



WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors (the “Board”) of Wing On Travel (Holdings) Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 30 June 2007 together with comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended	
		30.6.2007	30.6.2006
	<i>NOTES</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	3	1,041,343	919,419
Direct operating costs		(848,723)	(747,440)
Gross profit		192,620	171,979
Other income		18,403	5,983
Distribution and selling expenses		(20,852)	(22,368)
Administrative expenses		(146,949)	(133,333)
Impairment loss recognised in respect of available-for-sale investments		(206)	(780)
Increase in fair value of investments held for trading		2,806	170
Gain on disposal of subsidiaries		82,265	–
Loss on disposal of properties under construction		(19,600)	–
Finance costs		(72,939)	(41,002)
Impairment loss recognised in respect of properties under construction		–	(2,500)
Share of results of associates		(6,763)	3,022
Reversal of impairment loss in respect of leasehold land and buildings		–	849
Profit (loss) before taxation		28,785	(17,980)
Taxation credit (charge)	5	48,412	(582)
Profit (loss) for the period		77,197	(18,562)

		Six months ended	
		30.6.2007	30.6.2006
<i>NOTES</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Attributable to:			
Shareholders of the parent		61,401	(18,613)
Minority interests		15,796	51
		<u>77,197</u>	<u>(18,562)</u>
Dividends	6	<u>11,908</u>	<u>9,188</u>
Earnings (loss) per share	7	<i>HK cents</i>	<i>HK cents</i>
– Basic		<u>9.30</u>	<u>(3.61)</u>
– Diluted		<u>5.20</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

		At 30.6.2007 HK\$'000 (Unaudited)	At 31.12.2006 HK\$'000 (Audited)
	NOTES		
Non-current assets			
Property, plant and equipment		1,677,929	1,698,374
Interest in associates		67,271	74,034
Available-for-sale investments		72,532	72,732
Goodwill		96,842	44,213
Long-term receivables		110,967	–
Investment and other deposits		204,913	165,500
Club debenture, at cost		713	713
		2,231,167	2,055,566
Current assets			
Property held for sale, at cost		98	98
Inventories		9,126	7,429
Amounts due from related companies		63,653	59,465
Amounts due from associates		156,962	28,763
Trade and other receivables	8	898,075	431,635
Loan receivables		373,540	372,480
Investments held for trading		30,271	7,126
Loans to related companies		30,000	–
Tax recoverable		–	21
Pledged bank deposits		11,501	11,436
Trading cash balances		358	295
Bank balances and cash		138,433	555,229
		1,712,017	1,473,977
Assets classified as held for sale		–	305,339
		1,712,017	1,779,316
Current liabilities			
Trade and other payables	9	354,232	308,984
Loans from related companies		125,225	106,324
Amounts due to associates		10,686	13,350
Amounts due to related companies		47,277	193,282
Obligations under finance leases			
– amount due within one year		–	31
Borrowings – amount due within one year		224,664	59,269
		762,084	681,240

	At 30.6.2007 <i>HK\$'000</i> (Unaudited)	At 31.12.2006 <i>HK\$'000</i> (Audited)
<i>NOTES</i>		
Liabilities associated with assets classified as held for sale	–	170
	762,084	681,410
Net current assets	949,933	1,097,906
Total assets less current liabilities	3,181,100	3,153,472
Non-current liabilities		
Borrowings – amount due after one year	388,160	406,480
Convertible notes	601,486	810,026
Deferred taxation	207,755	250,179
	1,197,401	1,466,685
Net assets	1,983,699	1,686,787
Capital and reserves		
Share capital	109,076	61,059
Reserves	1,548,711	1,194,253
Equity attributable to shareholders of the parent	1,657,787	1,255,312
Minority interests	325,912	431,475
Total equity	1,983,699	1,686,787

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Principal accounting policies

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2007.

The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new or revised standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

Business Segments

For management purposes, the Group is organised into two operating divisions – travel and related services, and hotel and leisure services. These divisions are the basis on which the Group reports its primary segment information for the respective periods.

Principal activities are as follows:

	Travel and related services HK\$'000	Hotel and leisure services HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2007				
Turnover				
External sales	918,268	123,075	–	1,041,343
Inter-segment sales	–	67	(67)	–
Total	<u>918,268</u>	<u>123,142</u>	<u>(67)</u>	<u>1,041,343</u>
Results				
Segment results	<u>21,160</u>	<u>17,289</u>	<u>–</u>	38,449
Interest income				16,276
Increase in fair value of investments held for trading				2,806
Gain on disposal of subsidiaries	–	82,265	–	82,265
Loss on disposal of properties under construction	(19,600)	–	–	(19,600)
Unallocated corporate expenses				(11,709)
Finance costs				(72,939)
Share of results of associates	(6,763)	–	–	<u>(6,763)</u>
Profit before taxation				28,785
Taxation credit				<u>48,412</u>
Profit for the period				<u>77,197</u>

	Travel and related services HK\$'000	Hotel and leisure services HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2006				
Turnover				
External sales	802,365	117,054	–	919,419
Inter-segment sales	–	82	(82)	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>802,365</u>	<u>117,136</u>	<u>(82)</u>	<u>919,419</u>
Results				
Segment results	<u>15,555</u>	<u>21,485</u>	<u>–</u>	37,040
Interest income				4,790
Impairment loss recognised in respect of available-for-sale investments				(780)
Increase in fair value of investments held for trading				170
Unallocated corporate expenses				(21,220)
Finance costs				(41,002)
Share of results of associates	(1,730)	4,752	–	<hr/> 3,022
Loss before taxation				(17,980)
Taxation charge				<hr/> (582)
Loss for the period				<u><u>(18,562)</u></u>

4. Depreciation

During the period, depreciation of HK\$26,994,000 (HK\$26,047,000 for the six months ended 30 June 2006) was provided in respect of the Group's property, plant and equipment.

5. Taxation credit (charge)

	Six months ended	
	30.6.2007	30.6.2006
	HK\$'000	HK\$'000
Tax credit (charge) comprises:		
Deferred taxation in other jurisdictions:		
Current year	449	(582)
Attributable to a change in tax rate	47,963	—
	<hr/>	<hr/>
Taxation credit (charge)	48,412	(582)
	<hr/>	<hr/>

No provision for Hong Kong Profits Tax has been made in both periods as the Group did not have any assessable profit during both periods.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

6. Dividends

Six months ended	
30.6.2007	30.6.2006
<i>HK\$'000</i>	<i>HK\$'000</i>

Dividend recognised as distribution during the period:

Final dividend for 2006 of HK1.5 cents

(2006: final dividend for 2005 of HK1.5 cents) per share	<u>11,908</u>	<u>9,188</u>
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The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

During the year, scrip dividend alternatives were offered in respect of the 2006 final dividends. These scrip dividend alternatives were accepted by the shareholders, as follows:

	<i>HK\$'000</i>
Dividends:	
Cash	11,739
Scrip dividend	<u>169</u>
	<u>11,908</u>

7. Earnings (loss) per share

The calculation of the basic earnings (loss) per share is based on the following data:

	Six months ended	
	30.6.2007	30.6.2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earning (loss) for the purpose of basic earnings (loss) per share:		
Profit (loss) for the period attributable to equity holders of the parent	61,401	(18,613)
Effect of dilutive potential ordinary shares:		
Effective interest on convertible notes	36,448	N/A
Earnings for the purpose of diluted earnings per share	97,849	N/A
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	659,949,716	515,901,025
Effect of dilutive potential ordinary shares:		
Convertible notes	1,222,282,887	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,882,232,603	N/A

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the six months ended 30 June 2007.

Diluted loss per share for prior period is not presented as the conversion of the Company's convertible notes and exercise of share options would decrease the loss per share for the six months ended 30 June 2006.

8. Trade and other receivables

Included in trade and other receivables are trade receivables of HK\$26,500,000 (at 31 December 2006: HK\$26,627,000) and the aged analysis of the trade receivables at the reporting dates is as follows:

	At 30.6.2007 HK\$'000	At 31.12.2006 HK\$'000
0 – 30 days	18,132	11,076
31 – 60 days	3,334	3,861
61 – 90 days	891	2,168
Over 90 days	4,143	9,522
	<u>26,500</u>	<u>26,627</u>

The Group allows an average credit period of 60 days to local customers and 90 days to overseas customers.

Included in trade and other receivables are other receivables of HK\$634 million (at 31 December 2006: Nil) which represented earnest money paid by the Group for a potential property project in the PRC.

9. Trade and other payables

Included in trade and other payables are trade payables of HK\$157,255,000 (at 31 December 2006: HK\$162,111,000) and the aged analysis of the trade payables at the reporting dates is as follows:

	At 30.6.2007 HK\$'000	At 31.12.2006 HK\$'000
0 – 30 days	101,060	97,177
31 – 60 days	29,563	32,351
61 – 90 days	12,514	17,144
Over 90 days	14,118	15,439
	<u>157,255</u>	<u>162,111</u>

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Hong Kong economy expanded briskly in the first half of 2007 with Gross Domestic Products attained a 6.3% growth in real terms over a year earlier. Domestically, private consumption expenditure rose further by 6.6% in real terms in the second quarter, supported by rising income, better job prospects and improved financial positions of households. The labour market improved further, with the seasonally adjusted unemployment rate edging down to 4.2% in the second quarter, the lowest since mid-1998. Wages and earnings continued to rise, while job vacancies surged to post-1997 high in March 2007.

Benefited from this persisted economic rebound, the Group has performed satisfactorily during the first six months of the year. The Group achieved a turnover for the six months ended 30 June 2007 of HK\$1,041.3 million (2006: HK\$919.4 million) and a profit of HK\$77.2 million (2006: a loss of HK\$18.6 million) respectively. The profit for the period was arrived at after taking into account distribution, selling and administrative expenses in aggregate of HK\$167.8 million (2006: HK\$155.7 million), loss on disposal of properties under construction of HK\$19.6 million (2006: HK\$Nil), gain on disposal of subsidiaries of HK\$82.3 million (2006: HK\$Nil), finance costs of HK\$72.9 million (2006: HK\$41.0 million) and share of loss of associates of HK\$6.8 million (2006: a profit of HK\$3.0 million).

Segment Results

Travel and Related Services

The Group's travel and related services comprises mainly outbound and inbound tours, air ticketing and hotel/air tickets packages. In the first half of the year, this segment continued to grow and achieved a turnover of HK\$918.3 million, represented an increase of 14.4% over the HK\$802.4 million for the same period in 2006. Segment profit for the six months ended 30 June 2007 was HK\$21.2 million (2006: HK\$15.6 million) resulting from the adoption of suitable and effective marketing and promotion strategies.

Hotel and Leisure Services

The Closer Economic Partnership Arrangement (“CEPA”) and the PRC Individual Visit Scheme continued to boost the hotel and leisure business in Hong Kong and the PRC. The performance of the Group’s hotel and leisure business operated under the three “Rosedale” branded 4-star hotels and Luoyang Golden Gulf Hotel in the PRC during the first half of 2007 were largely benefited from the aforesaid arrangements in terms of both the occupancy rate and average room rate. Coupled with the adoption of appropriate market positioning strategy, the performance of this segment during the period under review was encouraging.

The turnover and contribution to profit of this segment for the period achieved HK\$123.1 million (2006: HK\$117.1 million) and HK\$17.3 million (2006: HK\$21.5 million).

Associates

The Group’s share of results in its 50% associate, Travoo International Limited was a loss of HK\$3.2 million for the six months ended 30 June 2007 (2006: HK\$1.6 million).

Share of loss in Sino Express Travel Limited, acquired in August 2006, for the six months ended 30 June 2007 was HK\$ 2.8 million.

Material Acquisitions and Disposals

On 30 May 2007, the Group has completed the conditional sale and purchase agreement with an independent third party for the disposal of the Group’s 56.91% interest in Triumph Up Investments Limited (“Triumph Up”) for a consideration of HK\$252,789,344.97. Triumph Up indirectly holds approximately 55.75% of the issued share capital of Kingsway Hotel Limited (“Kingsway”). Accordingly, the Group’s entire approximately 31.73% effective interest in Kingsway has been disposed of. A net gain of HK\$82.3 million was recorded in the income statement for the six months ended 30 June 2007.

On 4 April 2007, International Travel Systems Inc. (“ITS”), a wholly owned subsidiary of the Company and an independent third party (the “Vendor”) entered into an agreement under which the parties agreed that, subject to the fulfillment of certain conditions precedent, ITS will purchase 100 shares of US\$1 each in the capital of Asia Times Limited (“Asia Times”) held by the Vendor, representing 100% equity interest in Asia Times for a consideration of HK\$70,000,000. The agreement has been approved by the shareholders of the Company at the special general meeting held on 22 August 2007 and was completed on 28 August 2007.

On 21 May 2007, the Group through a 67.9% indirectly held subsidiary entered into a conditional agreement with an independent third party for the acquisition of the entire share capital in Shenyang Limited and the shareholder's loan in the sum of HK\$337,462,006 for a consideration of HK\$178,000,000. The major asset of Shenyang Limited is its 87.4% indirect interest in Times Plaza Shenyang Hotel located in Shenyang, Liaoning Province, the PRC. The agreement has been approved by the shareholders of the Company on 8 August 2007 and was completed on 15 August 2007.

On 26 May 2007, Fortuneup International Limited, a wholly owned subsidiary of the Group entered into the Investment and Shareholders Agreement ("ISA") with an independent third party to subscribe for new shares in Tangua Group Limited ("TGL") representing 72% of the enlarged issued share capital of TGL at a consideration of US\$52.9 million (approximately HK\$412.6 million). The major asset of TGL is the 49% indirect interest in a sino-foreign cooperative joint venture which has an exclusive right to operate luxury trains on the Qinghai-Tibet Railway. The ISA is conditional, amongst other things, to the approval by the shareholders of the Company at a special general meeting to be convened for the purpose. As at the date of this announcement, the transaction has not completed.

Liquidity and Financial Resources

On 14 May 2007, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent conditionally agreed to place (i) on a fully underwritten basis, 120,000,000 new shares at a price of HK\$0.8 per new share ("Tranche I Placing") and (ii) on a best effort basis, 200,000,000 new shares at at price of HK\$0.8 per new share ("Tranche II Placing"). The net proceeds of approximately HK\$248.0 million would be used to fund the acquisition of Shenyang Limited, other future investments in the leisure and travel industry, and for use as the Group's general working capital. Tranche I Placing and Tranche II Placing were completed in May 2007 and August 2007 respectively.

On 27 June 2007, the Company entered into the placing agreement with a placing agent pursuant to which the placing agent conditionally agreed to place, on a fully underwritten basis, 130,000,000 new shares at a price of HK\$0.8 per new share. The net proceeds from the placing of approximately HK\$100.9 million is intended to be used to further expand its existing business and enhance the general working capital of the Group which will accordingly strengthen the financial conditions and shareholders base of the Company. The placing has been completed in August 2007.

During the first six months of the year, convertible notes in the aggregate principal value of HK\$281 million have been converted. Accordingly 355,696,195 new shares in the Company have been issued and allotted.

At balance sheet date, the Group's total borrowings were as follows:

	As at 30.6.2007 HK\$ million	As at 31.12.2006 HK\$ million
Loan from related companies	125.2	106.3
Bank and short term loan repayable within one year	224.7	59.3
Bank and other loans repayable after one year	388.1	406.5
Convertible notes	601.5	810.0
	<hr/> 1,339.5 <hr/>	<hr/> 1,382.1 <hr/>

The convertible notes issued in June 2006, due in June 2011, bear interest at a fixed rate of 2% per annum. All other borrowings bear floating interest rates.

The gearing ratio as at 30 June 2007, expressed as a percentage of total borrowings to equity attributable to shareholders of the parent, was 80.8% (At 31.12.2006: 110.1%).

Pledge of Assets

At 30 June 2007, certain assets of the Group at net book value of HK\$625.1 million (At 31.12.2006: HK\$638.3 million) were pledged to banks and financial institutions for credit facilities.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2007.

Foreign Currency Exposure

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars, US dollars and Renminbi. As such, the fluctuation of foreign currencies does not have a significant impact on the performance, results and operations of the Group during the reporting period and in the foreseeable future.

The Group will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

Employees

At 30 June 2007, the Group has 2,073 employees of which 29 employees were stationed overseas and 1,118 employees were stationed in the PRC. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individual employees. The Group also provided training programmes, provident fund scheme and medical insurance for its employees. Total staff remuneration incurred for the six months ended 30 June 2007 were approximately HK\$71.1 million (2006: HK\$65.8 million).

Share Option Scheme

The Group has a share option scheme (the "Scheme"), which was approved and adopted by shareholders of the Company on 3 May 2002, to enable the directors to grant options to employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers who will contribute or have contributed to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries. The maximum number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, shall not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Scheme (the "General Limit"). The Company proposed to refresh the General Limit so that the number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company would be increased to 10% of the shares in issue as at the date of approval of the General Limit as "refreshed". The refreshment of the General Limit was approved by the shareholders of the Company in the annual general meeting held on 19 May 2006.

As at 30 June 2007, there were 51,495,000 share options granted and outstanding at an exercise price of HK\$0.728 per share.

PROSPECTS

The China Focus

The China market continues to be the focus of world tourism industry. The number of outbound visitors in the first quarter of 2007 has already reached 9.7 million, a 14.5% more than the same period last year. According to the information provided by the World Travel Fair 2007 held at Shanghai in March 2007, the number of outbound travellers during the last 5 years increased by 2.8 times, representing an average of 22% increase per annum. Market predicted that the number of outbound travellers in 2007 shall reach 37.4 million and shall attain the level of 50 million by 2015.

For inbound, according to the statistics released by the China National Tourism Administration, the number of visitors to the mainland in the first half of the year has already reached 83.9 million and representing an increase of 22.2% over the same period of last year.

To grasp the enormous opportunities on the PRC travel market, the Group has taken steps to broaden its PRC operating network in multi-directions through acquisitions and co-operation with market players.

In August 2007, the Group successfully completed the acquisition of a budget hotel management company in Chengdu, the hometown of the giant pandas and a city with a number of nearby heritage attractions such as the E' Mei Mountain and the Le' Shan Buddha. The business is operating under the brand "Square Inn" and the management of this new business stream has taken aggressive actions to expand into the market. The Group is confident that Square Inn will get a share in the booming budget hotel market in the near future.

In early August 2007, the Group has completed the acquisition of the 4-star Times Plaza Shenyang Hotel, located in Shenyang, Liaoning Province. Management expected that by rebranding this newly acquired hotel into the Rosedale chain of hotels, the Group's business hotel network would be strengthened and would raise its position and bargaining power in the market.

In June 2007, the Group has announced that it has entered into a conditional agreement to subscribe for a controlling stake in a company which has a 49% indirect interest in a sino-foreign cooperative joint venture to operate two luxury trains routes running on the Qinghai-Tibet Railway. The train operation is expected to commence in the third quarter of 2008. The Company is confident that the luxury train business will further uplift the status of the Group in the market and shall provide considerable contribution to the results of the Group in the future.

Hong Kong Travel Business

Further to the regular tour series to popular sightseeing destinations, the Group shall continue to put in considerable resources to develop and launch series of featured products such as beauty series, culture appreciation tours and financial series to suit the needs of the growing number of customers who prefer to expend on distinctive products with profundity.

Under CEPA Phase 3, Hong Kong based travel agents are allowed, on a pilot basis, to operate outbound tours to Hong Kong and Macau. The Group sees that the necessary procedures for granting the licences are about to complete and the business is to be commenced in the near future. This shall further strengthen the position of the Company within the Pearl River Delta area and shall provide positive contribution to the results of the Group.

In the coming year, the Group shall put in resources and effort to further enhance our service quality and to uplift the status of the customers buying our tour, FIT and cruise products. This shall be achieved via extensive co-operation with prestige airlines, hotels, cruise liners and the tourism authorities of our tour destinations.

Hotel Operations

Benefited from the booming China inbound market and the Hong Kong Government's aggressive measures to promote the city, the average room rates and occupancy rates of the three "Rosedale" branded hotels and the Luoyang Golden Gulf Hotel improved remarkably. Following the joining of the newly acquired Times Plaza Shenyang Hotel and Square Inn, the hotel network of the Group becomes more intact to get itself ready for the coming 2008 Beijing Olympic Games and the local government's emphasis on the development of the tourism industry. The Group shall continue to explore further investment opportunities to enlarge its hotel network.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the unaudited financial statements for the six months ended 30 June 2007 on the basis that such review does not in itself constitute an audit. The Audit Committee is not aware of any material modifications that should have been made to the interim financial statements for the six months ended 30 June 2007. The Audit Committee, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices as stipulated in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), currently comprises three independent non-executive directors, namely Mr. Kwok Ka Lap, Alva, Mr. Wong King Lam, Joseph and Mr. Poon Kwok Hing, Albert.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2007 except for the following deviations:—

Code Provision A.2.1

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not at present have any officer with the title of "chief executive officer" ("CEO") but instead the duties of a CEO are performed by Mr. Cheung Hon Kit, the Managing Director of the Company in the same capacity as the CEO of the Company.

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company are not appointed for a specific term. However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting in accordance with Bye-Law 99 of the Bye-Laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Yu Kam Kee, Lawrence was unable to attend the annual general meeting of the Company held on 25 May 2007 as he had other important business engagement. However, the other executive director, present at the annual general meeting who then took the chair of that meeting in accordance with Bye-Law 68 of the Bye-Laws of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors (the “Model Code”). Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2007.

As at the date of this announcement, the Board comprises:–

Executive Directors:

Mr. Yu Kam Kee, Lawrence *B.B.S., M.B.E., J.P.*

(Chairman)

Mr. Cheung Hon Kit *(Managing Director)*

Dr. Yap, Allan

Mr. Chan Pak Cheung, Natalis

Mr. Lui Siu Tsuen, Richard

Independent Non-Executive Directors:

Mr. Kwok Ka Lap, Alva

Mr. Wong King Lam, Joseph

Mr. Poon Kwok Hing, Albert

By Order of the Board

Wing On Travel (Holdings) Limited

Yu Kam Kee, Lawrence

Chairman

Hong Kong, 24 September 2007