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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6882)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2014	2013	Change in
	(HK$'000)	*(HK$'000)*	%
Revenue	**1,685,245**	1,647,173	+2.3
Gross profit	**340,963**	353,155	–3.5
Net profit attributable to owners of the Company	**74,507**	102,788	-27.5
Earnings per share			
Basic and diluted (HK cents)	**18.20**	25.70	
Profit margin			
Gross profit margin	**20.2%**	21.4%	
Net profit margin	**4.4%**	6.2%	
Return on equity	**31.8%**	46.2%	
Gearing ratio	**Nil**	Nil	

The board of directors (the "Board") of EGL Holdings Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with comparative figures of 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	NOTES	***HK$'000***	*HK$'000*
Revenue	*5*	**1,685,245**	1,647,173
Cost of sales		**(1,344,282)**	(1,294,018)
Gross profit		**340,963**	353,155
Other income and gains/(losses), net	*5*	**6,274**	(2,605)
Net realised and unrealised (loss)/gain on derivative financial instruments		**(485)**	2,146
Selling expenses		**(91,434)**	(85,397)
Administrative expenses		**(165,143)**	(144,878)
Profit from operation		**90,175**	122,421
Finance cost	*6*	**–**	(1,324)
Profit before income tax	*7*	**90,175**	121,097
Income tax expense	*8*	**(15,668)**	(18,309)
Profit for the year		**74,507**	102,788
Total comprehensive income attributable to owners of the Company		**74,507**	102,788
Earnings per share for profit attributable to owners of the Company – Basic and diluted (HK cents)	*9*	**18.20**	25.70

Details of the dividends attributable to owners of the Company for the year are set out in note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	NOTES	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,205**	7,751
Prepaid lease payments		**4,645**	6,317
Deferred tax assets		**766**	605
		14,616	14,673
Current assets			
Inventories		**3,622**	5,256
Trade receivables	*11*	**1,485**	2,493
Prepaid lease payments		**1,672**	1,618
Deposits, prepayments and other receivables		**104,092**	107,501
Financial assets at fair value through profit or loss		**–**	721
Amounts due from related companies		**2,503**	5,444
Tax recoverable		**163**	–
Pledged bank deposits		**22,039**	22,301
Cash and cash equivalents		**324,378**	330,050
		459,954	475,384
Current liabilities			
Trade payables	*12*	**53,686**	47,841
Accruals, deposits received and other payables		**184,370**	205,656
Financial liabilities at fair value through profit or loss		**170**	–
Provision for taxation		**2,345**	14,097
		240,571	267,594
Net current assets		**219,383**	207,790
Net assets		**233,999**	222,463
CAPITAL AND RESERVES			
Share capital	*13*	**50,245**	3,315
Reserves		**183,754**	219,148
Total equity		**233,999**	222,463

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL

The Company was incorporated in the Cayman Islands on 24 July 2014 as an exempted company with limited liability. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at 15/F, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 November 2014.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are 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.

The Company's immediate and ultimate holding company is Evergloss Management Group Company Limited ("Evergloss"), incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs – effective 1 January 2014

In the current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 January 2014.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets

Except as explained below, the adoption of these amendments has no material impact on the Group's consolidated financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

Amendments to HKAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]
Amendments to HKAS 1	Disclosure Initiative[3]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the impact of these new or revised HKFRSs upon initial application but is not yet in a position to state whether these new or revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. GROUP REORGANISATION AND BASIS OF PREPARATION

Through a reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares (the "Group Reorganisation"), the Company has become the holding company of its subsidiaries now comprising the Group since 13 November 2014. Details of the Group Reorganisation are fully explained in the prospectus of the Company (the "Prospectus") dated 18 November 2014.

Immediately prior to and after the Group Reorganisation, the business (the "Listed Business") was carried by the companies now comprising the Group (the "Operating Companies"). Pursuant to the Group Reorganisation, the Operating Companies together with the Listed Business were transferred to and held by the Company through EGL Management Group Company Limited ("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 was merely a reorganisation of the Listed Business with no change in management of such business and the then ultimate owners of the Listed Business remain the same. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the current year and prior year.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the current year and prior year have been prepared to present the results, changes in equity and cash flows of the Company and its subsidiaries as if the current group structure had been in existence throughout the current year and prior year, or since their respective dates of incorporation, whichever was shorter. The consolidated statement of financial position of the Group as at 31 December 2013 have been prepared to present the assets and liabilities of the Company and its subsidiaries as if the current group structure had been in existence at that date.

No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Group Reorganisation.

All intra-group transactions and balances have been eliminated in preparing the consolidated financial statements.

Since the Company was incorporated on 24 July 2014, there were no comparatives provided on the Company's statement of financial position.

The financial statements have been prepared in accordance with HKFRSs, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the HKICPA. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under historical cost convention, except for derivative financial instruments which are stated at fair values.

It should be noted that accounting estimates and judgements are used in the preparation of the consolidated financial statements. 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.

4. SEGMENT REPORTING

The Group has identified its operating segments based on the regular internal financial information reported to the chief operating decision makers about allocation of resources to assess the performance of the Group's business.

The only component in internal reporting to the chief operating decision makers is the Group's travel and travel related services business during the year. In this regard, management considers that there is only one operating segment under the requirements of HKFRS 8 – Operating Segments and no segment information is presented.

As most revenue of the Group are derived from 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.

5. REVENUE AND OTHER INCOME AND GAINS/(LOSSES), NET

The Group's principal activities are disclosed in note 1.

Revenue, which is also the Group's turnover, represents the net invoiced value of package tours and the net proceeds from FIT Products and certain ancillary travel related products and services. The amounts of each significant category of revenue recognised in turnover during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Package tours	**1,524,714**	1,498,836
FIT Products *(note)*	**75,421**	75,725
Ancillary travel related products and services (*note*)	**85,110**	72,612
	1,685,245	1,647,173
Other income and gains/(losses), net		
Exchange loss, net	**(3,466)**	(8,780)
Interest income on bank deposits	**1,214**	1,305
Handling income and forfeited fees from customers	**2,030**	276
Management fee income	**15**	84
Rebate received from a supplier	**5,486**	3,883
Rental income	**8**	32
Sundry income	**987**	595
	6,274	(2,605)

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 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Gross proceeds received and receivable	**730,781**	733,005

6. FINANCE COST

	2014	2013
	HK$'000	*HK$'000*
Interest paid to a related company	**–**	1,324

7. PROFIT BEFORE INCOME TAX

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

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**940**	567
Amortisation of prepaid lease payments	**1,618**	2,097
Costs of inventories recognised as expenses	**29,577**	17,729
Bad debts recovered in respect of other receivables	**–**	(51)
Bad debts directly written off in respect of other receivables	**1**	18
Depreciation of property, plant and equipment	**3,733**	3,275
Listing expenses (included in administrative expenses)	**18,606**	–
Loss on disposal of property, plant and equipment, net	**20**	2
Operating lease rental in respect of:		
– Premises	**22,373**	20,924
– Office equipment	**2,116**	1,510
– Tour buses	**36,291**	35,497
Staff costs (including directors' emoluments):		
– Salaries and other benefits in kind	**141,994**	139,965
– Retirement scheme contribution	**5,070**	4,955
	147,064	144,920

8. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Tax for the year	**14,898**	16,466
– Over-provision in respect of prior year	**(1,414)**	(508)
	13,484	15,958
Current tax – Macau Complementary Tax		
– Tax for the year	**2,345**	1,990
Deferred tax		
– (Credited)/Charged to profit or loss for the year	**(161)**	361
	15,668	18,309

The Company was incorporated in the Cayman Islands and EGL Management was incorporated in the BVI that are tax-exempted as no business is carried out in the Cayman Islands and BVI under the laws of the Cayman Islands and BVI respectively.

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year.

Macau Complementary Tax is calculated at rates ranging from 9% to 12% on the estimated assessable profits of a subsidiary operating in Macau for both years.

9. EARNINGS PER SHARE

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**74,507**	102,788

	2014	2013
Number of shares		
Weighted average number of ordinary shares (*note*)	**409,402**	400,000

Note: Weighted average of 400,000,000 ordinary shares for the year ended 31 December 2013, being the number of shares in issue immediately after the completion of capitalisation issue as detailed in note 13(c), deemed to have been issued throughout the year ended 31 December 2013 and up to 28 November 2014, immediately before the completion of global offering.

Weighted average of 409,402,000 ordinary shares derived from 502,450,000 ordinary shares for the year ended 31 December 2014, includes the weighted average of 9,402,000 ordinary shares issued immediately after the completion of global offering and the over-allotment, in addition to the aforementioned 400,000,000 ordinary shares for the year ended 31 December 2013.

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares during the years ended 31 December 2014 and 2013.

10. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation. The dividends proposed by EGL Tours Company Limited and EGL Tours (Japan) Company Limited to the shareholders before they became subsidiaries of the Company during the year are summarised as follows:

	2014	2013
	HK$'000	*HK$'000*
Interim dividends	**197,353**	44,753

11. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**1,485**	2,493

The ageing analysis of trade receivables that are not impaired as at the end of the reporting period, based on invoice date, is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**1,461**	2,355
91 – 180 days	**24**	138
	1,485	2,493

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:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**564**	1,156
Past due for less than 3 months	**915**	1,337
Past due for more than 3 months but less than 6 months	**6**	–
	1,485	2,493

At the end of 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.

12. TRADE PAYABLES

The credit terms of trade payables vary according to the terms agreed with different suppliers, which normally range from 1 day to 30 days. Based on the receipts of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 – 90 days	**53,285**	47,394
91 – 180 days	**244**	87
181 – 365 days	**59**	25
Over 365 days	**98**	335
	53,686	47,841

13. SHARE CAPITAL

	Number	**Amount**
	'000	***HK$'000***
Authorised		
Ordinary shares of HK$0.1 each		
At 1 January 2013, 31 December 2013 and 1 January 2014	**–**	**–**
Initial authorised share capital upon incorporation	**3,800**	**380**
Increase in authorised share capital on 13 November 2014	**996,200**	**99,620**
At 31 December 2014	**1,000,000**	**100,000**

	Number	Amount
	'000	*HK$'000*
Issued		
At 1 January 2013, 31 December 2013 and 1 January 2014 *(note (a))*	**3,315**	**3,315**
Arising from Group Reorganisation	**(3,315)**	**(3,315)**
First issue of shares upon Group Reorganisation	**1**	**–**
Second issue of shares upon Group Reorganisation *(note (b))*	**9**	**1**
Issue of shares upon capitalisation *(note (c))*	**399,990**	**39,999**
Issue of shares upon global offering *(note (d))*	**100,000**	**10,000**
Issue of shares upon over-allotment *(note (e))*	**2,450**	**245**
At 31 December 2014	**502,450**	**50,245**

Notes:

(a) The share capital as at 1 January 2014 represented the aggregate amount of the share capital of the subsidiaries.

(b) On 13 November 2014, the Company acquired the entire share capital of EGL Management from Evergloss in consideration of HK$61,198,163, which the Company allotted and issued 9,000 ordinary shares, credited as fully paid, to Evergloss.

(c) Pursuant to written resolutions passed on 13 November 2014, the directors authorised to capitalise approximately HK$39,999,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 399,990,000 ordinary shares.

(d) Pursuant to the global offering, 100,000,000 ordinary shares of HK$0.1 each were issued at a price of HK$1.39 per share for a total consideration (before share issuance expenses) of approximately HK$139,000,000.

(e) In connection with the exercise of the over-allotment option completed on 19 December 2014, the Company issued a total of 2,450,000 ordinary shares at a price of HK$1.39 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

The Group reported the revenue of HK$1,685.2 million for the year ended 31 December 2014, increased by 2.3% as compared with the previous year's revenue of HK$1,647.2 million. Net profit attributable to owners of the Company was HK$74.5 million, representing a decrease of 27.5% as compared to that of HK$102.8 million in 2013. The decrease was due to the decrease in gross profit and inclusion of listing expenses of HK$18.6 million (2013: nil) during the year. For illustrative purpose, if the listing expenses were excluded, the net profit would decrease by 9.4% as compared to that of 2013.

Basic earnings per share was HK18.20 cents (2013: HK25.70 cents).

Business Overview

The principal activities of the Group encompass 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. The Group operates under its well-established and award-winning corporate brand name "EGL Tours (東瀛遊)", promotes and sells its products through 7 Hong Kong branches, 1 Macau branch, call centers and online sales platform. To drive business growth through improving publicity of the Group and enhance competitiveness, the Company was successfully listed on the Stock Exchange on 28 November 2014, which marked a new milestone for the Group's development. Net proceeds from the initial public offering ("IPO"), after deducting the underwriting commission and related expenses in connection with the global offering, are maintained for the intended purposes as disclosed in the Prospectus. With the aim of maintaining the market position as one of the leading tour and travel service providers in Hong Kong, the Group will continue to pursue a sustainable growth by enhancing its brand image and confidence of the Group's consumers and business partners, and facilitating operation and expansion outside Hong Kong and Macau.

Revenue of the Group was HK$1,685.2 million (2013: HK$1,647.2 million), a slight increase of HK$38.0 million when compared with previous year. Revenue from package tours and from ancillary travel related products and services gained a positive growth of 1.7% and 17.2% respectively, whilst revenue from FIT Products remained stable as compared to 2013. The contributions from various business segments for the year have been set out as follows:

	2014			2013		
Revenue	**Amount**	**Number of customers**	**Average revenue per customer**	Amount	Number of customers	Average revenue per customer
	HK$'000		***HK$***	*HK$'000*		*HK$*
Package tours	**1,524,714**	**190,263**	**8,014**	1,498,836	191,410	7,830
FIT Products	**75,421**	**155,483**	**485**	75,725	163,024	464
Ancillary travel related products and services	**85,110**	**N/A**		72,612	N/A	
Total	**1,685,245**	**345,746**		1,647,173	354,434	

	2014		2013	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	HK$'000	***%***	*HK$'000*	*%*
Package tours	**224,689**	**14.7**	240,604	16.1
FIT Products	**75,421**	**100.0**	75,725	100.0
Ancillary travel related products and services	**40,853**	**48.0**	36,826	50.7
Total	**340,963**	**20.2**	353,155	21.4

Package Tours

Revenue from package tours mainly represents tour fees received from customers for outbound package tours. Sale of package tours constituted the main source of income of the Group, accounting for about 90.5% of the Group's total revenue in 2014. The followings set forth the composition of revenue from package tours by destinations for the years indicated:

Revenue	**2014** Amount *HK$'000*	**2014** %	2013 Amount *HK$'000*	2013 %
Japan	**839,020**	**55.0**	822,798	54.9
Asia ex-Japan	**464,752**	**30.5**	492,611	32.9
Europe and others	**220,942**	**14.5**	183,427	12.2
Total	**1,524,714**	**100.0**	1,498,836	100.0

	2014 Gross profit *HK$'000*	**2014** Gross profit margin %	2013 Gross profit *HK$'000*	2013 Gross profit margin %
Japan	**155,117**	**18.5**	166,487	20.2
Asia ex-Japan	**51,418**	**11.1**	57,141	11.6
Europe and others	**18,154**	**8.2**	16,976	9.3
Total	**224,689**	**14.7**	240,604	16.1

	2014 Number of customers	**2014** Average revenue per customer *HK$*	2013 Number of customers	2013 Average revenue per customer *HK$*
Japan	**89,954**	**9,327**	87,228	9,433
Asia ex-Japan	**87,404**	**5,317**	92,712	5,313
Europe and others	**12,905**	**17,121**	11,470	15,992
Total	**190,263**	**8,014**	191,410	7,830

Package tours – Japan

Sale of Japan-bound package tours continued to act as a key source of the Group's revenue with positive growth, especially following Japanese Yen ("JPY") depreciation against Hong Kong Dollar ("HK$") since September 2014.

Decrease in gross profit margin for Japan-bound package tours was due to increase in consumption tax of Japan from 5% to 8% in April 2014 and high demand for travel elements to Japan from overseas travellers which put upward pressure on the cost of air tickets, accommodations, meal and domestic ground transportation, etc.

Package tours – Asia ex-Japan

Revenue from tours bound for Asia ex-Japan recorded a decrease by 5.7% to approximately HK$464.8 million (2013: HK$492.6 million). The weakening in Asia ex-Japan tours' operating result in 2014 was mainly due to political instability and unrest happened in Thailand and Vietnam, missing Malaysia Airlines' aircraft and plane crash of an AirAsia aircraft. On the other hand, South Korea remained a popular travel location for people of Hong Kong and Macau, where package tours bound for Korea contributed about 12.1% of total package tour revenue in 2014 (2013: about 9.5%).

Package tours – Europe and others

The increase in revenue from package tours bound for Europe and other destinations in 2014 was mainly attributable to increase in revenue from package tours bound for destinations with higher tour prices, such as Australia and Western Europe. By lowering gross margin for tours to Australia and Western Europe, revenue of tours of relevant destinations increased whilst gross profit margin decreased slightly as compared to that in 2013.

FIT Products

Revenue from FIT Products is recognised on net basis as the Group renders the services as an agent, responsible for arranging the booking of air tickets and accommodations on behalf of service suppliers. Sale of FIT Products accounted for about 4.5% of the Group's total revenue in 2014. The followings set forth the composition of revenue from FIT Products by destinations for the years indicated:

	2014		2013	
Revenue	**Amount**		Amount	
	HK$'000	*%*	*HK$'000*	*%*
Japan	**47,895**	**63.5**	48,739	64.4
Asia ex-Japan	**24,598**	**32.6**	24,845	32.8
Europe and others	**2,928**	**3.9**	2,141	2.8
Total	**75,421**	**100.0**	75,725	100.0

Note: Revenue of FIT Products represents the net income, which is the gross proceeds netted with the associated direct cost.

	2014		2013	
Gross proceeds	**Amount**	**Yield**	Amount	Yield
	HK$'000	*%*	*HK$'000*	*%*
Japan	**374,566**	**12.8**	390,047	12.5
Asia ex-Japan	**253,023**	**9.7**	259,880	9.6
Europe and others	**49,544**	**5.9**	35,643	6.0
Total	**677,133**	**11.1**	685,570	11.0

Note: Yield of FIT Products represents the revenue margin calculated as revenue divided by gross proceeds.

	2014		2013	
	Number of customers	**Average revenue per customer**	Number of customers	Average revenue per customer
		HK$		*HK$*
Japan	**79,781**	**600**	87,843	555
Asia ex-Japan	**68,323**	**360**	69,027	360
Europe and others	**7,379**	**397**	6,154	348
Total	**155,483**	**485**	163,024	464

Revenue of Japan and Asia ex-Japan FIT Products showed a slight decrease in 2014, whilst revenue of FIT Products bound for Europe and Other destinations showed a growth as compared to 2013. Average revenue per customer for FIT Products bound for Japan, Europe and other destinations increased to approximately HK$600 (2013: HK$555) and HK$397 (2013: HK$348), respectively.

Following airlines' frequent promotion effort on tickets, sale of FIT Products to destinations including Japan, Taiwan, etc. was hampered during 2014. Also, increase in consumption tax rate of Japan from 5% to 8% in April 2014 and slower pace of growth in demand for Japan FIT Products shadowed the Japan FIT sales in the third quarter of 2014. Notwithstanding, further depreciation of JPY against HK$ since September 2014 improved Japan FIT sales in the fourth quarter of 2014.

For Asia ex-Japan FIT Products segment, revenue was mainly driven by products bound for destinations including Korea, Taiwan, Thailand, Malaysia and Singapore. However, as affected by the political instability and unfavorable incidents discussed above, the Group experienced a drop in sale of FIT Products bound for Thailand and Malaysia, leading to the overall decrease in revenue in this segment.

For FIT Products bound for Europe and other destinations, favourable increases were mainly attributable to the increase in revenue for products bound for Europe and for cruises packages, and increase in the number of customers to Australia. Such increases were due to the weakening of currencies in such locations during the year, the increasing supply of cruise products together with the rising travel interest in market.

Ancillary travel related products and services

Revenue from ancillary travel related products mainly represents income from sale of public transportation tickets for use in Japan, sale of theme park admission tickets and sale of souvenir to inbound tour customers. Revenue from ancillary travel related services mainly represents commission income from travel insurance services and handling fee for remittance services provided to souvenir and merchandise suppliers in Japan. The table below sets forth the breakdown of the Group's revenue from ancillary travel related products and services for the years indicated.

	2014		2013	
	Amount *HK$'000*	%	Amount *HK$'000*	%
Ancillary travel related products and services				
Sale of transportation tickets	**26,514**	**31.2**	20,986	28.9
Sale of admission tickets	**22,462**	**26.3**	17,171	23.6
Sale of souvenir	**516**	**0.6**	1,165	1.6
Commission income from travel insurance	**20,576**	**24.2**	18,850	26.0
Handling fee for remittance services	**9,361**	**11.0**	9,898	13.6
Others	**5,681**	**6.7**	4,542	6.3
Total	**85,110**	**100.0**	72,612	100.0

Revenue from ancillary travel related products and services in 2014 grew by 17.2% to HK$85.1 million (2013: HK$72.6 million) mainly due to increase in sale of admission tickets by HK$5.3 million in response to new theme site in an amusement theme park in Osaka opened in July 2014, increase in sale of ground transportation by HK$5.5 million for more product items available for sale and increase in car rental commission income, and increase in commission income from travel insurance by HK$1.7 million.

The decrease in gross profit margin by 2.7% to 48.0% in 2014 (2013: 50.7%) was mainly due to the changes in product mix portfolio of the ancillary travel related products and services for the year.

Financial Review

Key financial ratios

	2014	2013
Current ratio	**1.9 times**	1.8 times
Gearing ratio	**Nil**	Nil
Return on total assets	**15.7%**	21.0%
Return on equity	**31.8%**	46.2%
Operating profit margin	**5.4%**	7.4%
Net profit margin	**4.4%**	6.2%

Revenue and gross profit

Please see the discussion on the Group's revenue and gross profit in "Business Overview" above.

Selling expenses

Selling expenses of the Group mainly consisted of front line staff cost, advertising and promotion expenses for media advertising and promotional activities' expenses. The Group's selling expenses increased by approximately HK$6.0 million, from HK$85.4 million in 2013 to HK$91.4 million in 2014 mainly due to increase in frontline staff cost of HK$3.3 million and increase in advertising and promotion expenses of HK$2.2 million as compared to 2013.

Administrative expenses

The Group's administrative expenses increased by 14.0%, from HK$144.9 million in 2013 to HK$165.1 million in 2014. The increase was mainly driven by approximately HK$18.6 million legal and professional fees paid for listing on the Stock Exchange, with HK$1.8 million in excess of HK$16.8 million listing expenses as disclosed in the Prospectus mainly contributed by higher spending on the printing of the Prospectus. The increase in administrative expenses was also attributable to HK$7.3 million increase in staff costs and HK$1.8 million increase in rental expenses, government rent and rates and management fee as compared to 2013, offset by HK$8.4 million decrease in Directors' remuneration.

Finance cost

Nil finance cost was borne by the Group for the year as the Group did not have any loans, borrowings or balances due to related companies or financial institutions throughout 2014 (2013: HK$1.3 million).

Operating profit margin and net profit margin

Considerable listing expenses borne and gross profit decreased as described above led to the decreases of operating profit margin and net profit margin.

Current ratio

As compared to 2013, current ratio of the Group increased from 1.8 times to 1.9 times, which was mainly due to decrease in accruals, deposits received and other payables from approximately HK$205.7 million in 2013 to HK$184.4 million for the year.

Gearing ratio

The Group's gearing ratio was nil (2013: nil) as the Group did not have any loans or borrowings as at the respective year ends.

Return on total assets and return on equity

Return on total assets and return on equity were 15.7% (2013: 21.0%) and 31.8% (2013: 46.2%) respectively and both ratios declined for the year. The main reason for the decline was the incurrence and recognition of approximately HK$18.6 million listing expenses during the year.

Liquidity and Financial Resources

The Group continued to sustain a good liquidity position without drawing any loans or borrowings during the year. As at 31 December 2014, the Group had a net cash and cash equivalent balance of approximately HK$324.4 million as compared to HK$330.1 million in 2013.

In 2014, in addition to the nature of business with strong cash inflows, the Group had financed its business through listing of its shares on the Stock Exchange, providing source of fund to strengthen the capital base and enhance its capacity on business development. Net proceeds from the Group's IPO are maintained for intended uses as disclosed in the Prospectus which supports the Group's further development. Nevertheless, given net proceeds from IPO received, net cash and cash equivalent balance decreased by approximately HK$5.7 million was mainly due to the distribution of interim dividend of HK$197.4 million during the year.

Pledge of Assets

As at 31 December 2014, the Group had pledged bank deposits of HK$22.0 million (2013: HK$22.3 million) to certain licensed banks in Hong Kong and Macau to secure letters of guarantee issued to certain third parties on behalf of the Group. Total guarantees amounted to HK$16.9 million (2013: HK$15.3 million), which were mainly issued to our suppliers, such as airlines and hotels, to guarantee our trade payable balances due to them. Saved as disclosed above, there have been no other pledge of assets.

Capital commitment

As at 31 December 2014, the Group had capital commitment of approximately HK$0.3 million (2013: Nil), to acquire property, plant and equipment of the Group which was expected to be funded by the Group's internal resources.

Contingent Liabilities

The Directors considered that there were no material contingent liabilities as at 31 December 2014.

Foreign Currency Exchange Risk and Treasury Policies

Foreign currency exchange risk exposure is encountered by the Group to the extent that receipts from customers and payments to suppliers may not be reconciled, subject to prevailing foreign currency fluctuations. The Group had implemented foreign exchange risk management procedures to closely monitor the risk exposure. The procedures were established to prevent carrying excessive cash balance in foreign currencies, of which the purchase amounts were limited to the corresponding costs of travel elements based on estimated sales amount for a defined period (one week for JPY and two weeks for other foreign currencies), to fully cover the foreign exchange exposure in connection.

Other than the transactional foreign currency exchange risk, assets and liabilities of the Group are mainly denominated in its own functional currency. The Group's treasury management policy is to place surplus cash into bank deposits with licensed banks in Hong Kong, Macau and Japan, Also, working capital are centrally managed to ensure proper and efficient collection and deployment of funds, and sufficient funds to settle liabilities when they fall due. During 2014, exchange loss from translation of monetary assets and liabilities denominated in currencies other than the functional currency of the Group was approximately HK$5.8 million (2013: approximately HK$14.4 million), whilst transactional gain arising from the difference of exchange rates between recording and settlement of the expenses was approximately HK$2.3 million (2013: approximately HK$5.6 million), resulting in net foreign exchange loss of approximately HK$3.5 million (2013: approximately HK$8.8 million).

Human Resources and Employee's Remuneration

As at 31 December 2014, the Group had a total workforce of 677 (as at 31 December 2013: 680), of which 217 were full-time tour escorts. Employee's remuneration and benefits-in-kind, contributions to retirement schemes, including that of the Directors, for the year ended 31 December 2014 amounted to approximately HK$147.1 million (2013: approximately HK$144.9 million), the increase was mainly contributed by approximately HK$10.6 million increase in staff costs and approximately HK$8.4 million decrease in Director's remuneration. The increase of staff costs was due to about 4% increase in average number of staff with payroll and pay rise of about 5% during 2014.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions. In addition to basic remuneration, the Group also provides medical insurance, provident funds and other benefits in kind.

To intensify personnel training and development, the Group provides a series of in-house employee training programmes, which aims to accelerate professional growth and identifies competences and talents of diversified teams. Through operating talent development scheme, the Group has successfully extended the recruitment channels and enhanced the opportunities on the hiring of high-quality and suitable staff. High potential staff will be groomed and developed intensively according to the promotion plan towards the management level. To attract and retain the most suitable personnel for the development of the Group, the Group had conditionally adopted a share option scheme since November 2014, share options may be granted to eligible employees of the Group as a long-term incentive. No share options had been granted, lapsed or exercised during the year. In 2014, there was no significant change in the remuneration policies, bonus, share options scheme and training scheme for the Group.

Outlook

Facing the business environment full of market challenges and opportunities, the Group always upholds the motto "Strive for consistent improvement of high-quality service, with customers in our heart and sincerity in our practice" and strives for success. The Group will continue to implement its business strategy as planned to cater for the diversified needs and interests of customers and actively explore new flourishing opportunities.

One of the Group's strategic moves is to expand into PRC travel service market by engaging local travel agencies in cities in Guangdong Province. The Group targets to commence the business plan in the second half of 2015 for market penetration in PRC.

With respect to expand travel tour ground handling operation, the Group has captured investment opportunities on ground operator in Japan and Korea. A travel agency company, Kabushiki Kaisha EGL OKINAWA, was set up in Okinawa, Japan which will mainly handle the package tours from the Group. The Group held its 38% shareholding with investment amount approximately HK$250,000. A travel agency company will be set up in Korea which will mainly handle the package tours from the Group. The Group will hold its 38% shareholding with investment amount approximately HK$800,000. Both investments are financed with internally generated cash flows from operation. The Group believes these investments will further enhance the Group's capability to improve integrated service capabilities, strengthen its service platform and face less price pressure in the near future.

Going forward, the net proceeds from IPO will be used according to the plans listed in the Prospectus. The Group will continue to reinforce its business strategies to enhance productivity and generate greater returns for its shareholders, partners and customers in the wake of market challenges and uncertainties.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 of the Listing Rules ("Model Code") as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

The shares commenced trading on the Stock Exchange on 28 November 2014. Since listing, the Board is of opinion that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

USE OF PROCEEDS FROM THE IPO

In November 2014, the Company conducted a global offering which included the sales of 127,450,000 ordinary shares, comprising (i) 100,000,000 new shares issued and allotted by the Company; (ii) 25,000,000 sale shares offered by the shareholder; and (iii) 2,450,000 ordinary shares allotted and issued upon partial exercise of the over-allotment option, at an offer price of HK$1.39 per share. Net proceeds received by the Company were approximately HK$115.8 million. The ordinary shares of the Company were listed on the Stock Exchange on 28 November 2014.

As stated in the Company's prospectus dated 18 November 2014, the Company intends to use the proceeds for (i) enhancing our sales channels; (ii) promoting our brand image and recognition through marketing initiatives; (iii) strengthening operational infrastructure to deliver sustainable growth; (iv) developing overseas wedding tours; (v) working capital and other general corporate purposes. During the year, the net proceeds from the listing were not utilised.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2014.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed and discussed with the management and the Company's external auditors the annual results of the Group for the year ended 31 December 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining Shareholders' eligibility to attend, speak and vote at the 2015 Annual General Meeting (the "AGM"), the Register of Members of the Company will be closed from 21 May 2015 to 22 May 2015 (both dates inclusive). During the closure period, no transfer of shares will be registered. To be eligible to attend, speak and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on 20 May 2015.

ANNUAL GENERAL MEETING

It is proposed that the AGM of the Company will be held on 22 May 2015. For details of the AGM, please refer to the Notice of AGM which is expected to be published on or about 22 April 2015.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.egltours.com/travel/pages/investor_relations/#eng and the website of the Stock Exchange. The Annual Report will also be available at the Company's and the Stock Exchange's websites and will be despatched to shareholders of the Company in late April.

By Order of the Board
EGL Holdings Company Limited
Yuen Man Ying
Chairman

Hong Kong, 23 March 2015

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Yuen Man Ying (Chairman), Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu and Ms. Lee Po Fun, together with three Independent Non-Executive Directors, namely Mr. Chan Kim Fai, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming.