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 2018

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2018	2017	Change in
	HK$'000	*HK$'000*	*%*
Revenue	**1,776,614**	1,624,584	+9.4
Gross profit	**315,289**	291,767	+8.1
Profit attributable to owners of the Company	**34,817**	28,559	+21.9
Earnings per share			
Basic and diluted *(HK cents)*	**6.93**	5.68	
Dividend per share *(HK cents) (note)*	**5.0**	3.0	
Profit margin			
Gross profit margin	**17.7%**	18.0%	
Operating profit margin	**2.1%**	2.4%	
Net profit margin	**2.0%**	1.8%	
Return on equity attributable to owners of the Company	**9.8%**	8.5%	
Gearing ratio	**29.6%**	29.7%	

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 ("Board") of directors ("Directors") 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 2018 ("Year") together with comparative figures of 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*5*	**1,776,614**	1,624,584
Cost of sales		**(1,461,325)**	(1,332,817)
Gross profit		**315,289**	291,767
Other income and gain, net	*5*	**9,590**	14,096
Selling expenses		**(86,413)**	(98,224)
Administrative expenses		**(204,690)**	(167,760)
Share of results of associates		**3,081**	2,148
Impairment on interest in an associate		**–**	(3,839)
Finance costs	*6*	**(3,913)**	(370)
Profit before income tax	*6*	**32,944**	37,818
Income tax credit/(expense)	*7*	**2,120**	(9,314)
Profit for the year		**35,064**	28,504
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**2,974**	5,929
Share of exchange differences on translation of foreign associates		**(325)**	921
Effect on cash flow hedge, net of tax		**(2,055)**	–
Other comprehensive income for the year, net of tax		**594**	6,850
Total comprehensive income for the year		**35,658**	35,354
Profit for the year attributable to:			
Owners of the Company		**34,817**	28,559
Non-controlling interests		**247**	(55)
		35,064	28,504
Total comprehensive income attributable to:			
Owners of the Company		**35,523**	35,132
Non-controlling interests		**135**	222
		35,658	35,354
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted *(HK cents)*	*8*	**6.93**	5.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**440,994**	387,472
Construction in progress		**32,782**	4,578
Interests in associates		**10,611**	9,242
Deferred tax assets		**8,301**	1,528
Deposits and prepayment	*11*	**2,669**	6,657
		495,357	409,477
Current assets			
Inventories		**4,273**	9,906
Trade receivables	*10*	**10,079**	4,296
Deposits, prepayments and other receivables	*11*	**162,115**	128,411
Amount due from an associate		**2,348**	562
Tax recoverable		**1,994**	55
Pledged bank deposits		**6,307**	29,583
Cash at banks and on hand		**230,003**	263,370
		417,119	436,183
Current liabilities			
Trade payables	*12*	**58,749**	53,152
Accruals, deposits received and other payables	*13*	**64,140**	187,536
Contract liabilities		**150,215**	–
Amounts due to associates		**3,900**	3,478
Provision for taxation		**3,175**	6,344
Bank borrowings	*14*	**34,836**	19,690
		315,015	270,200
Net current assets		**102,104**	165,983
Total assets less current liabilities		**597,461**	575,460
Non-current liabilities			
Provision		**779**	–
Bank borrowings	*14*	**234,802**	231,241
Deferred tax liabilities		**1,674**	5,258
Derivative financial instruments	*15*	**2,055**	–
		239,310	236,499
Net assets		**358,151**	338,961
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	*16*	**50,245**	50,245
Reserves		**304,770**	285,909
		355,015	336,154
Non-controlling interests		**3,136**	2,807
Total equity		**358,151**	338,961

NOTES TO THE FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

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 as well as the ownership, development and management of hotel business.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under historical cost basis, except for a derivative financial instrument, which is measured at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

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

3. ADOPTION OF HKFRSs

(a) Adoption of new or amended HKFRSs – effective 1 January 2018

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 period beginning on or after 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual years beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group. However, it does not have significant impact on the classification and the amounts of financial instruments recognised in the consolidated financial statements.

(i) Classification and measurement of financial instruments

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies in relation to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 January 2018 under HKFRS 9** *HK$'000*
Trade receivables	Loans and receivables	Amortised cost	4,296	4,296
Deposits and other receivables	Loans and receivables	Amortised cost	45,451	45,451
Amount due from an associate	Loans and receivables	Amortised cost	562	562
Pledged bank deposits	Loans and receivables	Amortised cost	29,583	29,583
Cash at banks and on hand	Loans and receivables	Amortised cost	263,370	263,370

The adoption of HKFRS 9 did not have a significant impact on the classification and measurement of the Group's financial assets. Trade receivables, deposits and other receivables as well as amount due from an associate are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required. These financial assets continue to be measured at amortised cost and are subsequently measured using effective interest rate method.

There is no impact on Group's accounting for financial liabilities as at 1 January 2018, as the new requirement under HKFRS 9 only affect the accounting for financial liabilities that are designated at FVTPL of which the Group did not have any as of that date.

(ii) *Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised costs including cash and cash equivalents earlier than HKAS 39.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables, the Group has elected to apply HKFRS 9's simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors, current creditworthiness of the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

As mentioned above, the Group applies the HKFRS 9's simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 January 2018 and during the year ended 31 December 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group including deposits, other receivables and amount due from an associate. No additional impairment for these financial assets as at 1 January 2018 and during the year ended 31 December 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 1 January 2018. Based on the management's assessment, there was no material difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 recognised in retained earnings and reserves as at 1 January 2018.

HKFRS 15 Revenue from Contracts with Customer

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method with practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). Under this transition method, the Group has elected to apply this standard retrospectively only to contracts that were not completed contracts at 1 January 2018. As a result, the financial information presented for 2017 has not been restated.

The following tables summarised the impact, net of tax, of transition to HKFRS 15 on the opening balances of retained earnings as follows:

	HK$'000
Retained earnings as at 31 December 2017	197,562
Increase of contract liabilities in relation to customer options for additional goods or services	(6,613)
Restated retained earnings as at 1 January 2018	190,949

The details of the nature and effect of the changes on application of HKFRS 15 are set out below:

Timing of revenue recognition

Previously, income from provision of package tours and travel bus services is recognised when the services are rendered by the Group. Income from provision of ancillary travel related services, sales of air tickets, hotel accommodation and hotel packages is recognised when the services are rendered by the Group as an agent on a net basis. Where the Group acts as a principal in certain transactions, including sales of tickets and merchandise, revenue is recognised upon transfer of the significant risks and rewards of ownership to the customers. This is usually taken as the time when the tickets and merchandise are delivered and the customers have accepted the tickets and merchandise. Income from hotel room rental is recognised when the services are rendered.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. This may be at a single point in time or over a period of time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from package tours, FIT Products, ancillary travel related products and services, hotel room rental.

Based on the management's assessment, revenue arising from package tours is recognised over time as the customer simultaneously receives and consumes all of the benefit provided by the Group's performance as the Group performs. This means that if another travel agent was to take over providing the remaining performance obligation to the customer, it would not have to substantially re-perform the work already completed by the Group. For revenue from hotel room rental, the Group transfers control of service over time and, therefore, satisfies a performance obligation and recognises revenue over time, when the hotel guest simultaneously receives and consumes the benefits provided by the hotel.

Also, in respect of transactions where the related consideration is concluded to be recognised as revenue over time, the Group has determined that an input method is an appropriate method to measure the Group's progress towards complete satisfaction of a performance obligation satisfied over time.

Revenue from FIT Products and ancillary travel related products and services which involved just sales of air tickets, hotel accommodation packages, transportation tickets and admission tickets are recognised at a point in time when the booking services or tickets are delivered to and have been accepted by the customers.

Principal versus agent considerations

HKFRS 15 requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. Prior to the adoption of HKFRS 15, based on the existence of credit risks and other factors, certain revenue of the Group concluded that they have an exposure to the significant risks and rewards associated with certain sale arrangements to their customers, and accounted for the contracts, such as sales of package tours and hotel room rental, as if they were acting as a principal. In applying the new guidance, the Group determined that it controls the goods or services before they are transferring to customers, and hence, is a principal in these contracts. Similarly, the Group has reassessed the principal and agent relationship for the sale of FIT Products and certain ancillary travel related products and services of which revenue was recognised on net basis as the Group acted as an agent prior to the adoption of HKFRS 15. The Group determined that they continue acting as an agent for these transactions and recognises the revenue on net basis. The Group concluded that the adoption of HKFRS 15 has no material impact on the consolidated financial statements as at 1 January 2018 and 31 December 2018 in this respect.

Customer options for additional goods or services

The Group provides discount vouchers to customers when they acquire package tour services for future consumption. Under HKFRS 15, the total consideration is allocated to the discount vouchers and goods or services based on the relative stand-alone selling prices with reference to the discount given, the likelihood of redemption as evidenced by the Group's historical experience. As a result, adjustments have been made to the opening balances as at 1 January 2018 to reflect an increase in the contract liabilities in relation to the discount vouchers of approximately HK$7,920,000, a corresponding increase in deferred tax asset by approximately HK$1,307,000 and a decrease in the retained earnings of approximately HK$6,613,000. For the year ended 31 December 2018, there were no material changes on contract liabilities and revenue in relation to the discount vouchers.

Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to "Customer deposits received" were presented in the consolidated statement of financial position under "Accruals, deposits received and other payables".

To reflect these changes in presentation, the Group has made the reclassification adjustment as at 1 January 2018. As a result of the adoption of HKFRS 15, "Accruals, deposits received and other payables – Customer deposits received" amounting to approximately HK$127,217,000 as at 1 January 2018 is now classified as contract liabilities.

The following tables summarised the impact, net of tax, of transition to HKFRS 15 on the opening balances of retained earnings as follows:

	Contract liabilities *HK$'000*	**Accruals, deposits received and other payables** *HK$'000*
Balances as at 31 December 2017	–	187,536
Reclassification	127,217	(127,217)
Adjustment on unexpired discount vouchers	7,920	–
Balances as at 1 January 2018	135,137	60,319

The following tables show the impact on each individual line item of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 and the consolidated statement of financial position as at 31 December 2018 following the adoption of the HKFRS 15. Line items that were not affected by the changes have not been included, and therefore the line items disclosed do not add up to the sub-totals and totals below.

Consolidated statement of profit or loss and other comprehensive income (extracts)	Year ended 31 December 2018 Before adoption of HKFRS 15 *HK$'000*	Impact of adoption of HKFRS 15 *HK$'000*	As reported *HK$'000*
Revenue	1,784,492	(7,878)	1,776,614
Profit before income tax	40,822	(7,878)	32,944
Income tax credit	820	1,300	2,120
Profit for the year	41,642	(6,578)	35,064
Profit attributable to owners of the Company	41,395	(6,578)	34,817
Total comprehensive income	42,236	(6,578)	35,658
Total comprehensive income attributable to owners of the Company	42,101	(6,578)	35,523

Consolidated statement of financial position (extracts)	As at 31 December 2018 Before adoption of HKFRS 15 *HK$'000*	Impact of adoption of HKFRS 15 *HK$'000*	As reported *HK$'000*
Non-current assets			
Deferred tax assets	7,001	1,300	8,301
Total non-current assets	494,057	1,300	495,357
Current liabilities			
Accruals, deposit received and other payables	206,477	(142,337)	64,140
Contract liabilities	–	150,215	150,215
Total current liabilities	307,137	7,878	315,015
Net current assets	109,982	(7,878)	102,104
Net assets	364,729	(6,578)	358,151
Equity			
Reserves	311,348	(6,578)	304,770
Equity attributable to owners of the Company	361,593	(6,578)	355,015
Total equity	364,729	(6,578)	358,151

Basic earnings per share has decreased by HK1.3 cents in 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has no impact on the net cash flows from operating, investing and financing activities on the consolidated statement of cash flows in the annual report.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first year.

HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of this interpretation has no material impact on these consolidated financial statements as all the times the Group determines the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these consolidated financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28 "Investments in Associates and Joint Ventures" clarifying that a venture capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these consolidated financial statements as the Group is not a venture capital organisation.

(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:

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of Business[3]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2019*

[2] *Effective for annual periods beginning on or after 1 January 2020*

[3] *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

[4] *The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.*

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed in the respective note to the consolidated financial statements in the annual report. As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$105,428,000. The directors of the Company made an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. It indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated statement of financial position. However, the adoption would not have significant impact on the Group's financial performance.

Except as described above, the directors of the Company anticipate that the application of the new or amended HKFRSs below will have no material impact on the consolidated financial statements.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 "Income Taxes", by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met instead of at fair value through profit or loss.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarify that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarify that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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 HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition of material and align the definition used across the HKFRSs. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements made on the basis of those financial statements, which provide financial information about a specific reporting entity. Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Earlier application of these amendments is permitted, including in annual reporting periods beginning before 18 January 2019 (the date of issuance of these amendments). If an entity applies these amendments for an earlier period, it shall disclose that fact.

4. SEGMENT REPORTING

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

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Travel and travel related services business ("Travel Related Business")
- Hotel operation ("Hotel Business")

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenue, cost of sales, other income and gain, selling expenses, administrative expenses and share of results of associates directly attributable to each operating segment. Central administrative costs are not allocated to the operating segments as they are not included in the measure of the segment results that are used by the chief operating decision-makers for assessment of segment performance.

Segment assets include all assets with exception of corporate assets, including interests in associates, cash at banks and on hand, and certain prepayments and other receivables which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis. Likewise, segment liabilities exclude corporate liabilities, such as certain other payables, which are not directly attributable to the business activities of any operating segments and not allocated to segments.

(a) Business segments

	Travel Related Business *HK$'000*	Hotel Business *HK$'000*	Total *HK$'000*
For the year ended 31 December 2018:			
Revenue			
From external customers	**1,735,154**	**41,460**	**1,776,614**
Inter-segment revenue	**(25,764)**	**25,764**	**–**
Reportable segment revenue	**1,709,390**	**67,224**	**1,776,614**
Reportable segment profit/(loss)	**39,345**	**(2,142)**	**37,203**
Depreciation on property, plant and equipment	**11,891**	**29,479**	**41,370**
Share of results of associates	**3,081**	**–**	**3,081**
Finance costs	**891**	**3,022**	**3,913**
Income tax expense/(credit)	**4,237**	**(6,484)**	**(2,247)**
Reportable segment assets	**422,460**	**487,814**	**910,274**
Reportable segment liabilities	**272,964**	**278,473**	**551,437**
Additions to non-current assets	**3,375**	**105,692**	**109,067**
Share of net assets of associates	**10,611**	**–**	**10,611**
For the year ended 31 December 2017:			
Revenue			
From external customers	1,622,004	2,580	1,624,584
Reportable segment revenue	1,622,004	2,580	1,624,584
Reportable segment profit/(loss)	54,571	(7,805)	46,766
Depreciation on property, plant and equipment	10,227	4,732	14,959
Share of results of associates	2,686	–	2,686
Finance costs	49	321	370
Income tax expense	7,473	1,597	9,070
Reportable segment assets	456,029	387,152	843,181
Reportable segment liabilities	250,274	252,185	502,459
Additions to non-current assets	18,169	195,054	213,223
Share of net assets of associates	9,242	–	9,242

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**1,776,614**	1,624,584
Consolidated revenue	**1,776,614**	1,624,584

	2018	2017
	HK$'000	*HK$'000*
Profit before income tax expense		
Reportable segment profit	**37,203**	46,766
Share of results of an associate	**–**	(538)
Other gains and losses	**4**	26
Impairment on interest in an associate	**–**	(3,839)
Unallocated corporate expenses	**(4,263)**	(4,597)
Consolidated profit before income tax expense	**32,944**	37,818

	2018	2017
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**910,274**	843,181
Unallocated corporate assets	**2,202**	2,479
Consolidated total assets	**912,476**	845,660

	2018	2017
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**551,437**	502,459
Unallocated corporate liabilities	**2,888**	4,240
Consolidated total liabilities	**554,325**	506,699

(c) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial assets and deferred tax assets ("Specified non-current assets").

	Revenue from external customers (by customer location)		Specified non-current assets (by physical location)	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Macau (place of domicile)	**1,703,859**	1,615,931	**13,098**	17,433
Japan	**69,372**	5,083	**461,423**	375,309
Others	**3,383**	3,570	**9,866**	8,550
	1,776,614	1,624,584	**484,387**	401,292

The place of domicile is determined by referring to the place that the Group regards as its hometown, has the majority of operation and centre of management.

(d) Information about a major customer

The Group did not have any single customer contributed more than 10% of the Group's revenue during the year ended 31 December 2018 (2017: Nil).

(e) Disaggregation of revenue

	Travel-Related Business		Hotel Business		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets						
Hong Kong and Macau (place of domicile)	**1,703,859**	1,615,931	**–**	–	**1,703,859**	1,615,931
Japan	**2,148**	2,503	**67,224**	2,580	**69,372**	5,083
Others	**3,383**	3,570	**–**	–	**3,383**	3,570
	1,709,390	1,622,004	**67,224**	2,580	**1,776,614**	1,624,584
Timing of revenue recognition						
At a point in time	**212,527**	164,102	**–**	–	**212,527**	164,102
Transferred over time	**1,496,863**	1,457,902	**67,224**	2,580	**1,564,087**	1,460,482
	1,709,390	1,622,004	**67,224**	2,580	**1,776,614**	1,624,584

5. REVENUE AND OTHER INCOME AND GAIN, NET

Revenue includes the net invoiced value of package tours, ancillary travel related products, and hotel room rental and ancillary services; the net proceeds from FIT Products and ancillary travel related services. The amounts of each significant category of revenue recognised during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Package tours	**1,496,863**	1,457,902
FIT Products *(note)*	**22,720**	28,065
Ancillary travel related products and services *(note)*	**189,807**	136,037
Hotel room rental and ancillary services	**67,224**	2,580
	1,776,614	1,624,584
Other income and gain, net		
Exchange gain, net	**6,117**	10,225
Handling income and forfeited fees from customers	**582**	607
Interest income on bank deposits	**358**	1,185
Rebate from a supplier	**1,552**	1,356
Sundry income	**981**	723
	9,590	14,096

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:

	2018	2017
	HK$'000	*HK$'000*
Gross proceeds received and receivable	**360,216**	392,380

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

	31 December 2018 *HK$'000*	1 January 2018 *HK$'000*
Trade receivables *(Note 10)*	**10,079**	4,296
Contract liabilities	**150,215**	135,137

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2018 *HK$'000*	2017 *HK$'000*
Auditors' remuneration	**2,193**	1,877
Cost of inventories recognised as expenses	**25,553**	29,135
Depreciation on property, plant and equipment	**41,370**	14,959
Loss on disposal of property, plant and equipment, net	**–**	943
Operating lease rental in respect of:		
– Premises	**28,029**	27,137
– Office equipment	**3,623**	2,511
– Travel buses	**60,789**	64,320
Finance costs		
– Interest expense incurred on bank borrowings	**4,039**	1,553
– Less: Imputed interest capitalised into construction in progress	**(126)**	(1,183)
	3,913	370
Employee costs (including directors' emoluments):		
– Salaries and other benefits in kind	**131,234**	142,931
– Retirement scheme contributions	**5,847**	6,235
	137,081	149,166

7. INCOME TAX CREDIT/EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Tax for the year	**3,992**	6,053
– (Over)/under-provision in respect of prior year	**(364)**	234
	3,628	6,287
Current tax – Macau Complementary Tax		
– Tax for the year	**123**	319
Current tax – Taiwan Profit – Seeking Enterprise Income Tax		
– Tax for the year	**549**	421
Current tax – Japan Profits Tax		
– Tax for the year	**2,467**	–
Deferred tax		
– (Credit)/charged to profit or loss for the year	**(8,887)**	2,287
	(2,120)	9,314

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% on the estimated assessable profit for the year ended 31 December 2017; and at 8.25% on the first HK$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK$2 million for the year ended 31 December 2018.

Macau Complementary Tax is calculated at 12% (2017: 12%) on the estimated assessable profits of a subsidiary operating in Macau for the year.

PRC Enterprise Income Tax is calculated at 25% (2017: 25%) on the estimated assessable profits of a subsidiary operating in the PRC for the year. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for the year ended 31 December 2018 (2017: Nil).

Taiwan Profit – Seeking Enterprise Income Tax is calculated at 17% (2017: 17%) on the estimated assessable profits of a subsidiary operating in Taiwan for the year ended 31 December 2018.

Subsidiaries operating in Japan are subject to national corporate income tax, inhabitant tax, and enterprise tax (hereinafter collectively referred to as "Japan Profits Tax") in Japan, which, in aggregate, resulted in effective statutory income tax rates ranging from approximately 31.1% to approximately 34.6% (2017: 31%) for the year based on the existing legislation, interpretations and practices in respect thereof. No provision for Japan Profits Tax has been provided for the year ended 31 December 2017 as the Group has no estimated assessable profits arising in Japan.

8. EARNINGS PER SHARE

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**34,817**	28,559

	2018	2017
	'000	*'000*
Number of shares		
Number of ordinary shares	**502,450**	502,450

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 2018 and 2017.

9. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividends of HK1 cent (2017: HK2 cents) per share paid	**5,024**	10,049
Final dividends of HK1 cent (2017: HK2 cents) per share paid in respect of previous year	**5,025**	10,049
	10,049	20,098

The directors have recommended a final dividend of HK4 cents (2017: HK1 cent) per share which is to be approved at the forthcoming annual general meeting. The proposed dividend is not reflected as a dividend payable in these consolidated financial statements.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**10,079**	4,296

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:

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**9,672**	4,200
91 – 180 days	**326**	56
181 – 365 days	**81**	5
Over 365 days	**–**	35
	10,079	4,296

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:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,347**	2,788
Past due within three months	**8,334**	1,433
Past due more than three months but within six months	**317**	40
Past due more than six months but within one year	**81**	35
	10,079	4,296

The maximum exposure to credit risk as at 31 December 2018 was the carrying amount mentioned above. 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.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permit the use of lifetime ECL provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information. As at 31 December 2018, the directors of the Company consider ECL against the gross amounts of trade receivables.

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Non-current asset		
Deposits *(note a)*	**2,669**	–
Prepayment for acquisition of property, plant and equipment *(note b)*	**–**	6,657
	2,669	6,657
Current assets		
Other receivables	**14,728**	33,835
Deposits *(note a)*	**11,670**	11,616
Prepayments	**135,717**	82,960
	162,115	128,411

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable mentioned above. The Group does not hold collateral as security.

Note:

(a) The amount included rental deposits paid to a related company, Great Port Limited, of approximately HK$2,771,000 (2017: HK$2,771,000). The amount due is unsecured, interest-free and repayable at the end of the rental periods.

(b) The Group entered into a sale and purchase agreement with an independent third party for acquisition of four parcels of land in Okinawa, Japan at a consideration of JPY970,000,000 on 23 October 2017 of which 10% of the consideration in amount of JPY97,000,000 (equivalent to approximately HK$6,657,000) was prepaid and recorded as prepayment as at 31 December 2017. During the year, the acquisition was completed and the remaining balance was paid.

12. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**55,105**	50,039
91– 180 days	**2,117**	2,178
181 – 365 days	**1,339**	495
Over 365 days	**188**	440
	58,749	53,152

13. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accrued expenses	**13,406**	14,069
Customer deposits received *(note)*	**–**	127,217
Other payables	**50,734**	46,250
	64,140	187,536

Note: Upon the adoption of HKFRS 15, amounts previously included as "customer deposit received" have been reclassified to "contract liabilities". Certain relevant information is disclosed in the respective note to the consolidated financial statements in the annual report.

14. BANK BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Current		
Bank borrowings, secured	**34,836**	19,690
Non-current		
Bank borrowings, secured	**234,802**	231,241
	269,638	250,931

As at 31 December 2018, the bank borrowings of approximately HK$269,638,000 (2017: HK$250,931,000) were secured by charges over certain property, plant and equipment with aggregate carrying amounts of approximately HK$287,606,000 (2017: HK$269,816,000). In addition, among these bank borrowings, an amount of approximately HK$6,585,000 (2017: HK$8,060,000) is also secured by a property of a non-controlling shareholder of a subsidiary in Japan.

As at 31 December 2018, the Group accepted the facilities letter issued by banks in Hong Kong and Macau offering for grant of guarantee, general banking facilities, foreign exchange facility and corporate credit cards in aggregate amounts of HK$142,438,000 and the facilities were secured by:

- corporate guarantees provided by the Company;
- personal guarantee provided by Mr. Yuen Man Ying, Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu and Ms. Lee Po Fun;
- a charge over deposits owned by the Group of approximately HK$5,609,000.

As at 31 December 2018, none of the bank borrowing has been drawn down.

The bank borrowings are initially measured at fair value, net of directly attributable costs incurred and subsequently measured at amortised cost using the effective interest method.

The bank borrowings are subsequently measured at amortised cost using effective interest rate of 1.22% to 1.67% (2017: 1.19% to 1.67%) per annum and imputed interest of HK$126,000 (2017: HK$1,183,000) was incurred during the year.

At the end of each reporting period, total non-current bank borrowings were scheduled to repay as follows:

	2018	2017
	HK$'000	*HK$'000*
Analysed into *(note)***:**		
Within one year	**34,836**	19,690
Over one year, but within two years	**29,176**	25,850
Over two years, but within five years	**85,607**	77,381
Over five years	**120,019**	128,010
	269,638	250,931

Note: The amounts due shown in the repayment schedule are based on the scheduled repayment dates set out in the loan agreement.

Details of the bank borrowings as at 31 December 2018 are stated below:

	Principal amount *HK$'000*	Interest rate	Repayment terms
Loan denominated in Japanese Yen ("JPY")	263,053	3-month Tokyo Interbank Offered Rate + 1.00% per annum	Payable within 12 years
Loan denominated in JPY	6,585	Fixed rate 1.2% per annum	Payable within 5 years

Details of the bank borrowings as at 31 December 2017 are stated below:

	Principal amount *HK$'000*	Interest rate	Repayment terms
Loan denominated in JPY	242,871	3-month Tokyo Interbank Offered Rate + 1.00% per annum	Payable within 12 years
Loan denominated in JPY	8,060	Fixed rate 1.2% per annum	Payable within 5 years

15. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2018, the Group had outstanding floating-to-fixed interest rate swap with a notional contract amount of approximately HK$233,899,000 (approximately JPY3,300,400,000) (2017: nil) to reduce the impact of interest rate fluctuation on the secured bank borrowings in Japan. The swap will start on 4 January 2019 with a maturity date on 31 December 2023.

At 31 December 2018, the Group recognised such interest rate swap contract as an effective cash flow hedge with fair value of approximately HK$2,055,000 (2017: nil) deferred in equity.

The fair value of the outstanding interest rate swap as at 31 December 2018 was valued by Roma Appraisal Limited, an independent firm of professional valuers. The fair value of interest rate swap is the estimated amount that the Group would receive or pay to terminate the swaps at the end of the reporting period, taking into account observable interest rates and the current creditworthiness of the swap counter parties.

16. SHARE CAPITAL

	Number	Amount
	'000	*HK$'000*
Authorised		
Ordinary shares of HK$0.1 each		
At 1 January 2017, 31 December 2017 and 2018	1,000,000	100,000

	Number	Amount
	'000	*HK$'000*
Ordinary shares, issued and fully paid		
At 1 January 2017, 31 December 2017 and 2018	502,450	50,245

17. EVENT AFTER THE REPORTING DATE

On 12 March 2019, East Global Limited, an indirect wholly-owned subsidiary of the Company, and an independent contractor entered into the construction contract in relation to the construction of the hotel in Okinawa, Japan in the contract sum of JPY3,750,000,000 (equivalent to approximately HK$262,500,000), subject to adjustments in connection with changes (if any) in the construction works of the construction project.

Please refer to the Company's announcement dated 12 March 2019 for more detail.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP OVERVIEW

In 2018, the Group came across natural disaster, unexpected business and economic conditions like appreciation of Japanese yen ("JPY") against Hong Kong dollar ("HKD"), economic downturn led by Sino-US trade war and volatility in equity markets. Notwithstanding the challenges faced during 2018, the Group wrote a glorious page in its well-diversified business development by winning numerous awards and high ratings in both travel related business and hotel operation business, the Group regards it as great achievement in the past year and also testifies to the customers' satisfaction and compliment as recognition of the Group's commitment towards delivering sustainable and long-term high-quality services with more happiness to customers in our endeavours.

Despite the Group's revenue and gross profit increased by 9.4% and 8.1% respectively to approximately HK$1,776.6 million in 2018 (2017: HK$1,624.6 million), and to approximately HK$315.3 million in 2018 (2017: HK$291.8 million), gross profit margin decreased from 18.0% in 2017 to 17.7% in 2018. Profit attributable to owners of the Company increased by 21.9% to approximately HK$34.8 million in 2018 (2017: HK$28.6 million).

Basic earnings per share for profit attributable to owners of the Company for the 2018 was HK6.93 cents (2017: HK5.68 cents). Details of utilisation of net proceeds from the initial public offering of the shares of the Company ("IPO") will be discussed in the sub-section headed "Management Discussion and Analysis – Use of proceeds from the IPO" below.

BUSINESS OVERVIEW

The principal activities of the Group comprise 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 as well as the ownership, development and management of hotel business.

Revenue and gross profit from various travel related business segments for the years are set out as follows:

	2018			2017		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	HK$'000	***HK$'000***	***%***	*HK$'000*	*HK$'000*	*%*
Package tours						
– Japan	**926,968**	**123,659**	**13.3**	972,115	155,304	16.0
– Non-Japan	**569,895**	**66,249**	**11.6**	485,787	54,357	11.2
Total package tours	**1,496,863**	**189,908**	**12.7**	1,457,902	209,661	14.4
FIT Products and ancillary travel related products and services	**212,527**	**75,461**	**35.5**	164,102	79,160	48.2
Total	**1,709,390**	**265,369**	**15.5**	1,622,004	288,821	17.8

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 84.2% to the Group's total revenue during 2018 (2017: 89.7%). The decrease was attributable mainly to well-diversified business mix with the commencement of hotel operation business since November 2017.

Japan-bound package tours remain the major source of the Group's revenue, which contributed 52.2% (2017: 59.8%) to the Group's total revenue during 2018. In 2018, natural disasters like typhoons and earthquakes, economic downturn resulted from trade war between China and United States and also JPY strengthening against HKD, number of customers decreased by 4.4% from 103,234 in 2017 to 98,679 in 2018, revenue decreased by 4.6% from approximately HK$972.1 million in 2017 to approximately HK$927.0 million in 2018, whilst gross profit and gross profit margin decreased simultaneously by 20.4% and 2.7 percentage points as compared to 2017.

Comparatively speaking, the result of non-Japan-bound package tours had been much improved in 2018, number of customers increased from 72,367 in 2017 to 82,202 in 2018, revenue increased by 17.3% from approximately HK$485.8 million in 2017 to approximately HK$569.9 million in 2018, whilst gross profit and gross profit margin increased by 21.9% and 0.4 percentage points as compared to 2017. Price-cutting trend in the market for the tours bound to Europe, Korea and Taiwan and also the earthquakes occurred in Taiwan Hualien in early 2018 put a hurdle to the performance of non-Japan-bound package tours during the first half of 2018. In the second half of 2018, tours bound to countries like Australia, Europe and Korea were well-perceived by customers and improved the overall performance of non-Japan bound package tours in 2018.

FIT PRODUCTS AND ANCILLARY TRAVEL RELATED PRODUCTS AND SERVICES

Revenue from FIT Products and ancillary travel related products and services mainly represents income from sale of air tickets, hotel accommodation, public transportation tickets, theme park admission tickets, commission income from travel insurance services and handling fees for remittance services provided to souvenir and merchandise suppliers in Japan. With more budget airlines and online sales platforms joined the market which intensified market competition and price-cutting trend in tourism industry, the Group adopted more competitive pricing strategy to the sales. Revenue recorded an increase of 29.5% from approximately HK$164.1 million in 2017 to approximately HK$212.5 million in 2018, which contributed 12.0% (2017: 10.1%) to the Group's total revenue during 2018. However, gross profit and gross profit margin decreased by 4.7% and 12.7 percentage points as compared to 2017.

HOTEL OPERATION

The Group's first hotel in Osaka has commenced its operation since November 2017, which provides quality hospitality services for guests worldwide, and contributed 3.8% (2017: 0.2%) to the Group's total revenue during 2018, amounted to approximately HK$67.2 million (2017: HK$2.6 million).

FINANCIAL REVIEW

KEY FINANCIAL RATIOS

	2018	2017
Gross profit margin	**17.7%**	18.0%
Operating profit margin	**2.1%**	2.4%
Net profit margin*	**2.0%**	1.8%
Interest coverage ratio	**9.4 times**	103.2 times
Return on total assets*	**3.8%**	3.4%
Return on equity attributable to owners of the Company*	**9.8%**	8.5%
Current ratio	**1.3 times**	1.6 times
Gearing ratio	**29.6%**	29.7%

* *Profit in calculation refers to the profit attributable to owners of the Company.*

REVENUE AND GROSS PROFIT

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

SELLING EXPENSES

Frontline employee costs, advertising and promotion expenses for media advertising and promotional activities are key elements of selling expenses. Selling expenses of the Group decreased by 12.0% to approximately HK$86.4 million (2017: HK$98.2 million) which was primarily contributed by the significant decrease in frontline employee costs after restructuring frontline departments at the end of 2017.

ADMINISTRATIVE EXPENSES

Employee costs, directors' remuneration, bank charges, rent and rates and management fee and depreciation on property, plant and equipment contributed to majority of administrative expenses. Administrative expenses of the Group increased by 22.0% to approximately HK$204.7 million (2017: HK$167.8 million), the increase was primarily contributed by the significant increase in expenses for hotel business of approximately HK$31.3 million and increase in staff costs for travel related business of approximately HK$5.4 million as compared to 2017.

FINANCE COSTS

Imputed interests of approximately HK$126,000 (equivalent to approximately JPY1.8 million) incurred on the bank borrowings for construction of hot spring bath building were capitalised into construction in progress in 2018 (2017: HK$1.2 million (equivalent to approximately JPY17.2 million) on the bank borrowings for construction of hotel building). After capitalisation of the above-mentioned imputed interests, finance costs of approximately HK$3.9 million was incurred (2017: HK$0.4 million on the bank borrowing for construction and decoration of hotel building and acquisition of five travel buses) on the bank borrowings which were used to finance the construction and decoration of hotel building, the acquisition of travel bus and daily operations of travel related business.

INCOME TAX CREDIT

The income tax credit of the Group in 2018 amounted to approximately HK$2.1 million (2017: income tax expenses of approximately HK$9.3 million), the credit was mainly due to deferred tax credit arising from hotel business in Japan as depreciation rates of property, plant and equipment for accounting purposes and for tax purposes in Japan are different.

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

The impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" have been assessed and opening adjustments have been made of which details are set out in note 3 to the financial information. The other new or amended HKFRSs that are effective from 1 January 2018 did not have material impact on the Group's accounting policies.

INTEREST COVERAGE RATIO

Interest coverage ratio of the Group decreased from 103.2 times in 2017 to 9.4 times in 2018. This is mainly contributed by decrease in profit before interest expenses and taxation resulted from the factors driven to higher administrative expenses as mentioned above, and more finance costs on bank borrowings were borne for hotel and travel related operation in 2018 as compared to 2017.

Interest coverage ratio is calculated by dividing profit before interest expenses and taxation by finance costs over the respective years.

GROSS PROFIT MARGIN, OPERATING PROFIT MARGIN AND NET PROFIT MARGIN

Operating profit margin of the Group decreased from 2.4% in 2017 to 2.1% in 2018 was primarily attributable to higher increase in administrative expenses comparing with increase in gross profit as mentioned above, whilst net profit margin increased from 1.8% in 2017 to 2.0% in 2018. The increase in the margin was primarily attributable to income tax credit in 2018 as mentioned above.

CURRENT RATIO

As at 31 December 2018, the Group's current ratio was 1.3 times (as at 31 December 2017: 1.6 times). The slight decrease in current ratio was mainly attributable to increase in current portion of bank borrowings of approximately HK$15.1 million and increase in customer deposits received of approximately HK$15.1 million.

GEARING RATIO

The Group's gearing ratio was 29.6% (as at 31 December 2017: 29.7%) as the Group had further drawn down the bank borrowing for construction of hot spring bath building, whilst its impact was net-off by additions of property, plant and equipment, and construction in progress for hotel spring bath building.

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 3.8% (2017: 3.4%) and 9.8% (2017: 8.5%) respectively. The increase in return on total assets and return on equity were mainly due to increase in profit attributable to owners of the Company in 2018 as compared to 2017.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group had withdrawn bank borrowing of approximately JPY349.0 million (equivalent to approximately HK$24.7 million) for construction of hot spring bath building, the carrying amount of the bank borrowing as at 31 December 2018 amounted to approximately JPY346.1 million (equivalent to approximately HK$24.5 million) (as at 31 December 2017: Nil).

Regarding to the construction of Osaka Hinode Hotel completed in 2017, the carrying amount of the bank borrowings as at 31 December 2018 amounted to approximately JPY3,365.7 million (equivalent to approximately HK$238.5 million) (as at 31 December 2017: HK$242.9 million).

For acquisition of five travel buses in the last year, the carrying amount of the bank borrowing as at 31 December 2018 amounted to approximately JPY92.9 million (equivalent to approximately HK$6.6 million) (as at 31 December 2017: HK$8.0 million).

Furthermore, the Group had withdrawn bank borrowings of HK$214.4 million to finance the short-term needs for travel related business operation, all bank borrowings had been repaid in 2018 (as at 31 December 2017: Nil).

Other than the above, the Group financed its operation with its own capital, with the total equity attributable to owners of the Company as at 31 December 2018 amounted to approximately HK$355.0 million (as at 31 December 2017: HK$336.2 million). As at 31 December 2018, the Group's cash at banks and on hand amounted to approximately HK$230.0 million (as at 31 December 2017: HK$263.4 million). Cash at banks and on hand were mainly denominated in HKD accounting for approximately 50.9% (as at 31 December 2017: 71.6%), Macau Pataca ("MOP") accounting for approximately 8.1% (as at 31 December 2017: 4.3%), Renminbi accounting for approximately 2.3% (as at 31 December 2017: 6.9%), Euro accounting for approximately 6.3% (as at 31 December 2017: 1.8%) and JPY accounting for approximately 23.3% (as at 31 December 2017: 8.5%).

PLEDGE OF ASSETS

As at 31 December 2018, the Group had pledged bank deposits of approximately HK$6.3 million (as at 31 December 2017: HK$29.6 million), majority of which were pledged to certain licensed banks in Hong Kong and Macau to secure letters of guarantee issued to certain third parties on behalf of the Group. As a result of corporate guarantee was provided by the Company and the Executive Directors guaranteed to maintain the control over the management and business of the Group, a decrease in pledged bank deposits was recorded. The Group's total guarantees amounted to approximately HK$17.9 million (as at 31 December 2017: HK$18.5 million), which were mainly issued to the Group's suppliers, such as airlines and hotels, to guarantee the Group's trade payable balances due to the suppliers. Also, as at 31 December 2018, property, plant and equipment of Osaka Hinode Hotel and that of hot spring bath building and travel buses of approximately HK$287.6 million (as at 31 December 2017: HK$269.8 million) were pledged for the bank borrowings as mentioned in the sub-section headed "Management Discussion and Analysis – Financial Review – Capital Structure, Liquidity and Finance Resources".

Save as disclosed above, the Group had no other pledge of assets as at 31 December 2018.

CAPITAL COMMITMENTS AND FUTURE CAPITAL EXPENDITURES

The total estimated capital expenditure for construction of hot spring bath building was approximately JPY787.0 million (equivalent to approximately HK$55.8 million translated at the exchange rate of 0.07087 as at 31 December 2018) and the construction work was completed in March 2019. As at 31 December 2018, the capital expenditure of approximately JPY367.0 million (equivalent to approximately HK$26.0 million) was settled in March 2019 (as at 31 December 2017: HK$1.2 million). The Groups financed its development costs through internal resources and bank financing.

In addition, the Group had capital commitments of preliminary construction work for hotel development in Okinawa approximately HK$4.8 million (equivalent to approximately JPY68.3 million) as at 31 December 2018 (as at 31 December 2017: HK$61.9 million for acquisition of freehold land in Okinawa). The Group plans to construct a new hotel in Okinawa and is expected to be completed in 2020 by entering a construction contract with contract sum of JPY3,750.0 million as disclosed in the Company's announcement dated 12 March 2019.

As at 31 December 2018, the Group had capital commitment of approximately HK$2.5 million (as at 31 December 2017: HK$1.6 million) to acquire property, plant and equipment for its travel related business.

For future capital expenditures other than above-mentioned and refurbishment and face lifting of existing branches to be financed by proceeds from the IPO as stated in the section headed "Management Discussion and Analysis – Use of proceeds from the IPO" of this announcement, the Group currently intends to finance such expenses by internal resources.

CONTINGENT LIABILITIES

The Directors considered that there were no material contingent liabilities as at 31 December 2018 (as at 31 December 2017: Nil).

FOREIGN CURRENCY EXCHANGE RISK AND TREASURY POLICIES

Foreign currency exchange risk exposure is encountered by the Group to the extent that receipt from customers and payments to suppliers may not be reconciled, subject to prevailing foreign currency fluctuations. As at 31 December 2018, the Group had one floating to fixed interest rate swap contract with a bank in Japan to hedge its exposure to interest rate risk and cash flow changes of its floating-rate bank borrowings. Other than the swap contract, the Group didn't rely on hedging arrangements, the Group had implemented foreign exchange risk management procedures to closely monitor the risk exposure. The procedures were established to prevent carrying excessive cash balance in foreign currencies, of which the purchase amounts were limited to the corresponding costs of travel elements based on estimated sales amount for a defined period (one week for JPY and 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. Since 1 January 2018, the defined period has been standardised to one week (other foreign currencies with defined period of two weeks in 2017 or before). The procedures do not allow us to exercise any judgement over the future direction of foreign exchange fluctuation and are strict procedural steps for our operational staff to follow. The Group will review the procedures from time to time and make appropriate changes when necessary. Other than the transactional foreign currency exchange risk, assets and liabilities of the group entities are mainly denominated in its respective functional currency. The Group's treasury management policy is to place surplus cash into bank deposits with licensed banks 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. Net exchange gain of approximately HK$6.1 million was recorded in 2018 (2017: HK$10.2 million).

HUMAN RESOURCES AND EMPLOYEE' S REMUNERATION

As at 31 December 2018, the Group had a total workforce of 635 employees (as at 31 December 2017: 658), of which 207 (as at 31 December 2017: 211) were full-time tour escorts. 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 and also Youth Upward Mobility Mentorship Program, 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 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 in 2018. During 2018, there was no significant change in the remuneration policies, bonus, Share Option Scheme and training scheme of the Group.

OUTLOOK

The Group continually instil new momentum into business development by grasping any golden opportunities to achieve well-diversified business mix to maximise the benefit brought by synergy.

Immediately following commencement of business of the Group's first hotel "Osaka Hinode Hotel" in November 2017, the Group had acquired six parcels of land in Okinawa for hotel development with construction work commenced from March 2019 as disclosed in the Company's announcement dated 12 March 2019. The Group expects the hotel development project to be completed in the third quarter of 2020 and to commence operation in the fourth quarter of 2020, the hotel will bring synergy to meet hotel accommodation needs to the Group's package tours and FIT business.

Construction of hot spring bath building had been completed in March 2019 and will commence operation in early April 2019. The hot spring bath building and Osaka Hinode Hotel will be the focal point within the same lot as an attraction to hotel customers.

USE OF PROCEEDS FROM THE IPO

The net proceeds from the 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 the IPO as at 31 December 2018:

	Utilised up to 31 December 2018	**Unutilised as at 31 December 2018**
	HK$'000	*HK$'000*
Use of Proceeds		
(i) Enhancing sales channel		
– Refurbishment and face lifting of existing branches	9,145	55
– Development of a comprehensive online web portal	17,400	–
(ii) 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	8,100	–
– Launching reward and incentive scheme	9,844	1,656
(iii) Strengthening operational infrastructure		
– Improving management information system by implementing enterprise resources planning system	13,900	–
– Arranging charter flights to destination not served by scheduled flights	25,400	–
– Attracting and recruiting experienced employees	5,800	–
(iv) Developing overseas wedding tours	5,700	–
(v) For working capital and other general corporate purposes	9,500	–
	114,089	1,711

As at 31 December 2018, the unutilised IPO net proceeds were deposited in interest-bearing bank accounts with licensed banks in Hong Kong.

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, the Board is of opinion that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 consolidated financial statements for the Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by BDO Limited on 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.

DIVIDENDS

An interim dividend of HK1.0 cent per share (2017: HK2.0 cents) was paid to the qualifying shareholders of the Company on 28 September 2018.

The Board recommends the payment of a final dividend of HK4 cents per share (2017: HK1.0 cent) to shareholders whose names appear on the Company's register of members on Wednesday, 12 June 2019.

The necessary resolution will be proposed at the forthcoming annual general meeting of the Company ("AGM") to be held on Friday, 31 May 2019, and if passed, dividend warrants is expected to be posted to the eligible shareholders of the Company on Friday, 28 June 2019.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 31 May 2019. For details of the AGM, please refer to the Notice of AGM which is expected to be published in late April 2019.

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 the Company's registrar	At 4:30 p.m. on Monday, 27 May 2019
Closure of register of members of the Company	Tuesday, 28 May 2019 to Friday, 31 May 2019 (both days inclusive)

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

Ex-dividend date	Thursday, 6 June 2019
Latest time to lodge transfer documents for registration with Company's registrar	At 4:30 p.m. on Monday, 10 June 2019
Closure of register of members of the Company	Tuesday, 11 June 2019 to Wednesday, 12 June 2019 (both days inclusive)
Record date	Wednesday, 12 June 2019
Expected payment date	Friday, 28 June 2019

During the above closure periods of the register of members of the Company, 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 the 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 http://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 2019.

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

Hong Kong, 22 March 2019

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, and three Independent Non-executive Directors, namely Mr. Chan Kim Fai, Mr. Tang Koon Hung Eric and Ms. Wong Lai Ming.