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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 2016

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2016	2015	Change in
	HK$'000	*HK$'000*	*%*
Revenue	**1,680,232**	1,858,341	-9.6
Gross profit	**263,923**	434,751	-39.3
Profit attributable to owners of the Company	**18,670**	150,469	-87.6
Earnings per share			
Basic and diluted (HK cents)	**3.72**	29.95	
Proposed dividend per share (HK cents) *(note)*	**2.0**	15.0	
Profit margin			
Gross profit margin	**15.7%**	23.4%	
Net profit margin	**1.1%**	8.1%	
Return on equity attributable to owners of the Company	**5.8%**	41.9%	
Gearing ratio	**8.4%**	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 ("Board") of directors ("Directors") of EGL Holdings Company Limited ("Company") announces the audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 December 2016 together with comparative figures of 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** **HK$'000**	2015 *HK$'000*
Revenue	5	**1,680,232**	1,858,341
Cost of sales		**(1,416,309)**	(1,423,590)
Gross profit		**263,923**	434,751
Other income and gain/(loss), net	5	**10,038**	1,111
Net realised loss on derivative financial instruments		**–**	(131)
Selling expenses		**(98,960)**	(105,069)
Administrative expenses		**(155,415)**	(156,460)
Share of results of associates, including bargain gain on acquisition		**3,462**	1,485
Finance costs	6	**–**	–
Profit before income tax	6	**23,048**	175,687
Income tax expense	7	**(3,714)**	(25,253)
Profit for the year		**19,334**	150,434
Other comprehensive income, that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(5,949)**	(85)
Share of exchange differences on translation of foreign associates		**(177)**	(83)
Other comprehensive income for the year, net of tax		**(6,126)**	(168)
Total comprehensive income for the year		**13,208**	150,266
Profit for the year attributable to:			
Owners of the Company		**18,670**	150,469
Non-controlling interests		**664**	(35)
		19,334	150,434
Total comprehensive income attributable to:			
Owners of the Company		**12,487**	150,333
Non-controlling interests		**721**	(67)
		13,208	150,266
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (HK cents)	8	**3.72**	29.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	NOTES	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**147,059**	12,117
Construction in progress		**39,466**	–
Interests in associates		**9,418**	2,467
Deferred tax asset		**1,189**	395
Other receivable		**3,123**	–
		200,255	14,979
Current assets			
Inventories		**16,232**	7,300
Trade receivables	*10*	**2,224**	1,710
Deposits, prepayments and other receivables		**123,149**	121,678
Amount due from a related company		**2,656**	2,503
Amount due from an associate		**4,703**	834
Pledged bank deposits		**22,461**	21,965
Cash at banks and on hand		**260,876**	453,145
		432,301	609,135
Current liabilities			
Trade payables	*11*	**48,220**	52,037
Accruals, deposits received and other payables		**188,576**	194,866
Amount due to associates		**4,899**	4,594
Provision for taxation		**11,386**	11,544
		253,081	263,041
Net current assets		**179,220**	346,094
Total assets less current liabilities		**379,475**	361,073
Non-current liabilities			
Bank borrowings	*12*	**53,287**	–
Deferred tax liabilities		**2,483**	–
		55,770	–
Net assets		**323,705**	361,073
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**50,245**	50,245
Reserves		**270,875**	308,964
		321,120	359,209
Non-controlling interests		**2,585**	1,864
Total equity		**323,705**	361,073

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016

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 and 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 annual year beginning on 1 January 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements

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.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is 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.

The adoption of the amendments has no impact on these financial statements.

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. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate 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:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
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 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

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.

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.

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

HKFRS 9 – Financial Instruments

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

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

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

During the year ended 31 December 2016, all of the Group's financial assets and financial liabilities were carried out at amortised costs without significant impairment on the former, the implementation of HKFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

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 steps 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.

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 directors have performed a preliminary assessment and expect that the implementation of the HKFRS 15 would not result in any significant impact on the Group's financial position and results of operations. Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption. However, the directors are still in the process of assessing the full impact of the application of HKFRS 15 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the directors complete the detailed review. As a result, the above preliminary assessment is subject to change. The directors do not intend to early apply the standard.

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 than 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.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately HK$137,190,000. HKAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments. A preliminary assessment 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 financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated 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 consolidated 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.

(b) Basis of measurement

The consolidated financial statements have been prepared under historical cost basis.

(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.

(d) Business combination under common control

During the year ended 31 December 2016, the Group acquired the entire equity interest in Ebisu Growth Limited ("Ebisu Growth") from a related party, Great Port (Realty) Investment Limited ("Great Port Realty"), at a cash consideration of HK$124,500,000. Further details about the acquisition of Ebisu Growth have been set out in the circular dated 25 November 2016. Such acquisition was approved in the ordinary resolution passed by the shareholders by way of poll in the extraordinary general meeting held on 16 December 2016.

The Group is founded and controlled by the Substantial Shareholders as defined below. As to Ebisu Growth, it was established by Great Port Realty (which in turn is indirectly controlled by the substantial shareholders, Mr. Yuen Man Ying , Mr. Huen Kwok Chuen, Mr. Leung Shing Chiu and Ms. Lee Po Fun ("Substantial Shareholders") since the incorporation of Great Port Realty). As the Company and Ebisu Growth are ultimately controlled by the Substantial Shareholders, the acquisition is a business combination under common control. To consistently apply for the Group's accounting policy for common control combination, the acquisition of Ebisu Growth have been accounted for based on the principles of merger accounting as if the acquisition had occurred on the date when the combining entities first came under the control of the Substantial Shareholders. By applying merger accounting, the assets and liabilities of the Group and Ebisu Growth are combined using their existing book values from the Substantial Shareholders' perspective. Accordingly, the difference arising from the acquisition of Ebisu Growth, being the consideration given by the Company for the acquisition of Ebisu Growth adjusted for the elimination of the capital of Ebisu Growth, is accounted for in equity as "Merger Reserve".

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.

During the year, the Group obtained control of Ebisu Growth by acquiring its entire equity interest. The principal activities of Ebisu Growth are ownership, development and management of a hotel in Japan which is still under construction. The activities of Ebisu Growth have become a new reportable and operating segment of the Group and are separately assessed by the chief operating decision-makers.

Accordingly, 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/(loss), 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 interest in an associate, cash at banks and certain prepayments and other receivable 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 2016:			
Revenue			
From external customers	**1,680,232**	**–**	**1,680,232**
Reportable segment revenue	**1,680,232**	**–**	**1,680,232**
Reportable segment profit/(loss)	**27,033**	**(1,940)**	**25,093**
Depreciation on property, plant and equipment	**7,725**	**–**	**7,725**
Share of results of associates	**2,751**	**–**	**2,751**
Income tax expense	**1,508**	**1,895**	**3,403**
Reportable segment assets	**453,870**	**171,365**	**625,235**
Reportable segment liabilities	**250,465**	**55,464**	**305,929**
Additions to non-current assets	**21,842**	**160,070**	**181,912**
Share of net assets of associates	**5,041**	**–**	**5,041**
For the year ended 31 December 2015:			
Revenue			
From external customers	1,858,341	–	1,858,341
Reportable segment revenue	1,858,341	–	1,858,341
Reportable segment profit	177,948	–	177,948
Depreciation on property, plant and equipment	4,387	–	4,387
Share of results of associates	1,485	–	1,485
Income tax expense	25,253	–	25,253
Reportable segment assets	621,279	–	621,279
Reportable segment liabilities	260,720	–	260,720
Additions to non-current assets	7,299	–	7,299
Share of net assets of associates	2,467	–	2,467

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**1,680,232**	1,858,341
Consolidated revenue	**1,680,232**	1,858,341

	2016	2015
	HK$'000	*HK$'000*
Profit before income tax expense		
Reportable segment profit	**25,093**	177,948
Share of profit of an associate	**711**	–
Other gains and losses	**337**	111
Unallocated corporate expenses	**(3,093)**	(2,372)
Consolidated profit before income tax expense	**23,048**	175,687

	2016	2015
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**625,235**	621,279
Interest in an associate	**4,377**	–
Unallocated corporate assets	**2,944**	2,835
Consolidated total assets	**632,556**	624,114

	2016	2015
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**305,929**	260,720
Unallocated corporate liabilities	**2,922**	2,321
Consolidated total liabilities	**308,851**	263,041

(c) Geographic information

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

	Revenue from external customers (by customer location)		Specified non-current assets (by physical location)	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Macau (place of domicile)	**1,676,912**	1,858,341	**18,593**	12,117
Japan	**3,320**	–	**167,391**	48
Others	**–**	–	**9,959**	2,419
	1,680,232	1,858,341	**195,943**	14,584

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 2016 (2015: Nil).

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:

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Package tours	**1,505,955**	1,660,538
FIT Products *(note)*	**42,782**	76,088
Ancillary travel related products and services *(note)*	**131,495**	121,715
	1,680,232	1,858,341
Other income and gain/(loss), net		
Exchange gain/(loss), net	**5,605**	(4,230)
Handling income and forfeited fees from customers	**772**	621
Interest income on bank deposits	**1,443**	1,464
Rebate from a supplier	**1,881**	2,875
Sundry income	**337**	381
	10,038	1,111

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:

	2016	2015
	HK$'000	*HK$'000*
Gross proceeds received and receivable	**468,452**	608,375

6. PROFIT BEFORE INCOME TAX

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

	2016	2015
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments	**–**	1,276
Auditors' remuneration	**1,427**	1,186
Bad debts written off in respect of trade receivables	**49**	–
Cost of inventories recognised as expenses	**31,997**	41,299
Depreciation on property, plant and equipment	**7,725**	4,387
Gain on disposal of property, plant and equipment, net	**(3)**	–
Operating lease rental in respect of:		
– Premises	**27,094**	25,289
– Office equipment	**2,336**	2,287
– Travel buses	**76,908**	57,304
Finance costs		
– Interest expense incurred on bank borrowings	**268**	–
– Less: Imputed interest capitalised into construction in progress	**(268)**	–
	–	–
Employee costs (including directors' emoluments):		
– Salaries and other benefits in kind	**142,350**	148,100
– Retirement scheme contributions	**6,042**	6,183
	148,392	154,283

7. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
– Tax for the year	**920**	23,749
– Over-provision in respect of prior year	**(53)**	(785)
	867	22,964
Current tax – Macau Complementary Tax		
– Tax for the year	**648**	1,898
– Over-provision in respect of prior year	**–**	(35)
	648	1,863
Current tax – People's Republic of China ("PRC") Enterprise Income Tax ("EIT")		
– Tax for the year	**86**	55
Current tax – Taiwan Profit-Seeking Enterprise Income Tax		
– Tax for the year	**358**	–
Deferred tax		
– Charged to profit or loss for the year	**1,755**	371
	3,714	25,253

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% (2015: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year.

Macau Complementary Tax is calculated at 12% (2015:12%) on the estimated assessable profits of a subsidiary operating in Macau for the year.

EIT is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC, which was newly set up in June 2016, for the period. The Group has no estimated assessable profit arising from the subsidiary operating in the PRC for the year ended 31 December 2016. EIT represents deemed income tax charged at the appropriate current rates of taxation ruling in the PRC for a representative office.

Taiwan Profit-Seeking Enterprise Income Tax is calculated at 17% on the estimated assessable profit of a subsidiary operating in Taiwan for the year ended 31 December 2016 (2015: 17%).

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 of approximately 23% for the year based on the existing legislation, interpretations and practices in respect thereof. No provision for Japan Profits Tax has been provided as the Group has no estimate assessable profit arising in Japan for the year ended 31 December 2016 (2015: Nil).

8. EARNINGS PER SHARE

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**18,670**	150,469

	2016	2015
	'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 2016 and 2015.

9. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
2015 interim dividends of HK5 cents per share paid	**–**	25,123
2015 final dividends of HK10 cents per share paid	**50,245**	–

Interim dividend of HK5 cents (2016: Nil) per share totalling approximately HK$25,123,000 for the year ended 31 December 2015 has been declared and paid.

The directors have recommended a final dividend of HK2 cents (2015: HK10 cents) 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

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**2,224**	1,710

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:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**2,160**	1,532
91 – 180 days	**42**	178
181 – 365 days	**22**	–
	2,224	1,710

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:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,485**	837
Past due less than 3 months	**722**	832
Past due more than 3 months but less than 6 months	**12**	41
Past due more than 6 months but less than 1 year	**5**	–
	2,224	1,710

At the end of the reporting period, the Group had trade receivables of approximately HK$739,000 (2015: HK$873,000) 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:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**45,796**	50,505
91 – 180 days	**2,089**	1,246
181 – 365 days	**113**	118
Over 365 days	**222**	168
	48,220	52,037

12. BANK BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Non-current		
Bank borrowings, secured	**53,287**	–

As at 31 December 2016, the bank borrowings were secured by charges over property, plant and equipment with aggregate carrying amounts of approximately HK$120,604,000.

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 1.19% and 1.20% per annum and imputed interest of approximately HK$268,000 was incurred during the year.

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

	2016	2015
Analysed into *(note)*:	***HK$'000***	*HK$'000*
Within one year	**–**	–
Over one year, but within two years	**4,030**	–
Over two years, but within five years	**16,123**	–
Over five years	**33,134**	–
	53,287	–

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 2016 are stated below:

	Principal amount *HK$'000*	**Interest rate**	**Repayment terms**
Loan denominated in Japanese Yen ("JPY")	53,287	3-month Tokyo Interbank Offered Rate + 1.00% per annum	Payable within 12 years

13. SHARE CAPITAL

	Number *'000*	**Amount** *HK$'000*
Authorised		
Ordinary shares of HK$0.1 each		
At 1 January 2015, 31 December 2015 and 2016	1,000,000	100,000

	Number *'000*	**Amount** *HK$'000*
Ordinary shares, issued and fully paid		
At 1 January 2015, 31 December 2015 and 2016	502,450	50,245

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of EGL Holdings Company Limited ("Company") and its subsidiaries (hereinafter collectively referred to as "Group"), I hereby present to you the annual results of the Group for the year ended 31 December 2016 ("Year").

During the Year, the Group's business was under considerable strain from competing market forces of airlines with their intensive promotion, online accommodation websites with their vigorous publicity, and the slowdown of the Hong Kong economy together with the substantial increase in cost due to the appreciation of Japanese Yen to Hong Kong Dollar, thus the results of the Group for the year experienced severe retroversion although maintained profit position. For the Year, the Group recorded total revenue of approximately HK$1,680.2 million (2015: HK$1,858.3 million), representing a decrease of 9.6% as compared with last year. Profit attributable to owners of the Company was approximately HK$18.7 million (2015: HK$150.5 million), representing a decrease of 87.6% as compared with last year. For the details of our business performance, please refer to the section headed "Management Discussion and Analysis" below.

The Board recommended the payment of a final dividend of HK2.0 cents per share for 2016 (the total dividend per share for the full year of 2015 was HK15.0 cents), subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

BUSINESS REVIEW

Nevertheless, putting aside the macroscopic effects from the above-mentioned market environment factors, the year of 2016 was truly symbolic in the Group's development milestones. In December 2016, the Group successfully completed the acquisition from its connected person, Great Port (Realty) Investment Limited ("Great Port Realty"), of Ebisu Growth Limited ("Ebisu Growth"), which owns two land parcels located in prime district of Osaka, with total site area of approximately 1,602 square meters, where a hotel has been approved to be constructed in August 2016 and is under construction now. When completed, there will be about 358 rooms and car parking facilities and expected to be put into operation by the end of 2017, which will bring a synergy effect to the Group's products for package tours, free independent travellers. Our aim is to bring multifarious travel and accommodation experience for our customers. In additions, the Group's subsidiary that was set up in the People's Republic of China ("PRC") has obtained its operation licence at the end of 2016 and is expected to be put into operation in the second quarter of 2017, which will bring the Group's quality service to the PRC market. Meanwhile, the Group's subsidiaries in Taiwan and Osaka came into operation in the first and second quarters of 2016 respectively, which made contributions respectively to the core business of the Group and the provision of travel bus service to the Group's Japan-bound package tours.

The Group also engaged elements of technology and innovation in our pillars of business. Love's On is the first travel agency of the Group to adopt the technology of virtual reality which was put into operation in February 2016. In Japan, the Group has direct agency with over 30 churches for our customers to enhance their experience from multiple perspectives, select their ideal wedding venue and to enjoy our tailored one-stop wedding planning service. The Group also embarked on the technology of virtual reality for the first time in our travelogues to Korea for a 360 degree personal virtual experience of travel fun for our customers.

For customers to experience beforehand the cultural atmosphere of destination tourism, the Group set up various unique theme in its branches. In Tokyo Disney Sea theme store with "Crystal Wishes Journey" theme, Australia theme store with "Be Water My Friend" theme and Korea theme store with Korean coffee shops theme, our customers enjoy themselves in all the essence theme stores of the Year. In addition, the Group launched the one-day Cantonese guide service for free and independent travellers touring in Japan and Korea in which our customers through these Cantonese speaking tour guides could communicate with local people freely, and to immerse in the local culture instantly.

SOCIAL PERFORMANCE

The Group adheres to its motto to strive for sincerity in our practice and proactively make contribution to the society, the Group continuously fulfilled its social responsibility through donation and taking concrete actions. The Group supported social activities that brings positive impact such as visiting elderly people who live without families, giving out lucky bags during the Spring Festival, participating in street-running contests in Kowloon East and Central hosted by a social enterprise, RunOurCity, Anchorthon held by the Boys' Brigade, UNICEF Charity Run, charity football match by Fair Trade Hong Kong and so on. Furthermore, we sponsored youngsters and covered all their expenses to attend the international marathon competition in Gold Coast of Australia, with a view to inspiring their persistent volition, broadening their horizon and outlook, witnessing their positive transformation.

BUSINESS PROSPECTS

Persistent competition from the industry drives us moving forward. The Group will be devoted to optimising our business platform, advance the relationship with budget airlines from being a competitor to a cooperation partner, and develop our own Online Travel Agency cellphone application ("OTA App") in stages in 2017. In the first stage, the Group will provide hotel accommodation and air ticket reservation service through the OTA App and focus on Japan-bound travel products. In the latter stages, the Group will also consider offering reservation service for train ticket, scenic spot entry ticket, car rental and so on through the OTA App.

With the commencement of investment projects on hotel business, bus business and technology business, our diversified businesses will steadily advance to fruition. The Group will keep the pace of steadfast development, continuously expand and broaden our business scope and advance our diversified businesses so as to fulfill our objective of long-term and sustainable development.

I firmly believe that the Group's management and staff of all levels embrace our corporate vision, our missions are customer-oriented of serving them from our hearts and with sincerity in our caring services, so that our customers would have happy experiences from our tours, for us to journey on to successfully implement our future business goals against all odds of future economic conditions. I would like to express my deepest gratitude to all the shareholders, customers and business partners, entire management and staff on behalf of Board.

Yuen Man Ying
Chairman and Executive Director

Hong Kong, 23 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

Facing severe market competition, Hong Kong's economic slowdown and appreciation of Japanese Yen ("JPY") against Hong Kong Dollar ("HKD") during the Year, revenue of the Group dropped by 9.6% to approximately HK$1,680.2 million (2015: HK$1,858.3 million). Gross profit declined by 39.3% to approximately HK$263.9 million (2015: HK$434.8 million) whilst gross profit margin dropped from 23.4% in 2015 to 15.7% in 2016. Profit attributable to owners of the Company decreased by 87.6% to approximately HK$18.7 million (2015: HK$150.5 million).

Comparing with the result in 2015, the profit attributable to owners of the Company dropped by 82.1% in the first half of 2016 and dropped by 87.6% for the Year, similar magnitude of decline was found during the aforesaid periods.

Basic earnings per share for profit attributable to owners of the Company for 2016 was HK3.72 cents (2015: HK29.95 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. The Group has invested in a newly setup travel agency company in Taiwan and a tourist transportation company in Osaka, Japan, which extended the Group's synergy on improving integrated service capabilities. The new operation of the subsidiary in Taiwan has officially commenced operation in the first quarter of 2016, and that of Osaka has commenced operation in the second quarter of 2016. In addition, the Group's subsidiary established in the PRC has been granted the travel agent licence by the end of 2016 and is expected to commence operation in the second quarter of 2017 to bring the Group's quality services to the PRC market.

The Group has successfully completed the acquisition from its connected person Great Port Realty of Ebisu Growth in December 2016, which owns two land parcels of approximately 1,602 square meters in Osaka, Japan. In August 2016, approval for construction of a hotel on the land has been granted, and the hotel building is currently under construction ("Hotel Development Project"). The hotel is expected to have about 358 rooms and car parking facilities, and will be put into operation by the end of 2017, which will bring synergy effect to the Group's package tours and FIT products by providing guests with multifarious travel and accommodation experience. This acquisition constituted a major and connected transaction of the Company. For further details of the said acquisition, please refer to the announcements of the Company dated 4 November 2016 and 16 December 2016 and the circular of the Company dated 25 November 2016.

From business segment perspective, the contributions from various business segments for the years indicated are set out as follows:

	2016			2015		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	HK$'000	***HK$'000***	**%**	*HK$'000*	*HK$'000*	%
Package tours						
– Japan	**1,032,255**	**109,951**	**10.7**	1,085,640	227,204	20.9
– Non-Japan	**473,700**	**54,622**	**11.5**	574,898	77,525	13.5
Total package tours	**1,505,955**	**164,573**	**10.9**	1,660,538	304,729	18.4
FIT Products and ancillary travel related products and services	**174,277**	**99,350**	**57.0**	197,803	130,022	65.7
Total	**1,680,232**	**263,923**	**15.7**	1,858,341	434,751	23.4

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 89.6% to the Group's total revenue during 2016 (2015: 89.4%).

Japan-bound package tours remain the major source of the Group's revenue. Despite the growing number of customers from 117,175 in 2015 to 118,033 in 2016, the Group recognised a decrease in revenue and gross profit, and a lower gross profit margin as compared to 2015 as a result of price adjustment aiming to maintain customers' demand and increase in travel element costs for Japan-bound package tours in light of appreciation of JPY against HKD in 2016.

In addition, the intensive promotion of the airlines and online accommodation website, coupled with the slowdown in Hong Kong's economy, had impacted the Group's results. For non-Japan-bound package tours, the number of customers decreased from 78,605 in 2015 to 69,638 in 2016. The Group recognised a decrease in revenue and gross profit, and a lower gross profit margin as compared to 2015.

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 and souvenirs to inbound tour customers, commission income from travel insurance services, and handling fees for remittance services provided to souvenir and merchandise suppliers in Japan.

Facing airlines' intensive promotion, massive promotion by online accommodation booking websites, revenue from FIT Products and ancillary travel related products and services decreased by 11.9% from approximately HK$197.8 million in 2015 to approximately HK$174.3 million in 2016, and gross profit decreased by 23.6% from approximately HK$130.0 million in 2015 to approximately HK$99.4 million in 2016.

Financial Review

Key financial ratios

	2016	2015
Operating profit margin	**1.4%**	9.5%
Net profit margin	**1.1%**	8.1%
Return on total assets	**3.0%**	24.1%
Return on equity attributable to owners of the Company	**5.8%**	41.9%
Current ratio	**1.7 times**	2.3 times
Gearing ratio	**8.4%**	Nil

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

Front line staff cost, advertising and promotion expenses for media advertising and promotional activities' expenses contributed to the majority of selling expenses. As compared to 2015, selling expenses decreased by 5.8% to approximately HK$99.0 million in 2016 (2015: HK$105.1 million) which was primarily contributed by the decrease in advertising and promotion expense and front line staff cost.

Administrative Expenses

Staff cost, directors' remuneration, bank charges and rent and rates and management fees contributed to majority of administrative expenses. As compared to 2015, administrative expenses decreased by 0.7% to approximately HK$155.4 million in 2016 (2015: HK$156.5 million) which was mainly contributed by the net effect of the decrease in directors' remuneration, but offset by the increase in other staff costs, the increase in depreciation of non-current assets in connection with the set up of various subsidiaries and the increase in rent and rates and management fees for the Group's branch offices.

Finance Costs

Imputed interests of approximately HK$0.3 million (equivalent to approximately JPY4.1 million) were incurred on the bank borrowings for the Hotel Development Project. But such interests were capitalised in construction in progress. Save for the above, the Group had no other loans, borrowings or balances due to related companies or financial institutions. Nil finance cost was recorded in the Group's profit or loss for the year ended 31 December 2016 (2015: Nil).

Operating Profit Margin and Net Profit Margin

Operating profit margin of the Group decreased from 9.5% in 2015 to 1.4% in 2016, and net profit margin decreased from 8.1% to 1.1% (profit in calculation refers to the profit for the year attributable to owners of the Company). The declined profit margins were mainly due to the decrease in gross profit margin driven by the factors already discussed in the sub-section headed "Management Discussion and Analysis – Business Overview" above.

Current Ratio

As at 31 December 2016, the Group's current ratio was 1.7 times (as at 31 December 2015: 2.3 times). The decrease in current ratio was mainly attributable to the decrease in cash at banks and on hand of approximately HK$192.3 million, primarily in connection with the cash consideration paid for the acquisition of Ebisu Growth in December 2016.

Gearing Ratio

The Group's gearing ratio was 8.4% (as at 31 December 2015: Nil) as the Group had the bank borrowings for the Hotel Development Project as at 31 December 2016 while the Group did not have any loans or borrowings as at 31 December 2015.

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 3.0% (2015: 24.1%) and 5.8% (2015: 41.9%) respectively. The decrease in return on total assets and return on equity were mainly due to decrease in profit attributable to owners of the Company in 2016 as compared to that of 2015.

Capital Structure, Liquidity and Financial Resources

The estimated capital expenditure for the Hotel Development Project is approximately JPY5,400.0 million (equivalent to approximately HK$353.9 million translated at the year-end exchange rate of 0.06554) and the construction work is expected to be completed by October 2017. As at 31 December 2016, the amount of capital expenditure of approximately JPY2,442.3 million (equivalent to approximately HK$160.1 million) has been paid. The Group finances such development costs through internal resources and bank financing.

Other than the Hotel Development Project, the Group financed its operation with its own capital, with the total equity attributable to owners of the Company as at 31 December 2016 amounted to approximately HK$321.1 million (as at 31 December 2015: HK$359.2 million).

As at 31 December 2016, the Group's cash and bank balances amounted to approximately HK$260.9 million (as at 31 December 2015: HK$453.1 million). Cash and bank balances were mainly denominated in HKD accounting for approximately 69.6% (as at 31 December 2015: 72.0%), Macau Pataca accounting for approximately 8.7% (as at 31 December 2015: 14.7%), Renminbi accounting for approximately 5.7% (as at 31 December 2015: 4.3%) and JPY accounting for approximately 10.0% (as at 31 December 2015: 3.3%).

Pledge of Assets

As at 31 December 2016, the Group had pledged bank deposits of approximately HK$22.5 million (as at 31 December 2015: 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. The Group's total guarantees amounted to approximately HK$17.9 million (as at 31 December 2015: HK$18.5 million), which were mainly issued to the Group's suppliers, such as airlines and hotels, to guarantee its trade payable balances due to them.

Also, as at 31 December 2016, property, plant and equipment of the Hotel Development Project of approximately HK$120.6 million (as at 31 December 2015: Nil) were pledged for the related bank borrowings.

Save as disclosed above, the Group had no other pledge of assets as at 31 December 2016.

Capital Commitments and Future Capital Expenditures

As at 31 December 2016, the Group had capital commitments of approximately HK$154.3 million (as at 31 December 2015: HK$5.3 million), comprising capital expenditure for acquisition of property, plant and equipment and construction in progress of the Group. The increase was mainly due to the capital commitments of approximately HK$151.5 million for the Hotel Development Project.

The estimated capital expenditure for the Hotel Development Project is approximately JPY5,400.0 million (equivalent to approximately HK$353.9 million translated at the year-end exchange rate of 0.06554) and the construction work is expected to be completed by October 2017. As at 31 December 2016, the capital expenditure approximately of JPY2,311.3 million (equivalent to approximately HK$151.5 million) were estimated to be paid in 2017. The Group intends to finance such estimated development costs through internal resources and bank financing.

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 and development of a comprehensive online web portal, 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 such expenses by internal resources.

Contingent Liabilities

The Directors considered that there were no material contingent liabilities as at 31 December 2016 (as at 31 December 2015: 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. 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 and 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. Net foreign exchange gain of approximately HK$5.6 million was recorded in 2016 (2015: net foreign exchange loss of approximately HK$4.2 million).

Human Resources and Employee's Remuneration

As at 31 December 2016, the Group had a total workforce of 732 employees (as at 31 December 2015: 693), of which 218 (as at 31 December 2015: 221) 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 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 had 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 2016. In 2016, there was no significant change in the remuneration policies, bonus, Share Option Scheme and training scheme for the Group.

Outlook

With the diversified investment in land operation business overseas, development of the hotel business and enhancement of mobile application sale channel mentioned in the Chairman's Statement, the Group is confident that all such resources and efforts it put in will help to shape the Group's future and bring a promising return to the Company's shareholders.

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. As disclosed in the Company's announcement dated 16 December 2016, the Board has resolved to reallocate approximately HK$14.0 million out of the unutilised net proceeds from original intended use of "refurbishment and face lifting of existing branches" to "arranging charter flights to destination not served by scheduled flights", for the purpose of broadening the range of the Group's travel products and services, improving flexibility of the Group's tour schedule and enhancing the Group's brand image. The following table sets forth the status of the use of proceeds from the IPO as at 31 December 2016:

Use of Proceeds	Original allocation of proceeds	Revised allocation of proceeds	Utilised up to 31 December 2016	Unutilised as at 31 December 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Enhancing sales channel				
– Refurbishment and facelifting of existing branches	23,200	9,200	5,887	3,313
– Development of a comprehensive online web portal	17,400	17,400	11,636	5,764
Promoting brand image and recognition through market initiatives				
– Conducting marketing initiatives with focus on conventional media channels	9,300	9,300	9,300	–
– Employing featured products or signature tours marketing campaigns with suitable spokespersons	8,100	8,100	5,749	2,351
– Launching reward and incentive scheme	11,500	11,500	–	11,500
Strengthening operational infrastructure				
– Improving management information system by implementing enterprise resources planning system	13,900	13,900	13,900	–
– Arranging charter flights to destination not served by scheduled flights	11,400	25,400	11,400	14,000
– Attracting and recruiting experienced employees	5,800	5,800	5,224	576
– Developing overseas wedding tours	5,700	5,700	5,700	–
– For working capital and other general corporate purposes	9,500	9,500	8,412	1,088
	115,800	115,800	77,208	38,592

As at 31 December 2016, the unutilised IPO net proceeds were deposited in interest-bearing bank accounts with licensed banks in Hong Kong.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31 December 2016, 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK2.0 cents per share (2015: 10.0 cents) to shareholders whose names appear on Company's register of members on 6 June 2017.

The necessary resolution will be proposed at the forthcoming annual general meeting of the Company ("AGM") on Friday, 26 May 2017, and if passed, dividend warrants is expected to be posted to the eligible shareholders of the Company on Monday, 26 June 2017.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 26 May 2017. For details of the AGM, please refer to the Notice of AGM which is expected to be published in late April 2017.

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 p.m. on Monday, 22 May 2017
Closure of register of members of the Company	Tuesday, 23 May 2017 to Friday, 26 May 2017 (both dates inclusive)
Record date	Friday, 26 May 2017

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

Ex-dividend date	Thursday, 1 June 2017
Latest time to lodge transfer documents for registration with Company's registrar	At 4:30 p.m. on Friday 2 June 2017
Closure of register of members of the Company	Monday, 5 June 2017 to Tuesday, 6 June 2017 (both dates inclusive)
Record date	Tuesday, 6 June 2017
Expected payment date	Monday, 26 June 2017

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 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 2017.

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

Hong Kong, 23 March 2017

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.