000 Shares will remain unissued.

Other than pursuant to the exercise of the Over-allotment Option and the exercise of the options which may be granted under the Share Option Scheme, there is no present intention to issue any part of our authorised but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the paragraph “Resolutions of the Sole Shareholder” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions of the Sole Shareholder

Written resolutions were passed by the sole Shareholder on 13 November 2014 pursuant to which, among other matters:

- (a) the Company approved and adopted the Articles of Association conditional upon and with effect from the Listing;

- (b) conditional on (aa) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
- (i) the Global Offering and the Over-allotment Option were approved and the Directors were authorised to allot and issue the New Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;
 - (ii) the rules of the Share Option Scheme were approved and adopted;
 - (iii) conditional on the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorised to capitalise HK\$39,999,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 399,990,000 Shares for allotment and issue to holder of Shares whose name appears on the register of members of the Company at the close of business on 13 November 2014 (or as they may direct) and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and the Directors were authorised to give effect to such capitalisation and distribution;
 - (iv) a general unconditional mandate was given to the Directors to exercise all powers of the Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or pursuant to the exercise of any options granted or to be granted under the Share Option Scheme, or under the Capitalisation Issue or the Global Offering or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, and (bb) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;
 - (v) a general unconditional mandate was given to the Directors to exercise all powers of the Company to purchase or repurchase Shares on the Stock Exchange or other stock exchange on which the securities of the Company may be listed and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

- (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (iv) above to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

4. Group reorganisation

The companies comprising the Group underwent a Reorganisation to rationalise our Group's structure in preparation for the Listing. For more details regarding the Reorganisation, please see the section "History, Reorganisation and Corporate Structure – Reorganisation".

5. Changes in share capital of subsidiaries of our Group

The subsidiaries of our Company are listed in the Accountant's Report set out in Appendix I to this prospectus.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Securities repurchase mandate

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by the sole Shareholder on 13 November 2014, the Repurchase Mandate was given to the Directors authorising any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association and applicable laws to be held, or the passing of an ordinary resolution of Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association and the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by us may be made out of our funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase.

(c) Reasons for repurchases

The Directors believe that it is in the best interest of our Company and the Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association, the applicable laws of the Cayman Islands and the Listing Rules.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the Directors consider that, if the Repurchases Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately after the Listing, would result in up to 50,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(e) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum of Association and the Articles of Association, and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

7. Summary of material contracts

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the instrument of transfer dated 26 August 2014 in respect of the transfer of one share of i-Evertravel from Mr. Yuen to EGL Tours at nil consideration, details of which are set out in the section “History, Reorganisation and Corporate Structure – Reorganisation – (d) Transfer of one share in i-Evertravel to EGL Tours” in this prospectus;
- (b) the sale and purchase agreement dated 21 October 2014 between EGL Management, Mr. Yuen, Mr. Huen, Mr. Leung, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po, Ms. Lee, Yohki Ryokoh and Mr. Yau Shui Fung, pursuant to which EGL Management agreed to acquire the entire issued share capital of EGL Tours from them at a consideration of HK\$60,250,487, details of which are set out in the section “History, Reorganisation and corporate structure – Reorganisation – (e) Transfer of the entire issued share capital of EGL Tours and EGL Japan to EGL Management” in this prospectus;
- (c) the sale and purchase agreement dated 21 October 2014 between EGL Management, Mr. Yuen, Mr. Huen, Mr. Leung, Mr. Lam Wai Man, Mr. Lui Lok Pun, Mr. Chong Cheung Po, Ms. Lee, Yohki Ryokoh and Mr. Yau Shui Fung, pursuant to which EGL Management agreed to acquire the entire issued share capital of EGL Japan from them at a consideration of HK\$947,676, details of which are set out in the section “History, Reorganisation and corporate structure – Reorganisation – (e) Transfer of the entire issued share capital of EGL Tours and EGL Japan to EGL Management” in this prospectus;
- (d) the sale and purchase agreement dated 13 November 2014 between our Company and Evergloss, pursuant to which our Company agreed to acquire all the shares in issue of EGL Management from Evergloss at a consideration of HK\$61,198,163, details of which are set out in the section “History, Reorganisation and corporate structure – Reorganisation – (f) Transfer of all the shares in issue of EGL Management to our Company” in this prospectus;
- (e) the Deed of Non-competition;
- (f) the Deed of Indemnity; and
- (g) the Hong Kong Underwriting Agreement.

8. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group has the following trademarks which are material to our business:

Trademark	Registrant	Place of Registration	Class	Registration Number	Expiry Date
	EGL Tours	Hong Kong	39, 43	300284148	9 September 2024
	EGL Tours	Hong Kong	39, 43	300284120	9 September 2024
	EGL Tours	Hong Kong	39, 41	300525735	7 November 2015
	EGL Tours	Hong Kong	39, 41	300884827	4 June 2017
	EGL Tours	Hong Kong	39, 43	301467991	5 November 2019
	EGL Tours	Macau	39	N/18750	5 January 2020

Trademark	Registrant	Place of Registration	Class	Registration Number	Expiry Date
	EGL Tours	Macau	42	N/18751	5 January 2020
	EGL Tours	Macau	39	N/18752	5 January 2020
	EGL Tours	Macau	42	N/18753	5 January 2020
	EGL Tours	PRC	39	3778983	6 October 2018
	EGL Tours	PRC	43	6153191	6 July 2020
	EGL Tours	PRC	39	3860101	6 June 2016
	EGL Tours	PRC	43	3860100	6 June 2016
	EGL Tours	PRC	39	7774983	13 December 2023

Trademark	Registrant	Place of Registration	Class	Registration Number	Expiry Date
	EGL Tours	PRC	43	7774981	27 October 2023
	EGL Tours	Japan	39, 43	5710780	17 October 2024
	EGL Tours	Japan	39, 43	5710781	17 October 2024
	EGL Tours	Japan	39, 43	5710782	17 October 2024

(b) Domain names

As at the Latest Practicable Date, our Group has the following material registered domain names:

Domain Name	Expiry date
egltours.com	30 August 2015
東瀛遊旅行社.HK	30 March 2015
東瀛遊.HK	30 March 2015
egltours.hk	30 March 2015
egltours.com.hk	4 April 2015
egltours.com.cn	28 October 2015
東瀛遊.中國	27 February 2016
東瀛遊旅行社.中國	27 February 2016

Save as disclosed above, as at the Latest Practicable Date, there are no material trade or service marks, patents, other intellectual property rights which are material in relation to our business.

9. Related party transactions

Save as disclosed in note 27 to the Accountant's Report, the text of which is set out in Appendix I, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDER**10. Directors****(a) Disclosure of interests of Directors**

- (i) Our Executive Directors are interested in the Reorganisation.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors' service contracts*Executive Directors*

Each of the Executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service contract). None of the Executive Directors is entitled to any director's fee.

The current basic annual salaries of the Executive Directors to their respective executive and management roles in our Group are as follows:

Name	Approximate annual salary HK(\$)
Mr. Yuen	1,680,000
Ms. Lee	1,320,000
Mr. Huen	1,320,000
Mr. Leung	1,320,000

Independent Non-executive Directors

Each of the Independent Non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors and removal and retirement by rotation of Directors. The Independent Non-executive Directors are entitled to an aggregate director's fee of HK\$515,000 per annum. Save for directors' fee, none of the Independent Non-executive Directors is expected to receive any other remuneration for holding their office as an Independent Non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Directors remuneration

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to the Directors in respect of the three financial years ended 31 December, 2011, 2012 and 2013 and the six months ended 30 June 2014 were approximately HK\$8,587,000, HK\$15,319,000, HK\$30,563,000 and HK\$11,102,000, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding performance bonuses and discretionary bonuses) payable by our Group to and benefits in kind receivable by the Directors (including the Independent Non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2014 are expected to be approximately HK\$7,000,000.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 (i) as an inducement to join or upon joining the Group or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended 31 December 2013 and the six months ended 30 June 2014.

(d) *Interests and/or short positions of the Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations*

Immediately following completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and to the exercise of the options which may be granted under the Share Option Scheme, the interests and short positions of the Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

Interests in the shares of associated corporations of our Company – Evergloss

Name of Director	Capacity/nature of interests	Number and class of securities	Approximate percentage of shareholding
Ms. Lee	Personal interest and beneficiary of a trust ⁽¹⁾	9,150 ordinary shares	27.60%
Mr. Yuen	Spouse	9,150 ordinary shares	27.60%
Mr. Huen	Interest in a controlled corporation ⁽²⁾	7,650 ordinary shares	23.08%
Mr. Leung	Personal interest	3,300 ordinary shares	9.95%

Notes:

- (1) Ms. Lee held 300 ordinary shares in Evergloss representing approximately 0.91% of the aggregate nominal amount of all the shares in issue of Evergloss. In addition, Ms. Lee is a discretionary object of the Yuen Family Trust and is therefore deemed to be interested in 8,850 ordinary share in Evergloss, representing approximately 26.69% of the aggregate nominal amount of the shares in issue of Evergloss, held by Likang. Likang is directly held by the Trustee acting as the trustee of the Yuen Family Trust.
- (2) Kwok Lai held 7,650 ordinary shares in Evergloss representing approximately 23.08% of the aggregate nominal amount of all the shares in issue of Evergloss. Kwok Lai is wholly-owned by Mr. Huen.

11. Interest and/or short positions discloseable under Divisions 2 and 3 of Part XV of the SFO and Substantial Shareholders

Save as disclosed in the section “Substantial Shareholders” in this prospectus, the Directors and chief executive of our Company are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Global Offering (but without taking account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be issued pursuant to the exercise of the Over-allotment Option or to the exercise of any options which may be granted under the Share Option Scheme), other than a Director or chief executive of our Company whose interests are disclosed under the paragraph “Further information about directors and shareholder – 10(d)” above, which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

12. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Capitalisation Issue and the Global Offering will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (b) none of the Directors or the chief executives of our Company has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;
- (c) none of the Directors nor any of the parties listed in the paragraph “21. Qualifications of experts” below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (d) none of the Directors nor any of the parties listed in the paragraph “21. Qualifications of experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of our Group;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph “21. Qualifications of experts” below:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) none of the Directors, their respective close associates or Shareholders of our Company is interested in more than 5% of the issued share capital of our Company has any interests in the five largest suppliers and/or customers.

OTHER INFORMATION

13. Share Option Scheme

The principal terms of the Share Option Scheme conditionally adopted by our Company on 13 November 2014 are as follows:

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of our Group's businesses; to provide additional incentives to the Qualifying Grantees (as defined below); and to promote the long term financial success of our Group by aligning the interests of option holders to Shareholders.

(b) Who may join

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Qualifying Grantees as the Board may in its absolute discretion select. "Qualifying Grantee" means:

- (i) (1) any employee (whether full-time or part-time employee) of any members of our Group or any Affiliates and any person who is an officer of any members of our Group or any Affiliates ("**Employee**");
- (2) any person who is seconded to work for any member of our Group or any Affiliates ("**Seconded**");
- (3) any consultant, agent, representative, adviser, customer, contractor of our Group or any Affiliates;
- (4) any business partner/ally/alliance, joint venture partner, supplier of goods or services to our Group or any Affiliates or any employee thereof; or

(collectively the "**Eligible Person**")

- (ii) any trust for the benefit of an Eligible Person or his immediate family members or any company controlled by an Eligible Person or his immediate family members ("**Related Trust and Company**").

"**Affiliate**" means a company that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an Associated Company of the holding company of the Company; or (i) an Associated Company of the Company; or (j) Associated Company of controlling shareholder of the Company;

"**Associated Company**" means a company in the equity share capital of which a company, directly or indirectly, has an 20% or greater beneficial interest but excluding the subsidiaries of that company;

"**close associates**" has the meaning set out in the Listing Rules;

“**core connected person**” has the meaning set out in the Listing Rules;

“**immediate family members**” means a spouse or person co-habiting as the spouse of an Eligible Person, and any child or step-child, parent or step-parent, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of an Eligible Person;

“**officer**” means company secretary or director (whether executive or non-executive); and

“**subsidiary**” has the meaning set out in the Listing Rules.

(c) Administration

The Share Option Scheme shall be subject to the administration of the Board whose decision shall (save as otherwise provided in the Share Option Scheme) be final and binding. Subject to the provisions of the Listing Rules and applicable law and other regulations from time to time in force, the Board’s powers include the authority, in its discretion:

- (i) to select Qualifying Grantees to whom options may be granted under the Share Option Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of options;
- (iii) to determine the number of Shares to be covered by each option granted under the Share Option Scheme;
- (iv) to approve forms of option agreements;
- (v) to determine the terms and conditions, not inconsistent with the terms of the Share Option Scheme, of any option based in each case on such factors as the Board, in its sole discretion, shall determine. Such terms and condition may include, but are not limited to:
 - the subscription price;
 - the option period, which shall be not greater than the period prescribed by the Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the commencement date);
 - the minimum period, if any, for which an option must be held before it vests or becomes exercisable in whole or in part;
 - the performance targets, if any, that must be achieved before the option can be exercised;
 - the amount, if any, payable on application or acceptance of the option and the period within which payments must be made; and
 - the period, if any, during which Shares allotted and issued upon exercise of the option shall be subject to restrictions on dealings, and the terms of such restrictions;
- (vi) to construe and interpret the terms of the Share Option Scheme and options granted pursuant to the Share Option Scheme;

- (vii) to prescribe, amend and rescind rules and regulations relating to the Share Option Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Qualifying Grantees; and
- (viii) subject to the provisions relating to grant to substantial shareholders and Independent Non-executive Directors and their respective associates in the Share Option Scheme, to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Share Option Scheme).

(d) Grant of options

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the Listing Date to make an offer for the grant of an option to any Qualifying Grantee as the Board may in its absolute discretion select.

An offer of the grant of an option shall be deemed to have been made on the date such offer is approved by the Board, notwithstanding that the letter or any other document containing the offer is sent to and received by the Qualifying Grantee on an earlier or a later date.

(e) Restriction on time of grant of option

An offer of the grant of an option may not be made after inside information has come to the knowledge of the Company until the information has been announced in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no offer of the option may be made during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

(f) Acceptance and payment on acceptance of option offer

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing).

HK\$1 is payable by the grantee to our Company on acceptance of the option offer.

(g) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a Share.

For the purpose of determining the subscription price, if the Shares have been listed for less than five business days immediately preceding the date of the granting of the option, the new issue price per Share under the Global Offering in connection with such listing (excluding brokerage fee, trading fee and transaction levy payable thereon) shall be deemed to be the closing price for any business day falling within the period before such listing.

(h) Option period

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the date of the granting of the option).

(i) Rights are personal to grantee

An option shall be personal to the option holder and shall not be assignable or transferable.

(j) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Articles of our Company for the time being in force and shall rank *pari passu* in all respects with the fully paid Shares in issue on the date of issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of issue, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of issue.

(k) Rights on retirement, death or permanent physical or mental disability

If an option holder (or, in the case of an option holder which is a Related Trust and Company, the relevant Eligible Person) ceases to be a Qualifying Grantee attributable to the fact that he dies or becomes permanently physically or mentally disabled or in the case of an option holder being an Employee (or, in the case of an option holder which is a Related Trust and Company of an Employee, the relevant Employee), retires, unless otherwise provided in the option agreement, the option may be exercised within such period of time as is specified in the option agreement (but in no event later than the expiration of the term of such option as set forth in the option agreement).

In the absence of a specified time in the option agreement, the option shall, to the extent that has become exercisable on or prior to the relevant Option Holder's or Qualifying Grantee's or Employee's (as the case may be) retirement, death or permanent physical or mental disability, remain exercisable for 12 months (or such longer period as the Board shall decide) following the relevant option holder's or Qualifying Grantee's or Employee's (as the case may be) retirement, death or permanent physical or mental disability. The option may be exercised within that period by the personal representatives of the option holder.

If the option is not so exercised within the time specified, the option shall lapse.

(l) Termination for misconduct

If an option holder being an Employee (or, in the event of an option holder which is a Related Trust and Company of the Employee, the relevant Employee) ceases to be an Employee for his conduct based on which the relevant employer can terminate his contract of employment without notice or payment in lieu, or having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

(m) Termination for bankruptcy cause

If an option holder (or, in the event of an option holder which is a Related Trust and Company of an Eligible Person, the relevant Eligible Person) ceases to be a Qualifying Grantee for having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, the option shall immediately lapse.

(n) Rights on termination other than for retirement, death, permanent disability, termination resulting from misconduct or bankruptcy cause

If an option holder (or, in the event of an option holder which is a Related Trust and Company of an Eligible Person, the relevant Eligible Person) ceases to be a Qualifying Grantee other than in any of the circumstances described in paragraphs (k), (l) or (m), unless otherwise provided in the option agreement, an option holder may exercise his option within three months of such cessation (or such longer period as the Board shall decide, but in no event later than the expiration of the term of such option as set forth in the option agreement).

If the option is not so exercised within the time specified, the option shall lapse.

(o) Rights on takeover

If a takeover by way of general offer is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), and the general offer becomes or is declared unconditional in all respects, the option holder shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or such longer period as the Board shall decide) or the expiry of the term of such option as set forth in the option agreement, whichever is earlier, after the date on which the general offer becomes or is declared unconditional.

If the option is not so exercised within the time specified, the option shall lapse.

(p) Rights on compromise or arrangement

If a compromise or arrangement between our Company and its members or creditors is proposed, our Company shall give notice to the option holder on the same date as it despatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the option holder (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the option holder to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the option holder in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

If the option is not so exercised within the time specified, the option shall lapse.

(q) Rights on voluntary winding-up of our Company

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all option holders (together with a notice of the existence of the provisions of the Share Option Scheme relating to this paragraph (q)) and thereupon, each option holder (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the option holder credited as fully paid.

If the option is not so exercised within the time specified, the option shall lapse.

(r) Lapse of option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (c), (k), (n) and (w), and without prejudice to the authority of the Board to provide for additional situations where an option shall lapse in any option agreement, an option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of: (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o), (p) and (q); and (iii) the date on which the Board or the two directors of our Company duly authorised by the Board certify that for the reason of a breach of paragraph (i).

(s) Cancellation of options

Options granted but not exercised or lapsed in accordance with the terms of the Share Option Scheme may be cancelled by our Company with the consent of the Qualifying Grantee provided that such consent shall not be required where an option lapses in accordance with paragraph (r) above. Where our Company cancels options and offers to issue new ones to the same Qualifying Grantee, the issue of such new options may only be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the limits set out in paragraph (t) below.

(t) Maximum number of Shares available under the Share Option Scheme**(i) Overriding Limit**

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of our Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a Refreshed Mandate Limit as referred to in sub-paragraph (t)(iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company must not in aggregate exceed 10% of the Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (such Shares being exclusive of the Shares which have been issued

pursuant to the exercise of the Over-allotment Option, i.e. 50,000,000 Shares). Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) Refreshing of Mandate Limit

Our Company may by ordinary resolutions of the Shareholders refresh the mandate limit provided our Company shall issue a circular containing such information as required by the Listing Rules to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of our Company under the limit as refreshed (the “**Refreshed Mandate Limit**”) must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with any of the schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) Grant to specifically identified Qualifying Grantees

Specifically identified Qualifying Grantees may be granted options beyond the mandate limit. Our Company may in addition seek separate approval by its Shareholders in general meeting for granting options beyond the mandate limit provided the options in excess of the limit are granted only to Qualifying Grantees specifically identified by our Company and a circular containing such information as required by the Listing Rules is issued to Shareholders before such approval is sought.

(v) Limit for each Qualifying Grantee

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each Qualifying Grantee must not exceed 1% of the Shares in issue. Where any further grant of options to a Qualifying Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by Shareholders in general meeting with the relevant Qualifying Grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting. Prior to seeking such approval, our Company shall issue a circular containing such information as required by the Listing Rules to Shareholders.

(u) Grant of option to core connected persons

Insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a Director, chief executive or substantial shareholder of our Company or any of their respective associates, such offer must first be approved by the Independent Non-executive Directors of our Company (excluding any Independent Non-executive director who is or whose associate is the Qualifying Grantee to whom the option is proposed to be granted). Insofar and for so long as the Listing Rules so require, no option may be granted to any substantial shareholder or an Independent Non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme(s) of our Company in the 12-month period up to and including the date of board meeting for proposing such further grant (i) representing in aggregate over 0.1% of the share capital of our Company in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for

proposing such further grant, in excess of HK\$5 million, unless such further grant is approved by Shareholders in general meeting. Prior to seeking such approval, our Company shall issue a circular containing such information as required by the Listing Rules to the Shareholders. At such general meeting, the grant of options to the substantial shareholder or Independent Non-executive Director of our Company, or any of their respective associates shall, for so long and insofar as the Listing Rules so required, be approved by Shareholders by way of poll with the grantee, his associates and all core connected persons of our Company abstaining from voting, except that any such person may vote against such resolution provided that he has informed our Company of his intention to do so and such intention has been stated in the relevant circular to Shareholders.

(v) *Effects of reorganisation of capital structure*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue or other general offer of securities made by our Company to holders of its securities, consolidation, subdivision, reduction or similar reorganisation of the share capital of our Company, such corresponding alterations (if any) shall be made to: (a) the number or nominal amount of Shares subject to the option so far as unexercised; and/or (b) the subscription price; and/or (c) the maximum number of Shares subject to the Share Option Scheme, as the auditors or independent financial adviser shall certify in writing to the Board to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) no such alterations shall be made the effect of which would be to change the proportion of the issued share capital of our Company for which any option holder is entitled to subscribe for pursuant to the options held by him; and (iv) any such adjustments shall be made in compliance with Chapter 17 of the Listing Rules, the supplemental guidance issued by the Stock Exchange dated 5 September 2005 and such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.

For the avoidance of doubt, the issue of securities by our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(w) *Alteration to the Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of option holders or proposed option holders except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the option holders as would be required of Shareholders under the Articles for the time being of our Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature and any change to the terms of the options granted, shall be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules from time to time. Any change to the authority of the Board to alter the terms of the Share Option Scheme shall be approved by Shareholders. Subject to the Listing Rules and the terms of the Share Option Scheme, the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

(x) Termination of Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered after the Share Option Scheme is terminated but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted prior to such termination and not then exercised shall remain valid.

(y) Conditions of Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the obtaining of the Company of the approval for listing on the Stock Exchange of Shares which may be issued pursuant to the exercise of the Options; and
- (ii) the commencement of dealings in the Shares on the Stock Exchange.

As at the date of this prospectus, no option has been granted under the Share Option Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued following the exercise of the options granted under the Share Option Scheme, of which the maximum will not exceed 50,000,000 Shares. Our Directors confirm that the Share Option Scheme is in full compliance with Chapter 17 of the Listing Rules.

14. Tax and other indemnity

Evergloss, Mr. Yuen and Mr. Huen (the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract (item f) referred to in paragraph 7. Summary of material contracts above) to provide indemnities in respect of, among other matters:

- (a) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation; and
- (b) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties and tax in connection with any failure, delay or defects of corporate or regulatory compliance or errors, discrepancies or missing documents in the statutory records of any member of our Group under, or any breach of any provision of, the Companies Ordinance of Hong Kong (predecessor Chapter 32 of the Laws of Hong Kong) or its subsidiary legislation on or before the Listing Date.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 30 June 2014;

- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 July 2014 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifier, other than any such act, omission or transaction:
- (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in the prospectus; or
- (c) to the extent that such taxation claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department, or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited consolidated accounts of the Group or the audited accounts of any member of our Group up to 30 June 2014 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

For so long as (i) the Trustee (or its replacement) acting as the trustee of the Yuen Family Trust and (ii) Mr. Huen, either alone or jointly, remain as a Controlling Shareholder(s) of Evergloss, Mr. Yuen and Mr. Huen shall not have any liability under the Deed of Indemnity except for guaranteeing the payment obligations of Evergloss under the Deed of Indemnity on a several basis and in equal share. In the event that (i) the Trustee (or its replacement) acting as the trustee of the Yuen Family Trust and (ii) Mr. Huen, jointly, ceased to be a Controlling Shareholder of Evergloss, the liabilities of the Indemnifiers under the Deed of Indemnity will be on a joint and several basis.

We have been advised that no material liability for estate duty is likely to fall on us and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

15. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

16. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$32,000 and have been paid by our Company.

17. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

18. Application for listing of Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

All necessary arrangements have been made to enable the securities to be admitted into CCASS.

19. Sponsor's fees or commissions received

The total amount of the sponsor's fees payable to the Sole Sponsor by our Company is HK\$3.5 million.

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including Offer Shares issued pursuant to the exercise of the Over-Allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$1.39 (being the mid-point of Offer Price range between HK\$1.30 per Offer Share and HK\$1.48 per Offer Share), the sponsor's fee, the underwriting commission, listing fees, the Hong Kong Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$24.5 million in total.

20. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sole Sponsor is independent of our Company pursuant to Rule 3A.07 of the Listing Rules.

21. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Shenyin Wanguo Capital (H.K.) Limited	A corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
BDO Limited	Certified Public Accountants
DSL Lawyers	Legal advisers to our Company as to Macau laws
Appleby	Legal advisers to our Company as to Cayman Islands laws
Ipsos Hong Kong Limited	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent valuer
Soga Law Office	Legal advisers to our Company as to Japan laws

22. Consents of experts

Each of Shenyin Wanguo Capital (H.K.) Limited, BDO Limited, DSL Lawyers, Appleby, Ipsos Hong Kong Limited, Soga Law Office and Jones Lang LaSalle Corporate Appraisal and Advisory Limited has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

As at the Latest Practicable Date and save as disclosed in this prospectus, none of the experts named above has any shareholding interests in our Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe in our Company or any of its subsidiaries.

23. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

24. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2014 (being the date to which the latest audited combined financial statements of our Group were made up).

25. Miscellaneous

- (a) Save as disclosed in this prospectus, within two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founder or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in this prospectus, our Group has no outstanding convertible debt securities or debentures.

- (c) The Directors confirm that:
- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2014 (being the date to which the latest audited combined financial statements of our Group were made up);
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) The Directors have been advised that, under the Cayman Islands Companies Law, the use of a Chinese name by our Company for identification purposes only does not contravene the Cayman Islands Companies Law.

26. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

27. Selling Shareholder

The Selling Shareholder is Evergloss, a company incorporated in the BVI on 21 July 2014 with registered office at Jayla Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. For details of the beneficial interest possessed by our Directors in Evergloss, please refer to the section "Relationship with our Controlling Shareholders" in this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW, PINK** and **GREEN** Application Forms;
- (b) the written consents referred to in the section “Statutory and General Information – Other information – 22. Consents of experts” in Appendix V to this prospectus;
- (c) a copy of each of the material contracts referred to in the section “Statutory and General Information – Further information about our business – 7. Summary of material contracts” in Appendix V to this prospectus; and
- (d) the statement of particulars of the Selling Shareholder.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Mayer Brown JSM at 16th-19th Floors, Prince’s Building, 10 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountant’s Report prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the report in relation to the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the letters relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (e) the audited financial statements of each of the subsidiaries of the Group for the years ended 31 December 2011, 2012 and 2013;
- (f) the rules of the Share Option Scheme;
- (g) the Cayman Islands Companies Law;
- (h) the Cayman Islands legal opinion(s) dated the prospectus date issued by Appleby, our legal advisers as to Cayman Islands laws;
- (i) the Macau legal opinion(s) dated the prospectus date issued by DSL Lawyers, our legal advisers as to Macau laws;
- (j) the Japanese legal opinion(s) dated the prospectus date issued by Soga Law Office, our legal advisers as to Japan laws;
- (k) the material contracts referred to in the section “Statutory and General Information – Further information about our business – 7. Summary of material contracts” in Appendix V to this prospectus;
- (l) the written consents referred to in the section “Statutory and General Information – Other information – 22. Consents of experts” in Appendix V to this prospectus;
- (m) the service contracts and the letters of appointment referred to in the section “Statutory and General Information – Further information about directors and shareholder – 10. Directors – (b) Particulars of Directors’ service contracts” in Appendix V to this prospectus;
- (n) the Ipsos Report; and
- (o) the statement of particulars of the Selling Shareholder.

