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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

GROUP FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	Change
	(HK$'000)	*(HK$'000)*	%
Revenue	**855,414**	772,400	**+10.7**
Gross profit	**222,718**	150,787	**+47.7**
Net profit attributable to owners of the Company	**84,440**	31,917	**+164.6**
Earnings per share			
Basic and diluted (HK cents)	**16.81**	7.98	
Profit margin			
Gross profit margin	**26.0%**	19.5%	
Net profit margin	**9.9%**	4.1%	
Return on total assets	**12.3%**	5.1%	
Gearing ratio	**Nil**	Nil	

Note: Interim dividend of HK5.0 cents per share for the period has been declared. Details of the dividends attributable to owners of the Company for the period are set out in note 7 to the interim financial information.

The board of directors (the "Board") of EGL Holdings Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 together with comparative figures of 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**855,414**	772,400
Cost of sales		**(632,696)**	(621,613)
Gross profit		**222,718**	150,787
Other income and gains/(losses), net	*4*	**2,306**	3,972
Net realised and unrealised loss on derivative financial instruments		**(131)**	(490)
Share of results of associates		**250**	–
Selling expenses		**(48,034)**	(39,362)
Administrative expenses		**(77,860)**	(76,698)
Profit before income tax	*5*	**99,249**	38,209
Income tax expense	*6*	**(14,809)**	(6,292)
Profit for the period		**84,440**	31,917
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Share of exchange loss on translation of foreign operation of associates		**(47)**	–
Other comprehensive income for the period, net of tax		**(47)**	–
Total comprehensive income for the period attributable to owners of the Company		**84,393**	31,917
Earnings per share for profit attributable to owners of the Company – Basic and diluted (HK cents)	*8*	**16.81**	7.98

Details of dividends attributable to owners of the Company for the period are set out in note 7 to the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	As at 30 June 2015 (Unaudited) HK$'000	As at 31 December 2014 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**9,481**	9,205
Prepaid lease payments		**3,669**	4,645
Interests in associates		**1,267**	–
Deferred tax asset		**766**	766
		15,183	14,616
Current assets			
Inventories		**12,092**	3,622
Trade receivables	*9*	**2,305**	1,485
Prepaid lease payments		**1,672**	1,672
Deposits, prepayments and other receivables	*10*	**130,400**	104,092
Tax recoverable		**–**	163
Amount due from a related company		**2,503**	2,503
Pledged bank deposits		**22,395**	22,039
Cash and cash equivalents		**500,270**	324,378
		671,637	459,954
Current liabilities			
Trade payables	*11*	**48,567**	53,686
Accruals, deposits received and other payables	*12*	**300,354**	184,370
Amounts due to associates		**2,517**	–
Financial liabilities at fair value through profit or loss		**–**	170
Provision for taxation		**16,990**	2,345
		368,428	240,571
Net current assets		**303,209**	219,383
Net assets		**318,392**	233,999
CAPITAL AND RESERVES			
Share capital	*13*	**50,245**	50,245
Reserves		**268,147**	183,754
Total equity		**318,392**	233,999

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

EGL Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 24 July 2014 as an exempted company with limited liability. The address of its registered office is 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 (together with the Company collectively referred to as the "Group") 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.

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 became 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 dated 18 November 2014 and the Company's annual report for the year ended 31 December 2014 dated 23 March 2015.

Accordingly, the interim financial information presented for the six months ended 30 June 2014 was prepared using the principles of merger accounting as if the current group structure had been in existence as at 30 June 2014 and throughout the prior period.

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2014, except for the adoption of the new standards and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, as disclosed in note 2 to this interim financial information.

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

This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2. ADOPTION OF HKFRSs

In the current period, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA which are relevant to and effective for the Group's financial statements for the annual period beginning on or after 1 January 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The adoption of the new or amended HKFRSs had no material impact on the Group's interim financial information.

The new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of these new or amended HKFRSs.

3. 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 period. 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.

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

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Package tours	**756,096**	702,283
FIT Products *(note)*	**40,138**	33,513
Ancillary travel related products and services *(note)*	**59,180**	36,604
	855,414	772,400

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:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Gross proceeds received and receivable	**308,642**	323,736

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income and gains/(losses), net		
Exchange loss, net	**(697)**	(562)
Interest income on bank deposits	**771**	588
Management fee income	**–**	15
Rebate from a supplier	**1,235**	2,275
Rental income	**–**	7
Sundry income	**997**	1,649
	2,306	3,972

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments	**975**	782
Cost of inventories recognised as expenses	**21,098**	14,364
Depreciation of property, plant and equipment	**2,091**	1,811
Listing expenses (included in administrative expenses)	**–**	6,733
Operating lease rental in respect of:		
– Premises	**12,447**	11,011
– Office equipment	**1,136**	1,059
– Tour buses	**20,515**	17,639
Staff costs (including directors' emoluments):		
– Salaries and other benefits in kind	**74,104**	64,644
– Retirement scheme contributions	**2,792**	2,593
	76,896	67,237

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Tax for the period	**14,144**	5,709
Current tax – Macau Complementary Tax		
– Tax for the period	**665**	744
Deferred tax		
– Credited to profit or loss for the period	**–**	(161)
	14,809	6,292

The Company was incorporated in the Cayman Islands and EGL Management Group Company Limited, a subsidiary of the Company, was incorporated in the British Virgin Islands ("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% (2014: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the period.

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 periods.

7. DIVIDENDS

(a) Dividends attributable to the period

The directors have resolved to declare an interim dividend of HK5.0 cents per share totalling HK$25,122,500 for the six months ended 30 June 2015, payable on or about 9 October 2015 to shareholders whose names appear on the Register of Members of the Company on 11 September 2015. The interim dividend proposed after the reporting date has not been recognised as a liability in the condensed consolidated statement of financial position.

Dividends amounted to HK$197,353,000 for the six months ended 30 June 2014 was proposed by EGL Tours Company Limited and EGL Tours (Japan) Company Limited to the shareholders before they became the subsidiaries of the Company.

(b) Dividends attributable to the previous financial year, approved and paid during the period

No dividend has been paid or declared by the Company in respect of the previous financial year during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8. EARNINGS PER SHARE

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**84,440**	31,917

	Six months ended 30 June	
	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares *(note)*	**502,450**	400,000

Note:

The calculation of basic earnings per share for the six months ended 30 June 2014 was based on the profit attributable to owners of the Company of approximately HK$31,917,000, and on the basis of 400,000,000 ordinary shares in issue (being the number of shares of the Company prior to the listing of the shares on the Stock Exchange) as if these ordinary shares had been issued throughout the prior period.

Diluted earnings per share were the same as the basic earnings per share as the Company had no dilutive potential shares during the interim period.

9. TRADE RECEIVABLES

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Trade receivables	**2,305**	1,485

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

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
0 – 90 days	**2,261**	1,461
91 – 180 days	**44**	24
	2,305	1,485

10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Other receivables	**15,287**	17,929
Deposits	**8,479**	7,605
Prepayments	**106,634**	78,558
	130,400	104,092

11. 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:

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
0 – 90 days	**47,860**	53,285
91 – 180 days	**499**	244
181 – 365 days	**89**	59
Over 365 days	**119**	98
	48,567	53,686

12. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Accrued expenses	**6,132**	8,083
Customer deposits received	**222,050**	114,874
Other payables	**72,172**	61,413
	300,354	184,370

13. SHARE CAPITAL

	Number of shares *'000*	**Amount** *HK$'000*
Authorised		
Ordinary shares of HK$0.1 each		
At 30 June 2015 and 31 December 2014	1,000,000	100,000

	Number of shares *'000*	**Amount** *HK$'000*
Issued		
Ordinary shares of HK$0.1 each		
At 30 June 2015 and 31 December 2014	502,450	50,245

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

Since the successful listing of the shares of the Company on the Main Board of the Stock Exchange on 28 November 2014, the Group has been devoting fully to seizing golden opportunities for business expansion and long-term development. For the six months ended 30 June 2015 under review, the Group achieved impressive result with revenue growing from approximately HK$772.4 million to HK$855.4 million, representing 10.7% increase over the corresponding period in 2014. The satisfactory performance demonstrates the Group's continuing efforts to drive operational excellence and sustainability. Net profit attributable to owners of the Company went up by 164.6% from approximately HK$31.9 million in 2014 to HK$84.4 million in 2015 over the same period. This was primarily due to the significant increase in the portion of revenue derived from Japan-bound package tours and the improvement in their gross profit margin due to the higher demand of Japan-bound package tours and lower costs of travel elements in Japan driven by the depreciation of Japanese Yen ("JPY") against Hong Kong Dollar ("HKD"). In addition, for the six months ended 30 June 2015, the absence of listing expenses of approximately HK$6.7 million as recorded for the corresponding period in 2014 further contributed to the increase in the Group's net profit.

Basic earnings per share attributable to owners of the Company for the first half of 2015 was HK16.81 cents (six months ended 30 June 2014: HK7.98 cents). Details of utilisation of net proceeds from initial public offering ("IPO") will be discussed in the section headed "Use of proceeds from the IPO" of the Interim Report.

Business Overview

The principal activities of the Group comprise provision of package tours, FIT Products and ancillary travel related products and services. During the first half of 2015, the Group has invested in newly setup travel agency companies in Japan and Korea, which served to extend the Group's synergies on improving integrated service capabilities. The Group believed this approach would streamline the tour land operation processes to enhance service quality through closer monitoring and supervision, bring best value not only to our valued customers, but also for serving long-term interests of business strategy optimisation. The new operation of the associate in Japan has been officially put into operation in the second quarter of 2015, and those of Korea has been put into operation in the third quarter of 2015. In view of this, the Group would actively participate in improving operational performance.

From business segment perspective, the Group's revenue from package tours, FIT Products and ancillary travel related products and services recorded positive growth, reflected by increase of 7.7%, 19.8% and 61.7% respectively. The contributions from various business segments for the periods indicated are set out as follows:

	Six months ended 30 June					
	2015			2014		
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	**756,096**	**90,837**	**8,324**	702,283	92,443	7,597
FIT Products	**40,138**	**61,996**	**647**	33,513	69,554	482
Ancillary travel related products and services	**59,180**	**N/A**		36,604	N/A	
Total	**855,414**	**152,833**		772,400	161,997	

	Six months ended 30 June			
	2015		2014	
Gross Profit	**Amount**	**Gross profit margin**	Amount	Gross profit margin
	HK$'000	***%***	*HK$'000*	*%*
Package tours	**157,288**	**20.8**	98,859	14.1
FIT Products	**40,138**	**100.0**	33,513	100.0
Ancillary travel related products and services	**25,292**	**42.7**	18,415	50.3
Total	**222,718**	**26.0**	150,787	19.5

Package Tours

Revenue from package tours mainly represents tour fees received from customers for outbound package tours. Package tours remain the Group's largest revenue contributor, generated 88.4% revenue for the Group during the period under review (six months ended 30 June 2014: 90.9%). The followings set forth the composition of revenue from package tours by destinations for the periods indicated:

	Six months ended 30 June			
	2015		2014	
Revenue	**Amount** *HK$'000*	*%*	Amount *HK$'000*	*%*
Japan	**498,013**	**65.9**	375,519	53.5
Asia ex-Japan	**153,378**	**20.3**	229,728	32.7
Europe and others	**104,705**	**13.8**	97,036	13.8
Total	**756,096**	**100.0**	702,283	100.0

	Six months ended 30 June			
	2015		2014	
Gross Profit	**Amount** *HK$'000*	**Gross profit margin** *%*	Amount *HK$'000*	Gross profit margin *%*
Japan	**122,087**	**24.5**	67,272	17.9
Asia ex-Japan	**19,783**	**12.9**	24,656	10.7
Europe and others	**15,418**	**14.7**	6,931	7.1
Total	**157,288**	**20.8**	98,859	14.1

	Six months ended 30 June			
	2015		2014	
Number of Customers	**Number**	**Average revenue per customer** *HK$*	Number	Average revenue per customer *HK$*
Japan	**53,645**	**9,283**	41,676	9,010
Asia ex-Japan	**29,906**	**5,129**	44,545	5,157
Europe and others	**7,286**	**14,371**	6,222	15,596
Total	**90,837**	**8,324**	92,443	7,597

Package tours – Japan

Japan-bound package tours have been the major source of the Group's revenue. Depreciation of JPY against HKD acts as a driving force for business growth in this segment. In turn, this created higher demand for Japan-bound package tours whilst relevant tour cost dropped, which led to an increase of gross profit significantly during the first half of 2015 by 81.5% over the same period last year. Gross profit from Japan-bound package tours contributed 54.8% to the Group's total gross profit for the period under review (six months ended 30 June 2014: 44.6%), while the corresponding gross profit margin increased from 17.9% to 24.5%.

Package tours – Asia ex-Japan

Asia ex-Japan package tour sector was clouded by unfavourable market factors which led to a decrease in the revenue from tours bound for Asia ex-Japan by 33.2% to approximately HK$153.4 million (six months ended 30 June 2014: HK$229.7 million). Demand for Asia ex-Japan package tours was depressed by airlines' intensive promotion which encouraged customers to get air tickets directly from airlines to travel, and currency depreciation in JPY and Euro ("EUR") had attracted the customers to Japan and long-haul destinations. Furthermore, other considerations as stated below had also adversely affected the demand for tours bound for particular Asia ex-Japan region.

Sale of package tours bound for Korea suffered a heavy blow resulting from the outbreak of Middle East Respiratory Syndrome in Korea since May 2015, where the number of customers dropped by 41.1%. In Malaysia, under the shadow of missing Malaysia Airlines' aircraft, plane crash of an AirAsia aircraft and kidnapping of tourists, revenue contribution from package tours bound for Malaysia decreased from 6.2% to 2.9% of the Group's total revenue from package tours. In addition, sale of package tours bound for Taiwan was negatively impacted by the outbreak of H5N2 avian influenza and Norovirus, earthquakes and plane crash incidents, along with price cut from competitors. Notwithstanding the Group maintained its quality standard on travel elements, revenue and gross profit for package tours bound for Taiwan were lowered in the first half of 2015 in response to fierce market environment. In Thailand, state of emergency was lifted in the first quarter of 2014 due to political turmoil. As a result, Hong Kong had issued red outbound travel alert for Thailand at that time. Revenue generated from tours bound for Thailand, which were resumed since June 2014, was approximately HK$18.6 million (six months ended 30 June 2014: HK$5.3 million) during the first half of 2015, representing an increase by 251.4% over that of the corresponding period last year. Notwithstanding, the pace of growth in demand for tours bound for Thailand remained sluggish as airlines' intensive promotion and currency depreciation of JPY and EUR against HKD drew a portion of the Group's customers away to other travel products.

Overall, during the first half of 2015, gross profit for package tours bound for Asia ex-Japan attributable to 8.9% of the Group's total gross profit for the period under review (six months ended 30 June 2014: 16.4%). Despite the declining demand due to geographical factors stated as above, as the declining trend was foreseen at the end of 2014, the Group intended to maintain high service quality and uplift gross profit margin. As a result, gross profit margin for Asia ex-Japan package tour sector increased from 10.7% to 12.9%.

Package tours – Europe and others

To mitigate the impact of political instability in North Africa on the business growth of this segment in 2015 as foreseen at the end of last year, Australia, New Zealand and Europe became the Group's key focus amongst long haul destinations. Apart from reserving more airline seats in advance to cater for increasing demand, the Group adopted more aggressive pricing strategy by closely monitoring the market reaction on price adjustment. In addition, being nourished by currency depreciation of EUR against HKD and the easing of political instability in Russia and Ukraine, demand for package tours bound for Europe increased, where the number of customers grew by 29.5% as compared to corresponding period in 2014. Other than Europe, upward trend was observed for package tours bound for Australia and New Zealand. With currency depreciation in Australian Dollar ("AUD") and the availability of direct flights to New Zealand, more customers are willing to pay higher tour price to these destinations and the number of customers grew by 27.6% as compared to corresponding period in 2014. Gross profit margin of Australia and New Zealand rose from 4.7% to 10.9%, whilst that of Europe rose from 7.5% to 18.0% over the first half of 2014.

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. In the first six months of 2015, FIT Products produced 4.7% revenue for the Group during the period under review (six months ended 30 June 2014: 4.3%). The followings set forth the composition of revenue from FIT Products by destinations for the periods indicated:

	Six months ended 30 June			
	2015		2014	
Revenue	**Amount** *HK$'000*	*%*	Amount *HK$'000*	*%*
Japan	**30,514**	**76.0**	20,397	60.9
Asia ex-Japan	**8,676**	**21.6**	11,788	35.2
Europe and others	**948**	**2.4**	1,328	3.9
Total	**40,138**	**100.0**	33,513	100.0

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

Gross proceeds	Six months ended 30 June			
	2015		2014	
	Amount	**Yield**	Amount	Yield
	HK$'000	***%***	*HK$'000*	*%*
Japan	**183,039**	**16.7**	164,401	12.4
Asia ex-Japan	**85,302**	**10.2**	113,580	10.4
Europe and others	**14,992**	**6.3**	22,082	6.0
Total	**283,333**	**14.2**	300,063	11.2

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

Number of Customers	Six months ended 30 June			
	2015		2014	
	Number	**Average revenue per customer**	Number	Average revenue per customer
		HK$		*HK$*
Japan	**35,059**	**870**	35,934	568
Asia ex-Japan	**24,253**	**358**	30,383	388
Europe and others	**2,684**	**353**	3,237	410
Total	**61,996**	**647**	69,554	482

FIT Products – Japan

As a result of currency depreciation of JPY against HKD, which led to higher demand and lower cost of sales of Japan FIT Products, yield of Japan FIT Products increased from 12.4% to 16.7% over the same period last year. Meanwhile, the average revenue per customer for Japan FIT Products increased from HK$568 to HK$870.

FIT Products – Asia ex-Japan

For Asia ex-Japan FIT Products, facing similar unfavourable market factors in Asia ex-Japan destinations of package tours as discussed above, revenue of FIT Products bound for Korea, Malaysia and Taiwan recorded a decrease in the first half of 2015. Total revenue and gross proceeds of Asia ex-Japan FIT Products decreased by 26.4% and 24.9% respectively over the corresponding period in last year, whilst average revenue per customer decreased from HK$388 to HK$358.

FIT Products – Europe and others

Following intensive airlines' promotion which attracted customers to purchase tickets directly from airlines, revenue and gross proceeds for FIT Products bound for Europe and other destinations dropped by 28.6% and 32.1% respectively during the first half of 2015. Average revenue per customer decreased from HK$410 to HK$353. The decrease was mainly attributed to the decrease in demand for FIT Products to Australia and Europe, and for cruise packages as compared to the same period in 2014.

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 souvenirs to inbound tour customers. Revenue from ancillary travel related services mainly represents commission income from travel insurance services and handling fees 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 periods indicated:

	Six months ended 30 June			
	2015		2014	
	Amount *HK$'000*	*%*	Amount *HK$'000*	*%*
Sale of transportation tickets *(note)*	**18,241**	**30.8**	11,038	30.2
Sale of admission tickets	**20,995**	**35.5**	8,342	22.8
Sale of souvenir	**75**	**0.1**	385	1.1
Commission income from travel insurance	**10,428**	**17.6**	9,655	26.4
Handling fee for remittance services	**6,370**	**10.8**	4,495	12.3
Others	**3,071**	**5.2**	2,689	7.2
Total	**59,180**	**100.0**	36,604	100.0

Note: 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 the first six months of this year, revenue from ancillary travel related products and services rose to approximately HK$59.2 million, representing 61.7% increase from HK$36.6 million as compared to the same period in 2014. The result was mainly contributed by an increase in sale of transportation tickets and admission tickets, of which the increase in sale of transportation tickets was mainly derived from sale of Japan rail pass and booking of car rental services, whilst increase in sale of admission tickets reflected the growth in ticket sales in tandem with new opening of a theme site within an amusement theme park in Osaka in mid of 2014.

Financial Review

Key financial ratios

	Six months ended 30 June	
	2015	2014
Return on total assets	**12.3%**	5.1%
Return on equity	**26.5%**	56.0%
Operating profit margin	**11.6%**	4.9%
Net profit margin	**9.9%**	4.1%

	As at 30 June 2015	As at 31 December 2014
Current Ratio	**1.8 times**	1.9 times
Gearing Ratio	**Nil**	Nil

Revenue and gross profit

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

Selling expenses

The key components of selling expenses of the Group included frontline staff cost, advertising and promotion expenses for media advertising and promotional activities' expenses. Selling expenses of the Group amounted to approximately HK$48.0 million in the first six months of 2015, representing an increase of 22.0% over the same period last year. This was attributed to the increase in staff cost of HK$6.5 million resulted from special bonus accrued in the first half of 2015 for better interim financial result in 2015 and the increase in advertising and promotion expenses of HK$1.6 million over that for the corresponding period in 2014.

Administrative expenses

Staff cost, directors' remuneration, rent and rates and management fees constituted the highest portion of administrative expenses, which accounted for 72.4% of total administrative expenses (six months ended 30 June 2014: 67.3%). The Group's administrative expenses increased by 1.5%, from approximately HK$76.7 million in 2014 to HK$77.9 million in 2015 over the first six months of the respective periods. The increase was primarily attributable to the increase in staff cost by approximately HK$0.9 million, the increase in directors' remuneration by HK$2.3 million, the increase in rent and rates and management fees by HK$1.6 million resulted from rental increase, offset by the decrease in legal and professional fees by HK$4.8 million due to listing expenses of approximately HK$6.7 million incurred in 2014.

Finance cost

Nil finance cost was incurred by the Group for the first six months ended 30 June 2015 as the Group did not have any loans, borrowings or balances due to related companies or financial institutions (six months ended 30 June 2014: nil).

Operating profit margin and net profit margin

In the first six months of 2015, operating profit margin of the Group increased from 4.9% in 2014 to 11.6% in 2015, and net profit margin increased from 4.1% to 9.9%. The improved profit margins were mainly due to a higher demand for Japan-bound package tours, lower costs of travel elements in Japan driven by the depreciation of JPY against HKD, and the absence of listing expenses of approximately HK$6.7 million as recorded for the corresponding period in 2014.

Current ratio

As at 30 June 2015, the Group's current ratio was 1.8 times (as at 31 December 2014: 1.9 times). The slight decrease in current ratio was mainly attributable to the increase in customer deposits received of approximately HK$107.2 million.

Gearing ratio

As at 30 June 2015, the Group's gearing ratio was nil (as at 31 December 2014: nil) as the Group did not have any loans or borrowings as at the respective period ends.

Return on total assets and return on equity

Return on total assets and return on equity were 12.3% (six months ended 30 June 2014: 5.1%) and 26.5% (six months ended 30 June 2014: 56.0%) respectively for the six months ended 30 June 2015. The reason for the increase in return on total assets was mainly due to the increase in net profit attributable to owners of the Company during the first half of 2015 by 164.6% over the same period in 2014. In respect of return on equity, the decrease in the first half of 2015 as compared to the corresponding period in 2014 was resulted from strengthened capital base through the IPO of the Company's shares in November 2014.

Liquidity and Financial Resources

With solid liquidity position maintained by the Group, no loans or borrowings was drawn by the Group during the first half of 2015. As at 30 June 2015, the Group's cash and cash equivalent balance amounted to approximately HK$500.3 million (as at 31 December 2014: HK$324.4 million).

Pledge of Assets

As at 30 June 2015, the Group had pledged bank deposits of approximately HK$22.4 million (as at 31 December 2014: HK$22.0 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 approximately HK$16.8 million (as at 31 December 2014: HK$16.9 million), which were mainly issued to the Group's suppliers, such as airlines and hotels, to guarantee its trade payable balances due to them. Save as disclosed above, there have been no other pledge of assets.

Capital commitment

As at 30 June 2015, the Group had capital commitment of less than HK$0.1 million (as at 31 December 2014: approximately HK$0.3 million), to acquire property, plant and equipment of the Group.

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 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. In the first half of 2015, exchange loss from translation of monetary assets and liabilities denominated in currencies other than the functional currency of the Group was approximately HK$1.2 million (six months ended 30 June 2014: HK$0.1 million), whilst transactional gain arising from the difference of exchange rates between recording and settlement of the expenses was approximately HK$0.5 million (six months ended 30 June 2014: transactional loss amounted to HK$0.5 million), resulting in net foreign exchange loss of approximately HK$0.7 million (six months ended 30 June 2014: HK$0.6 million).

Human Resources and Employee's Remuneration

As at 30 June 2015, the Group had a total workforce of 662 employees (as at 31 December 2014: 677), of which 201 (as at 31 December 2014: 217) were full-time tour escorts. Employees' remuneration and benefits in kind, contributions to retirement schemes, including that of the directors, for the first half of 2015 amounted to approximately HK$76.9 million (six months ended 30 June 2014: HK$67.2 million), and the increase was mainly contributed by approximately HK$7.4 million increase in staff costs resulted from special bonus accrued for better interim financial result in 2015 and approximately HK$2.3 million increase in directors' remuneration.

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 the employees.

To intensify personnel training and development, the Group provides a series of employee training programmes, which aims to accelerate professional growth and identify competences and talents of diversified teams. 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 suitable personnel for the development of the Group, the Group had conditionally adopted a share option scheme since November 2014. Pursuant to the share option scheme, 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 up to current period end. During the first half of 2015, there was no significant change in the remuneration policies, bonus, share options scheme and training scheme for the Group, except that the retirement age has been extended by five years.

Outlook

Stepping in worldwide business expansion, the Group continues to use its full potential to face challenges from fast-paced and ever-changing market conditions and operating environment.

The Group first established its presence in Mainland China in July 2015 which marks an important milestone to further its business expansion in Mainland China. For pursuing business opportunities by expanding its sales network, this strategy seeks to increase market penetration and solidify brand recognition in Mainland China. At the same time, the Group had identified suitable location and get well-prepared to set up an overseas wedding specialty shop in Central. The shop serves to provide comprehensive wedding services to target customers and liaise with the Group's business function for effective integration and extension of existing business.

With long-term plan on effective use of IPO net proceeds on the Group's business development in accordance with the plans listed in the prospectus of the Company, together with the Group's dedicated professional team and management, supportive customers, business partners and stakeholders, the Group is confident that its business will prosper and grow stronger in the future.

Use of Proceeds from the IPO

The net proceeds from IPO of the Company after deducting underwriting commissions and related expenses were approximately HK$115.8 million. The following table sets forth the status of the use of proceeds from IPO as at 30 June 2015:

Use of Proceeds	**Utilised up to 30 June 2015**	**Unutilised as at 30 June 2015**
	HK$'000	*HK$'000*
Enhancing sales channel		
– Refurbishment and facelifting of existing branches	1,103	22,097
– Development of a comprehensive online web portal	877	16,523
Promoting brand image and recognition through market initiatives		
– Conducting marketing initiatives with focus on conventional media channels	2,913	6,387
– Employing featured products or signature tours marketing campaigns with suitable spokespersons	187	7,913
– Launching reward and incentive scheme	–	11,500
Strengthening operational infrastructure		
– Improving management information system by implementing enterprise resources planning system	1,184	12,716
– Arranging charter flights to destination not served by scheduled flights	5,693	5,707
– Attracting and recruiting experienced employees	287	5,513
– Developing overseas wedding tours	624	5,076
– For working capital and other general corporate purposes	481	9,019
	13,349	102,451

As at 30 June 2015, the unutilised IPO net proceeds were deposited in interest-bearing bank accounts with licensed banks in Hong Kong.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 June 2015, 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").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. The Company has made a specific enquiry to all directors regarding any non-compliance with the Model Code.

All the directors confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE AND AUDITOR

The interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee of the Company which comprises three independent non-executive directors of the Company namely, Mr. Chan Kim Fai, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming..

The interim financial information of the Group for the six months ended 30 June 2015 has been reviewed by the Company's independent auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend of HK5.0 cents per share (2014: HK0 cents per share*) for the six months ended 30 June 2015.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	8 September 2015
Closure of register of members (both dates inclusive)	10 to 11 September 2015
Record date	11 September 2015
Dividend payable	on or about 9 October 2015

To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Company's registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 9 September 2015.

***Note:* Please refer to note 7 to the interim financial information for details of the interim dividend declared for the six months ended 30 June 2014 by EGL Tours Company Limited and EGL Tours (Japan) Company Limited to the shareholders before they became the subsidiaries of the Company

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.egltours.com/travel/pages/investor_relations/#eng.

The interim report will be dispatched to the shareholders and published on the above websites in late September 2015.

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

Hong Kong, 24 August 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.