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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6882)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2015	2014	Change in
	HK$'000	*HK$'000*	*%*
Revenue	**1,858,341**	1,685,245	+10.3
Gross profit	**434,751**	340,963	+27.5
Profit attributable to owners of the Company	**150,469**	74,507	+102.0
Earnings per share			
Basic and diluted (HK cents)	**29.95**	18.20	
Profit margin			
Gross profit margin	**23.4%**	20.2%	
Net profit margin	**8.1%**	4.4%	
Return on equity attributable to owners of the Company	**41.9%**	31.8%	
Gearing ratio	**Nil**	Nil	

Note: Details of the dividends attributable to owners of the Company for the year are set out in note 9 to the financial information.

The board of directors ("Board") of EGL Holdings Company Limited ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 December 2015 together with comparative figures of 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** **HK$'000**	2014 *HK$'000*
Revenue	*5*	**1,858,341**	1,685,245
Cost of sales		**(1,423,590)**	(1,344,282)
Gross profit		**434,751**	340,963
Other income and gain/(loss), net	*5*	**1,111**	6,274
Net realised and unrealised loss on derivative financial instruments		**(131)**	(485)
Selling expenses		**(105,069)**	(91,434)
Administrative expenses		**(156,460)**	(165,143)
Share of results of associates		**1,485**	–
Profit before income tax	*6*	**175,687**	90,175
Income tax expense	*7*	**(25,253)**	(15,668)
Profit for the year		**150,434**	74,507
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(85)**	–
Share of exchange differences on translation of foreign associates		**(83)**	–
Other comprehensive income for the year, net of tax		**(168)**	–
Total comprehensive income for the year		**150,266**	74,507
Profit for the year attributable to:			
Owners of the Company		**150,469**	74,507
Non-controlling interests		**(35)**	–
		150,434	74,507
Total comprehensive income attributable to:			
Owners of the Company		**150,333**	74,507
Non-controlling interests		**(67)**	–
		150,266	74,507
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (HK cents)	*8*	**29.95**	18.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**12,117**	9,205
Prepaid lease payments		**–**	4,645
Interests in associates		**2,467**	–
Deferred tax asset		**395**	766
		14,979	14,616
Current assets			
Inventories		**7,300**	3,622
Trade receivables	*10*	**1,710**	1,485
Prepaid lease payments		**–**	1,672
Deposits, prepayments and other receivables		**121,678**	104,092
Amount due from a related company		**2,503**	2,503
Amount due from an associate		**834**	–
Tax recoverable		**–**	163
Pledged bank deposits		**21,965**	22,039
Cash and cash equivalents		**453,145**	324,378
		609,135	459,954
Current liabilities			
Trade payables	*11*	**52,037**	53,686
Accruals, deposits received and other payables		**194,866**	184,370
Amount due to an associate		**4,594**	–
Financial liabilities at fair value through profit or loss		**–**	170
Provision for taxation		**11,544**	2,345
		263,041	240,571
Net current assets		**346,094**	219,383
Net assets		**361,073**	233,999
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	*12*	**50,245**	50,245
Reserves		**308,964**	183,754
		359,209	233,999
Non-controlling interests		**1,864**	–
Total equity		**361,073**	233,999

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

EGL Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 24 July 2014 as an exempted company with limited liability. The address of its registered office is 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 and the principal activities of the subsidiaries are provision of package tours, free independent travellers ("FIT") packages, individual travel elements (together with FIT packages referred to as "FIT Products") 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 (the "BVI").

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

(a) Adoption of new or amended HKFRSs – effective 1 January 2015

In the current year, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") have applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual year beginning on 1 January 2015:

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

The adoption of these amendments has no material impact on the Group's financial statements.

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

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

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 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 fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss 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 the financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, 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.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

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 HKFRSs. 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 amended HKFRSs upon initial application but is not yet in a position to state whether these new or amended 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 disclosure requirements of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however, the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable HKFRSs, which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards 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 value.

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 is derived from Hong Kong and Macau and no transactions with a single customer amount 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 GAIN/(LOSS), NET

Revenue includes 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 during the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Package tours	**1,660,538**	1,524,714
FIT Products *(note)*	**76,088**	75,421
Ancillary travel related products and services (*note*)	**121,715**	85,110
	1,858,341	1,685,245
Other income and gain/(loss), net		
Exchange loss, net	**(4,230)**	(3,466)
Handling income and forfeited fees from customers	**621**	2,030
Interest income on bank deposits	**1,464**	1,214
Management fee income	**–**	15
Rebate from a supplier	**2,875**	5,486
Rental income	**–**	8
Sundry income	**381**	987
	1,111	6,274

Note: The Group's revenue from FIT Products and certain ancillary travel related products and services is 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:

	2015	2014
	HK$'000	*HK$'000*
Gross proceeds received and receivable	**608,375**	730,781

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments	**1,276**	1,618
Auditors' remuneration	**1,186**	940
Bad debts directly written off in respect of other receivables	**–**	1
Costs of inventories recognised as expenses	**41,299**	29,577
Depreciation of property, plant and equipment	**4,387**	3,733
Listing expenses (included in administrative expenses)	**–**	18,606
Loss on disposal of property, plant and equipment, net	**–**	20
Operating lease rental in respect of:		
– Premises	**25,289**	22,373
– Office equipment	**2,287**	2,116
– Travel buses	**57,304**	36,291
Employee costs (including directors' emoluments):		
– Salaries and other benefits in kind	**148,100**	141,994
– Retirement scheme contributions	**6,183**	5,070
	154,283	147,064

7. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Tax for the year	**23,749**	14,898
– Over-provision in respect of prior year	**(785)**	(1,414)
	22,964	13,484
Current tax – Macau Complementary Tax		
– Tax for the year	**1,898**	2,345
– Over-provision in respect of prior year	**(35)**	–
	1,863	2,345
Current tax – People's Republic of China ("PRC") Enterprise Income Tax ("EIT")		
– Tax for the year	**55**	–
Deferred tax		
– Charged/(Credited) to profit or loss for the year	**371**	(161)
	25,253	15,668

The group entities incorporated in the Cayman Islands and the BVI are tax-exempted as no business is carried out in the Cayman Islands and the BVI under the laws of the Cayman Islands and the BVI respectively.

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year.

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

EIT represents deemed income tax charged at the appropriate current rates of taxation ruling in the PRC for a representative office newly set up during the year.

8. EARNINGS PER SHARE

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**150,469**	74,507

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares (*note*)	**502,450**	409,402

Note: 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 400,000,000 ordinary shares, being the number of shares in issue immediately after the completion of capitalisation issue as detailed in note 12, deemed to have been issued throughout the year ended 31 December 2014.

Diluted earnings per share were the same as the basic earnings per share as the Company had no dilutive potential shares during the years ended 31 December 2015 and 2014.

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim dividends paid	**25,123**	197,353

For the year ended 31 December 2014, dividends amounted to HK$197,353,000 were proposed by EGL Tours Company Limited and EGL Tours (Japan) Company Limited to the shareholders before they became subsidiaries of the Company.

Interim dividend of HK5.0 cents per share totalling approximately HK$25,123,000 for the six months ended 30 June 2015 has been declared and paid.

The directors have recommended a final dividend of HK10.0 cents per share which is to be approved at the forthcoming annual general meeting. The proposed dividend is not reflected as a dividend payable.

10. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**1,710**	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 invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**1,532**	1,461
91 – 180 days	**178**	24
	1,710	1,485

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:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**837**	564
Past due less than 3 months	**832**	915
Past due more than 3 months but less than 6 months	**41**	6
	1,710	1,485

At the end of reporting period, the Group had trade receivables of approximately HK$873,000 (2014: HK$921,000) 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.

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:

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**50,505**	53,285
91 – 180 days	**1,246**	244
181 – 365 days	**118**	59
Over 365 days	**168**	98
	52,037	53,686

12. SHARE CAPITAL

	Number	**Amount**
	'000	***HK$'000***
Authorised		
Ordinary shares of HK$0.1 each		
At 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 and 2015	1,000,000	100,000

	Number	**Amount**
	'000	***HK$'000***
Ordinary shares, issued and fully paid		
At 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 and 2015	502,450	50,245

Notes:

The movements in share capital above arose from a group reorganisation and completion of the listing of the Company's shares on the Stock Exchange on 28 November 2014 as detailed below.

(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 Group Company Limited 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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of EGL Holdings Company Limited ("Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 December 2015 ("Year"). In continuing pursuit of the Group's development goals, with customer-oriented business philosophy, sincere professional quality services, and continual steady expansion of our business network and scope, we achieved outstanding results for the Year. This is very encouraging for all of us!

During the Year, the Group recorded a total revenue of approximately HK$1,858.3 million (2014: HK$1,685.2 million), representing annual growth of 10.3%. Profit attributable to owners of the Company was approximately HK$150.5 million (2014: HK$74.5 million), representing annual growth of 102.0%. For the remarkable growth in our business performance, please refer to the section headed "Management Discussion and Analysis" below for details.

The Board recommended the payment of a final dividend of HK10.0 cents per share for 2015, together with the interim dividend of HK5.0 cents per share paid, the total dividend per share for the full year of 2015 will be HK15.0 cents (2014: Nil), with the proviso that the proposed final dividend for 2015 is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

BUSINESS REVIEW

The Group has committed to providing diversified and quality services and planning innovative itineraries for our customers. 2015 is our 'Year of in-depth travel', in keeping with market development trends, we launched a variety of theme travel products featuring in-depth and distinctively classy travel experiences with extraordinary elements for our customers. We have designed with ingenuity many distinctive travel itineraries for our customers to immerse in the refined appreciation of cultural essences around the world while on our tours, for a unique, touching and tailored travel experience. The Group also displays such cultural essences in our themed branch outlets, for a preview of some local cultures like that of Shandong and Miyazaki.

A range of tough and challenging socio-economic conditions occurred in the Year, which included slowdown in global economic growth, volatility in equity and foreign exchange markets, bomb explosion in Thailand, haze pollution in the Southeast Asia caused by Indonesia's forest fires, outbreak of Middle East respiratory syndrome in Korea and outbreak of Dengue fever in Taiwan, all these conditions affected consumer confidence and the tourism industry to a certain extent. Conversely, these conditions have driven us to push towards sustainable development, adopt forward looking investment strategies with synergy for our business segments, utilise our healthy financial resources prudently in investment projects, in order to promote the expansion of the Group's businesses and strengthen the foundation of our core businesses. The Group has established new travel agency companies in both Japan and Korea during 2015, holding an equity interest of approximately 38.0% in each of these companies with operation commenced in the second and third quarter of 2015 respectively. These companies have opened up more business development opportunities and maintained our product quality. In another area, with gradual increase in the demand for quality travel products in the People's Republic of China (the "PRC"), there are enormous development potentials. In 2015, the Group set up a resident representative office in the PRC to expand our scope of business coverage and as a base for future business development in the PRC. In addition, the Group is applying for the establishment of a wholly-owned subsidiary in the PRC.

On another note, the Group is committed to our duties and social responsibility of corporate citizenship, with loving care by donation and actual visits to people in need. During Chinese New Year, we visited single elderly people and sent them warm regards. We also participated in the volunteer experience day of Food Angel for meal preparation and delivery, took part in the Yan Oi Tong Walkathon, UNICEF Charity Run and Diamond Sedan Competition, etc. With action, we expressed our concern for the society and serve our community. On the environmental front, we support with enthusiasm the concept of green office and encourage energy consumption reduction and energy saving measures, concurrently improving energy efficiency in the office and to promote environmental awareness. The more effective use of energy resources not only brings about cost savings, but also reduces the consumption of environmental resources. We strive in our way to contribute to the sustainable development of our planet!

BUSINESS PROSPECT

Under our prestigious brand name, years and years of strategic operational experience and our solid financial strength, the Group captures business opportunities from ever changing market trends, and creates greater investment returns for our shareholders. The Group continues to optimise management of package tour ground handling operation. In December 2015, together with a Taiwanese business partner, the Group established Hit Travel Service Co. Ltd (喜立旅行社股份有限公司) in Taiwan. The Group holds 62.0% interest in this Taiwanese company that is engaged principally to serve the Group's package tours from Hong Kong to Taiwan with operation having commenced in January 2016. The abundance in business opportunities urges our Group to strive for improvement of the quality of our service in a comprehensive way. In addition to the above investment in ground handling operation, the Group together with a Japanese business partner, established Kabushiki Kaisha ZIPANG. S. S in Osaka, Japan in November 2015. The Group holds 80.0% interest in this company that is engaged mainly in providing travel bus services with operation planned to commence in the second quarter of 2016. The above two investments, in Taiwan and Japan, are expected to enhance control of operating costs, ensure supreme service quality and contribute to the Group's profit.

As an innovation to our legendary core business, we employ "virtual reality" technology in response to our customers' strong demand for wedding related products in overseas locations, which we offer one-stop wedding planning service with plenty of diversified options offered to our customers to enrich their wedding moments overseas. Our specialty shop for planning of overseas wedding events is located in Central district and is in service since February 2016. Our staff at the specialty shop is sincere and attends to our customers' individual preferences for a unique, supreme and romantic wedding.

Looking ahead into next year, the Group continues to explore promising development projects and invest in travel related projects. With the continuing benefits of the depreciation in Japanese yen against Hong Kong dollar, the number of tourists visiting Japan continue to increase. For hotel reservations in Japan, it is difficult to get hotel accommodation in Osaka, Japan. In 2015, this situation caused an airline to change their regular flight routes from Osaka to Nagoya in central Japan. The operation of Kansai International Airport in Osaka (which was previously run by a government unit) is now to be managed commercially, which the lifting cost of aircrafts is expected to be reduced. Further, this airport will operate 24 hours a day which brings tremendous business potential, airlines will likely schedule additional flights bringing more tourists to Osaka.

In view of this, the Group has been exploring the opportunity for acquisition of a hotel locating in the prime district of Osaka, and is proactively identifying the acquisition target hotel with about 300 rooms. This is a rare business opportunity that the Group has come upon, we expect the rate of investment return to be considerable. The feasibility study is well under way, the Company will, as and when necessary, make further announcement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company reiterates that the aforesaid hotel development project will be financed by sources other than the proceeds from listing, and that there is no present intention to raise additional fund for the starting up of the Group's hotel business.

To conclude, on behalf of the Board, I would like to express our deepest gratitude to all the management and staff for their diligence and devotion to the Group's growth under our corporate belief and with team spirit during the past year. My deepest appreciation is also expressed to all our shareholders, customers and business partners for their constant support and trust. To capitalise on our past achievements for the future, the Group will continue to work with concerted efforts, and engage in responsible decisions and actions for continuous excellent results.

Yuen Man Ying
Chairman and Executive Director

Hong Kong, 21 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

Adhering to the Group's long-term and sustained commitments to seize market opportunities together with enhancing investment returns and strategic synergy, the Group has achieved robust growth with revenue grew by 10.3% to approximately HK$1,858.3 million for the Year (2014: HK$1,685.2 million). Profit attributable to owners of the Company grew by 102.0% from approximately HK$74.5 million in 2014 to approximately HK$150.5 million in 2015. Such growth 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 resulted from higher demand brought by depreciation in Japanese yen ("JPY") against Hong Kong dollar ("HKD"). It also demonstrated the Group's ability to keep abreast of market changes and respond to ever-changing market demands in a timely manner.

Basic earnings per share for profit attributable to owners of the Company for 2015 was HK29.95 cents (2014: HK18.20 cents). Details of utilisation of net proceeds from the initial public offering ("IPO") of the shares of the Company will be discussed in the section headed "Use of proceeds from the IPO" of this announcement.

Business Overview

The principal activities of the Group comprise provision of package tours, free independent travellers ("FIT") package, individual travel elements (together with FIT packages referred to as "FIT Products") and ancillary travel related products and services. In 2015, the Group has invested in newly setup travel agency companies in Japan and Korea, which extended the Group's synergy on improving integrated service capabilities. The Group believed this approach would streamline the package tour ground handling 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 officially commenced operation in the second quarter of 2015, and that of Korea has commenced operation in the third quarter of 2015. In the meantime, the Group continued its expansion efforts with the establishment of a representative office in the PRC for promoting business and products development, which sets a major milestone for the Group to expand its sales network and strengthen market penetration into the PRC.

The Group sustained its strong momentum and recorded robust growth in revenue of approximately HK$1,858.3 million for the Year, representing 10.3% increase over 2014 of approximately HK$1,685.2 million. Positive growth of 8.9%, 0.9% and 43.0% were recorded respectively in revenue from package tours, from FIT Products and from ancillary travel related products and services. The contributions from various business segments for the years indicated are set out as follows:

	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	**1,660,538**	**195,780**	**8,482**	1,524,714	190,263	8,014
FIT Products	**76,088**	**121,939**	**624**	75,421	155,483	485
Ancillary travel related products and services	**121,715**	**N/A**		85,110	N/A	
Total	**1,858,341**	**317,719**		1,685,245	345,746	

	2015		2014	
Gross Profit	**Amount**	**Gross profit margin**	Amount	Gross profit margin
	HK$'000	***%***	*HK$'000*	*%*
Package tours	**304,729**	**18.4**	224,689	14.7
FIT Products	**76,088**	**100.0**	75,421	100.0
Ancillary travel related products and services	**53,934**	**44.3**	40,853	48.0
Total	**434,751**	**23.4**	340,963	20.2

Package Tours

Revenue from package tours mainly represents tour fees received from customers for outbound package tours. The main source of the Group's revenue is derived from package tours, which contributed 89.4% to the Group's total revenue in 2015 (2014: 90.5%). The followings set forth the composition of revenue from package tours by destinations for the years indicated.

	2015		2014	
Revenue	**Amount**		Amount	
	HK$'000	***%***	*HK$'000*	*%*
Japan	**1,085,640**	**65.4**	839,020	55.0
Asia ex-Japan	**312,248**	**18.8**	464,752	30.5
Europe and others	**262,650**	**15.8**	220,942	14.5
Total	**1,660,538**	**100.0**	1,524,714	100.0

	2015		2014	
Gross Profit	**Amount**	**Gross profit margin**	Amount	Gross profit margin
	HK$'000	***%***	*HK$'000*	*%*
Japan	**227,204**	**20.9**	155,117	18.5
Asia ex-Japan	**39,555**	**12.7**	51,418	11.1
Europe and others	**37,970**	**14.5**	18,154	8.2
Total	**304,729**	**18.4**	224,689	14.7

	2015		2014	
Number of Customers	**Number**	**Average revenue per customer**	Number	Average revenue per customer
		HK$		*HK$*
Japan	**117,175**	**9,265**	89,954	9,327
Asia ex-Japan	**63,112**	**4,948**	87,404	5,317
Europe and others	**15,493**	**16,953**	12,905	17,121
Total	**195,780**	**8,482**	190,263	8,014

Package tours – Japan

Japan-bound package tours continued to be the main source of the Group's revenue. Depreciation in JPY against HKD stimulated higher demand for Japan-bound package tours and lower relevant costs on travel elements. More generous tax exemption offer to travellers also encourages customers to travel to Japan. Gross profit from Japan-bound package tours contributed 52.3% to the Group's total gross profit for the Year (2014: 45.5%), whilst gross profit margin grew from 18.5% in 2014 to 20.9% in 2015.

Package tours – Asia ex-Japan

In 2015, there were a number of adverse events impacted on the sale of package tours bound for Asia ex-Japan seriously. Revenue from Asia ex-Japan package tours decreased by 32.8% to approximately HK$312.2 million (2014: HK$464.8 million). In general, sale of package tours bound for Asia ex-Japan region was affected by weakening demand as a result of airlines' intensive promotion and depreciation in JPY and Euro ("EUR") against HKD which lured some customers to Japan or other long-haul destinations. Regional factors are elaborated as below for in-depth analysis and discussion on their respective adverse impact on revenue from Asia ex-Japan package tours.

In Korea, Middle East respiratory syndrome outbreak caused a severe blow to the sale of package tours bound for Korea, number of customers dropped by 37.5% and revenue contributed to the Group's total tour sales dropped from 12.1% in 2014 to 6.1% in 2015. Besides, in Malaysia, in addition to the missing Malaysia Airlines' aircraft, plane crash of AirAsia Indonesia aircraft and kidnapping of tourists, haze pollution from forest fires in Indonesia and suspension of direct flight service by Malaysia Airlines to Pulau Langkawi also brought considerable negative influence on the sale of package tours bound for Malaysia and Singapore, number of customers dropped by 37.3% and revenue contributed to the Group's total tour sales dropped from 5.2% in 2014 to 3.2% in 2015. In addition, in Taiwan, due to outbreak of H5N2 avian influenza and Norovirus, spread of Dengue fever, earthquakes and typhoons accompanied by the competition from airlines' intensive promotion and price reduction by other travel agencies in the market, number of customers dropped by 26.2% and revenue contributed to the Group's total tour sales dropped from 5.8% in 2014 to 3.8% in 2015. Despite Asia ex-Japan package tour sector got weaker performance, sale of package tours bound for Thailand showed improvements as compared to 2014. Hong Kong had issued black outbound travel alert for Thailand in the first quarter of 2014 and adjusted to red and amber outbound travel alert respectively in May 2014 and July 2014, the Group resumed package tours bound for Thailand since June 2014. In 2015, as most of the time amber outbound travel alert was issued, customers regain their confidence on travelling to Thailand. Number of customers increased by 21.4% and revenue contributed to the Group's total tour sales only increased from 1.4% in 2014 to 1.8% in 2015. It indicated that the pace of growth in demand for package tours bound for Thailand remained sluggish due to the Bangkok bomb explosion in mid-2015, together with airlines' intensive promotion and currency depreciation in JPY and EUR against HKD attracted the customers to Japan or long-haul destinations.

On the whole, gross profit for Asia ex-Japan package tours contributed 9.1% to the Group's total gross profit for the Year (2014: 15.1%). The Group is committed to maintaining high service quality and uplift gross profit margin. Notwithstanding the shrinking demand in the market, gross profit margin grew from 11.1% in 2014 to 12.7% in 2015.

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 2014, Australia, New Zealand and Europe became the Group's key focus amongst long-haul destinations. In addition to reserving more airline seats in advance to cater for increasing demand, the Group also adopted more aggressive pricing strategy by closely monitoring the market reaction on price adjustment. In addition, benefiting from depreciation in 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 35.0% as compared to 2014 and gross profit margin increased from 9.2% to 17.5%. Other than tours bound for Europe, increasing demand was also observed for package tours bound for Australia and New Zealand. With depreciation in Australian dollar ("AUD") against HKD and the availability of direct flights to New Zealand, more customers are willing to pay relatively higher tour fees to these destinations and the number of customers grew by 26.8% as compared to 2014. Gross profit margin in respect of the tours to Australia and New Zealand rose from 5.3% to 10.3%.

FIT Products

Revenue from FIT Products is recognised on a 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. For the Year, FIT Products contributed 4.1% to the Group's total revenue (2014: 4.5%). The followings set forth the composition of revenue from FIT Products by destinations for the years indicated:

	2015		2014	
Revenue	**Amount**		Amount	
	HK$'000	***%***	*HK$'000*	*%*
Japan	**59,517**	**78.2**	47,895	63.5
Asia ex-Japan	**14,575**	**19.2**	24,598	32.6
Europe and others	**1,996**	**2.6**	2,928	3.9
Total	**76,088**	**100.0**	75,421	100.0

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

	2015		2014	
Gross proceeds	**Amount**	**Yield**	Amount	Yield
	HK$'000	***%***	*HK$'000*	*%*
Japan	**367,744**	**16.2**	374,566	12.8
Asia ex-Japan	**151,919**	**9.6**	253,023	9.7
Europe and others	**31,872**	**6.3**	49,544	5.9
Total	**551,535**	**13.8**	677,133	11.1

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

	2015		2014	
Number of Customers	**Number**	**Average revenue per customer**	Number	Average revenue per customer
		HK$		*HK$*
Japan	**69,450**	**857**	79,781	600
Asia ex-Japan	**45,270**	**322**	68,323	360
Europe and others	**7,219**	**276**	7,379	397
Total	**121,939**	**624**	155,483	485

FIT Products – Japan

Although depreciation in JPY against HKD led to higher demand, facing the competition from airlines' intensive promotion and strong publicity efforts from online accommodation booking websites in 2015, the number of accommodation bookings suffered which led the total number of customers of Japan FIT Products to drop by 12.9% as compared to 2014. As the Group has all along adopted effective pricing strategy, stable source of air tickets and accommodation supply and constant introduction of new and diversified Japan FIT Products to the market, yield of Japan FIT Products increased from 12.8% to 16.2% and average revenue per customer for Japan FIT Products increased from approximately HK$600 to HK$857 as compared to 2014.

FIT Products – Asia ex-Japan

For Asia ex-Japan FIT Products, subject to restraint of similar unfavourable market factors in Asia ex-Japan package tours as discussed above, the travel interest to corresponding regions has been negatively affected, revenue from FIT Products bound for Korea, Malaysia and Taiwan recorded a decrease for the Year. Number of customers for Asia ex-Japan FIT Products dropped by 33.7%, yield of Asia ex-Japan FIT Products slightly decreased from 9.7% to 9.6% and average revenue per customer for Asia ex-Japan FIT Products decreased from approximately HK$360 to HK$322 as compared to 2014.

FIT Products – Europe and others

Airlines' intensive promotion attracted customers to purchase tickets directly from airlines and terrorist attack in Paris and Europe migrant crisis decreased the number of customers of FIT Products bound for Europe and other destinations by 2.2%. Revenue and gross proceeds dropped by 31.8% and 35.7% respectively, average revenue per customer decreased from approximately HK$397 to HK$276 as compared to 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.

For the Year, ancillary travel related products and services contributed 6.5% to the Group's total revenue (2014: 5.0%). Revenue from ancillary travel related products and services increased by 43.0% to approximately HK$121.7 million (2014: HK$85.1 million). The result was mainly contributed by the increase in demand for related products and services along with increase in number of customers travelling to Japan which was led by depreciation in JPY against HKD. The increase in sale of transportation tickets was mainly derived from sale of Japan rail pass and newly introduced highway bus tickets and booking of car rental services. The 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-2014 and successful marketing strategy and mode of distribution. The increase in receipt of handling fees for remittance services was due to increase in demand for remittance services as the number of customers of Japan-bound package tours increased.

Financial Review

Key financial ratios

	2015	2014
Return on total assets	**24.1%**	15.7%
Return on equity attributable to owners of the Company	**41.9%**	31.8%
Operating profit margin	**9.5%**	5.4%
Net profit margin	**8.1%**	4.4%
Current ratio	**2.3 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 the section headed "Business Overview" above.

Selling expenses

The key elements of selling expenses of the Group included front line employee costs, advertising and promotion expenses for media advertising and promotional activities. Selling expenses of the Group increased from approximately HK$91.4 million in 2014 to approximately HK$105.1 million in 2015, representing 14.9% increase as compared to 2014. The increase was mainly attributed to the increase in advertising and promotion expenses of approximately HK$6.8 million and increase in employee costs of approximately HK$6.8 million as compared to 2014. Selling expenses represented 5.7% of revenue in 2015 (2014: 5.4%)

Administrative expenses

Employee costs, directors' remuneration, bank charges and rent and rates and management fees accounted for the majority of administrative expenses, which represented 82.4% of total administrative expenses (2014: 75.1%). The Group's administrative expenses decreased by 5.3%, from approximately HK$165.1 million in 2014 to approximately HK$156.5 million in 2015. The decrease was primarily attributable to net effect of the decrease in employee costs by approximately HK$2.0 million and the decrease in legal and professional fees by approximately HK$17.0 million due to the absence of listing expenses of approximately HK$18.6 million, but offset by the increase in directors' remuneration by approximately HK$2.4 million, the increase in bank charges by approximately HK$1.2 million, the increase in rent and rates and management fees by approximately HK$2.9 million resulted from rental increase. The decrease in employee costs was mainly due to the reversal of provision for staff long service payments of approximately HK$5.3 million as the Group has extended the retirement age of staff by five years in 2015.

Finance cost

The Group did not incur finance cost for the Year as the Group did not have any loans, borrowings or balances due to related companies or financial institutions (2014: Nil).

Operating profit margin and net profit margin

Operating profit margin of the Group increased from 5.4% in 2014 to 9.5% in 2015, and net profit margin increased from 4.4% to 8.1% (profit in calculation refers to the profit for the year attributable to owners of the Company). 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 in JPY against HKD, and the absence of listing expenses of approximately HK$18.6 million as recorded in 2014.

Current ratio

As at 31 December 2015, the Group's current ratio was 2.3 times (as at 31 December 2014: 1.9 times). The increase in current ratio was mainly attributable to the increase in cash and cash equivalents of approximately HK$128.8 million.

Gearing ratio

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

Gearing ratio is calculated by dividing the total interest-bearing loans with the total assets as at the respective year ends.

Return on total assets and return on equity attributable to owners of the Company

Return on total assets and return on equity attributable to owners of the Company were 24.1% (2014: 15.7%) and 41.9% (2014: 31.8%) respectively. The increase in return on total assets and return on equity attributable to owners of the Company was mainly due to the increase in profit attributable to owners of the Company by 102.0% as compared to 2014.

Capital Structure, Liquidity and Financial Resources

The Group finances its operation with its own capital, with the total equity attributable to owners of the Company as at 31 December 2015 amounted to approximately HK$359.2 million (as at 31 December 2014: HK$234.0 million). With solid liquidity position maintained by the Group, no loans or borrowings were drawn by the Group in 2015. As at 31 December 2015, the Group's net cash and cash equivalents balance amounted to approximately HK$453.1 million (as at 31 December 2014: HK$324.4 million). Cash and cash equivalents were mainly denominated in HKD accounting for approximately 72.0% (2014: 71.1%) with Macau Pataca accounting for approximately 14.7% (2014: 5.2%), Renminbi accounting for approximately 4.3% (2014: 6.3%) and JPY accounting for approximately 3.3% (2014: 11.1%).

Pledge of Assets

As at 31 December 2015, the Group had pledged bank deposits of approximately HK$22.0 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$18.5 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, the Group had no other pledge of assets.

Capital commitments and future capital expenditures

As at 31 December 2015, the Group had capital commitments of approximately HK$5.3 million (as at 31 December 2014: HK$0.3 million), to acquire property, plant and equipment for the Group.

Future capital expenditures as stated in the section headed "Use of proceeds from the IPO" of this announcement, such as refurbishment and face lifting of existing branches, development of a comprehensive online web portal, and improving management information system by implementing enterprise resources planning system, will be financed by proceeds from the IPO as intended. For future capital expenditures other than the above-mentioned, the Group currently intends to finance by internal resources. In addition, since the feasibility study of hotel investment project is in progress, relevant future capital expenditures cannot be estimated reliably at this stage. Notwithstanding, the Group intends to finance the project by sources other than the proceeds from the IPO and does not presently intend to raise additional fund for the starting up of the Group's hotel business.

Contingent Liabilities

The directors of the Company ("Directors") considered that there were no material contingent liabilities as at 31 December 2015.

Foreign Currency Exchange Risk and Treasury Policies

Foreign currency exchange risk exposure is encountered by the Group to the extent that receipt from customers and payments to suppliers may not be reconciled, subject to prevailing foreign currency fluctuations. Instead of relying on hedging arrangements, the Group had implemented foreign exchange risk management procedures to closely monitor the risk exposure. The procedures were established to prevent carrying excessive cash balance in foreign currencies, of which the purchase amounts were limited to the corresponding costs of travel elements based on estimated sales amount for a defined period (one week for JPY and two weeks for other foreign currencies), to cover the foreign exchange risk exposure in connection. The objective of our foreign exchange risk management procedures is to cover the foreign exchange risk exposure in connection with those costs of travel elements denominated in foreign currencies to be incurred for a defined period of not more than two weeks. The procedures do not allow us to exercise any judgement over the future direction of foreign exchange fluctuation. They are strict procedural steps for our operational staff to follow.

Other than the transactional foreign currency exchange risk, assets and liabilities of the group entities are mainly denominated in its respective functional currency. The Group's treasury management policy is to place surplus cash into bank deposits with licensed banks in mainly 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 2015, exchange loss from translation of monetary assets and liabilities denominated in currencies other than the functional currency of the group entities was approximately HK$4.8 million (2014: HK$5.8 million), whilst transactional gain arising from the difference of exchange rates between recording and settlement of the expenses was approximately HK$0.6 million (2014: HK$2.3 million), resulting in net foreign exchange loss of approximately HK$4.2 million (2014: HK$3.5 million).

Human Resources and Employee's Remuneration

As at 31 December 2015, the Group had a total workforce of 693 employees (as at 31 December 2014: 677), of which 221 (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 Year amounted to approximately HK$154.3 million (2014: HK$147.1 million), and the increase was mainly contributed by approximately HK$4.8 million net increase in employee costs due to about 5.5% pay rise during 2015 and increase in staff number offset by the reversal of provision for staff long service payments, and approximately HK$2.4 million increase in directors' remuneration due to the compensation in respect of better group performance. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the remuneration committee of the Board after considering the Group's operating results, individual performance and comparing with market conditions. In addition to basic remuneration, the Group also provides medical insurance, provident funds and other benefits in kind to the employees.

To intensify personnel training and development, the Group provides a series of employee training programmes, which aims to accelerate professional growth and identify competences and talents of diversified teams. 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 has conditionally adopted a share option scheme ("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 were granted, cancelled, lapsed or exercised up to the end of the current year. In 2015, there was no significant change in the remuneration policies, bonus, Share Option Scheme and training scheme of the Group, except that the retirement age has been extended by five years.

Outlook

In order to deliver strong results while providing high-quality products and services, building on the Group's reputable brand and solid experience in the travel industry, the Group will continue to use its full potential to expand its business worldwide to face challenges from fast-paced and ever-changing market conditions and operating environment.

To strengthen the Group's core business development, the Group further extends its quality and cost control on package tour ground handling operation in Taiwan. A travel agency company, Hit Travel Service Co. Ltd was set up in Taiwan which mainly handles the inbound travel operations for package tours from the Group. It has started its operation in the first quarter of 2016. The Group held 62.0% shareholding with investment amount of approximately HK$2.9 million. Furthermore, a tourist transportation company, Kabushiki Kaisha ZIPANG. S. S, was set up in Osaka, Japan which will mainly provide travel bus services to the package tours from the Group. It will start its operation in the second quarter of 2016. The Group held 80.0% shareholding with investment amount of approximately HK$0.5 million.

Focusing on customers' needs and pursuing provision of comprehensive wedding services to target customers, the Group held the grand opening of its overseas wedding specialty shop in Central district in February 2016, which marked the Group's focal point on business development which brings liaison with the Group's business function for effective integration and extension of existing business.

Seizing the development opportunity arising from increasing demand for hotel rooms in Osaka, the Group is in the progress of proactively exploring and identifying a hotel with about 300 rooms located in prime district of Osaka for acquisition. The feasibility study is well under way, the Company will, as and when necessary, make further announcement in compliance with the Listing Rules. The Company reiterates that the aforesaid hotel development project will be financed by sources other than the proceeds from the IPO, and does not presently intend to raise additional fund for the starting up of the Group's hotel business.

In 2016, the tourism industry may be adversely affected by the mixed uncertainties of Hong Kong and global economy and possible appreciation in JPY against HKD, the Group will continue to use net proceeds from the IPO effectively according to its long-term plan as listed in the prospectus of the Company dated 18 November 2014, together with the Group's dedicated professional team and management, supportive customers, business partners and stakeholders, the Group is confident in continuing success of the Group in the years ahead.

USE OF PROCEEDS FROM THE IPO

The net proceeds from the IPO 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 the IPO as at 31 December 2015:

Use of Proceeds	**Utilised up to 31 December 2015**	**Unutilised up to 31 December 2015**
	HK$'000	*HK$'000*
Enhancing sales channel		
– Refurbishment and face lifting of existing branches	4,443	18,757
– Development of a comprehensive online web portal	4,144	13,256
Promoting brand image and recognition through market initiatives		
– Conducting marketing initiatives with focus on conventional media channels	9,300	–
– Employing featured products or signature tours marketing campaigns with suitable spokespersons	392	7,708
– Launching reward and incentive scheme	–	11,500
Strengthening operational infrastructure		
– Improving management information system by implementing enterprise resources planning system	6,028	7,872
– Arranging charter flights to destination not served by scheduled flights	11,400	–
– Attracting and recruiting experienced employees	501	5,299
– Developing overseas wedding tours	2,529	3,171
– For working capital and other general corporate purposes	6,077	3,423
	44,814	70,986

As at 31 December 2015, the unutilised net proceeds from the IPO 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 year ended 31 December 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 ("CG Code") contained in Appendix 14 to 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 ("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 Year.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF BDO LIMITED

The financial figures contained in this announcement in respect of the Group's results for the Year have been agreed by the Company's external auditor, BDO Limited, as to the amounts set out in the Group's audited 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 this announcement.

REVIEW BY AUDIT COMMITTEE

The annual results of the Group for the Year have been reviewed by the audit committee of the Board.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK10.0 cents per share (2014: Nil) to shareholders whose names appear on Company's register of members on Friday, 3 June 2016.

The necessary resolution will be proposed at the forthcoming annual general meeting of the Company ("AGM") on Friday, 27 May 2016, and if passed, dividend warrants is expected to be posted to the eligible shareholders of the Company on Monday, 27 June 2016.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 27 May 2016. For details of the AGM, please refer to the Notice of AGM which is expected to be published on or about Monday, 25 April 2016.

CLOSURE OF REGISTER OF MEMBERS

Relevant dates for attending the AGM and entitlement to final dividend payment

For the purposes of determining shareholders' eligibility to attend, speak and vote at the AGM, and entitlement to the final dividend, the register of members of the Company will be closed on the dates as set out below:

(i) For determining shareholders' eligibility to attend, speak and vote at the AGM:

Latest time to lodge transfer documents for registration with Company's registrar	At 4:30 pm on Wednesday, 25 May 2016
Closure of register of members of the Company	Thursday, 26 May 2016 to Friday, 27 May 2016 (both dates inclusive)
Record date	Friday, 27 May 2016

(ii) For determining shareholders' entitlement to final dividend:

Ex-dividend date	Tuesday, 31 May 2016
Latest time to lodge transfer documents for registration with Company's registrar	At 4:30 pm on Wednesday, 1 June 2016
Closure of register of members of the Company	Thursday, 2 June 2016 to Friday, 3 June 2016 (both dates inclusive)
Record date	Friday, 3 June 2016
Expected payment date	Monday, 27 June 2016

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the final 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 the aforementioned latest time.

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 of the Company for the Year will also be available at the respective websites of the Company and the Stock Exchange 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 and Executive Director

Hong Kong, 21 March 2016

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.