



WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1189)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

ANNUAL RESULTS

The Board of Directors (the "Board") of Wing On Travel (Holdings) Limited (the "Company") announces the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2003 together with comparative figures for the nine months ended 31 December 2002 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2003

| | 1.1.2003 to 31.12.2003 HK\$'000 | 1.4.2002 to 31.12.2002 HK\$'000 (Restated) |
|--|--|--|
| Turnover | 1,416,235 | 1,323,286 |
| Direct operating costs | (1,258,481) | (1,170,593) |
| Gross profit | 157,754 | 152,693 |
| Other operating income | 22,536 | 16,925 |
| Distribution costs | (38,809) | (30,974) |
| Administrative expenses | (202,699) | (172,800) |
| Loss on disposal of investment securities | (30,633) | - |
| Loss on disposal of interest in a co-operative joint venture | (20,000) | - |
| Loss on disposal of other investments | (465) | - |
| Net unrealised holding loss on other investments | (2,849) | (733) |
| Amortisation of goodwill arising on acquisition of subsidiaries | (496) | (165) |
| Impairment loss recognised in respect of investments in securities | (26,974) | - |
| Impairment loss recognised in respect of properties under construction | (2,400) | (1,000) |
| Impairment loss recognised in respect of leasehold land and buildings | (301) | (12,281) |
| Surplus arising from revaluation of investment property | 7 | - |
| Allowance for short term investment deposit | - | (23,000) |
| Allowance for advances to service suppliers | - | (162,122) |
| Allowance for irrecoverable trade debts | - | (22,813) |
| Loss from operations | (145,329) | (256,270) |
| Finance costs | (25,045) | (12,708) |
| Share of results of associates | (114,788) | (33,463) |
| Impairment loss recognised in respect of interest in an associate | (31,717) | - |
| Loss on disposal of discontinued operation | 4 (32,697) | - |
| Loss on disposal of associates | (23,471) | - |
| Loss on deemed disposal/disposal of subsidiaries | - | (1,712) |
| Loss before taxation | (373,047) | (304,153) |
| Taxation credit | 5 2,075 | 669 |
| Loss before minority interests | (370,972) | (303,484) |
| Minority interests | - | 1,236 |
| Net loss for the year/period | (370,972) | (302,248) |
| Dividends | - | - |
| Loss per share | | |
| Basic | 6 (2.03) cents | (1.83) cents |

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

During 2002, the Board resolved to change the financial year end date of the Company from 31 March to 31 December in order to coincide the financial year end of the Group with that of an indirect substantial shareholder of the Company. As a result of the change in the financial year end date, the financial statements for the current year cover the twelve-month period from 1 January 2003 to 31 December 2003. The comparative amounts shown for the financial statements and related notes cover the nine-month period from 1 April 2002 to 31 December 2002 and therefore may not be comparable with the amounts shown for the current year.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain property, plant and equipment, investment property and securities. The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong.

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"). The term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP")s and Interpretations approved by the HKSA.

SSAP 12 (Revised) Income Taxes

The Group has adopted SSAP 12 (Revised) Income taxes. The principal effect of the adoption of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts have been restated accordingly.

The adoption of SSAP 12 (Revised) has led to a decrease in accumulated losses of HK\$3,052,000 as at 1 January 2003 (1 April 2002: HK\$2,442,000). The net loss for the year ended 31 December 2003 and nine months ended 31 December 2002 have been decreased by HK\$407,000 and HK\$610,000 respectively.

3. SEGMENT INFORMATION

(a) Business segments

During the year, for management purposes, the Group was organised into two operating divisions - travel and related services, and transportation services. The business segment of transportation services was discontinued with effect from 31 October 2003. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:
For the year ended 31 December 2003

| | Continuing operation | Discontinued operation | |
|--|-----------------------------|-------------------------|-------------|
| | Travel and related services | Transportation services | Elimination |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover | 1,291,906 | 124,329 | 1,416,235 |
| External sales | - | 5,248 | - |
| Inter-segment sales | - | - | (5,248) |
| Total | 1,291,906 | 129,577 | 1,421,483 |
| Inter-segment sales are charged at prevailing market price. | | | |
| Results | | | |
| Segment results | 17,880 | (19,905) | (1,625) |
| Interest income | - | - | 1,150 |
| Amortisation of goodwill arising on acquisition of subsidiaries | - | (496) | (496) |
| Surplus arising from revaluation of investment property | 7 | - | - |
| Impairment loss recognised in respect of investments in securities | (26,974) | - | (26,974) |
| Impairment loss recognised in respect of leasehold land and buildings | (301) | - | (301) |
| Impairment loss recognised in respect of properties under construction | (2,400) | - | (2,400) |
| Loss on disposal of investments in securities | - | (168) | (3,098) |
| Loss on disposal of property, plant and equipment | (28,419) | - | (28,587) |
| Loss on disposal of interest in a co-operative joint venture | (20,000) | - | (20,000) |
| Net unrealised holding loss on other investments | - | - | (2,849) |
| Unallocated corporate expenses | - | - | (32,156) |
| Loss from operations | (145,329) | - | (145,329) |
| Finance costs | (25,045) | - | (25,045) |
| Share of results of associates | (114,788) | - | (114,788) |
| Impairment loss recognised in respect of interest in an associate | (31,717) | - | (31,717) |
| Loss on disposal of discontinued operations | - | (32,697) | (32,697) |
| Loss on disposal of associates | (23,471) | - | (23,471) |
| Loss before taxation | (373,047) | - | (373,047) |
| Taxation credit | 2,075 | - | 2,075 |
| Loss before minority interests | (370,972) | - | (370,972) |
| Minority interests | - | - | - |
| Net loss for the year | (370,972) | - | (370,972) |

For the period from 1 April 2002 to 31 December 2002

| | Continuing operation | Discontinued operation | |
|--|-----------------------------|-------------------------|-------------|
| | Travel and related services | Transportation services | Elimination |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover | 1,185,560 | 137,726 | 1,323,286 |
| External sales | - | 6,768 | (6,768) |
| Inter-segment sales | - | - | - |
| Total | 1,185,560 | 144,494 | 1,330,054 |
| Inter-segment sales are charged at prevailing market price. | | | |
| Results | | | |
| Segment results | (6,524) | (7,621) | (14,145) |
| Interest income | - | - | 10,679 |
| Amortisation of goodwill arising on acquisition of subsidiaries | - | (165) | (165) |
| Allowance for advances to service suppliers | (162,122) | - | (162,122) |
| Allowance for short term investment deposit | (23,000) | - | (23,000) |
| Impairment loss recognised in respect of leasehold land and buildings | (12,281) | - | (12,281) |
| Impairment loss recognised in respect of properties under construction | (1,000) | - | (1,000) |
| Allowance for irrecoverable trade debts | (22,813) | - | (22,813) |
| Unrealised holding loss on other investments | - | - | (733) |
| Unallocated corporate expenses | - | - | (36,690) |
| Loss from operations | (256,270) | - | (256,270) |
| Finance costs | (12,708) | - | (12,708) |
| Share of results of associates | (33,463) | - | (33,463) |
| Loss on deemed disposal/disposal of subsidiaries | (1,712) | - | (1,712) |
| Loss before taxation | (304,153) | - | (304,153) |
| Taxation credit | 669 | - | 669 |
| Loss before minority interests | (303,484) | - | (303,484) |
| Minority interests | - | - | 1,236 |
| Net loss for the period | (302,248) | - | (302,248) |

(b) No geographical segment information in respect of the Group's operations has been presented as over 90% of the Group's operations were derived from Hong Kong.

4. LOSS ON DISPOSAL OF DISCONTINUED OPERATION

On 25 October 2003, the Group entered into a sale and purchase agreement to dispose of its then subsidiary, Trans-Island Limousine Service Limited and its subsidiaries ("Trans-Island Group") which carried out all of the Group's transportation services. The sale consideration will be determined with reference to the audited completion account of Trans-Island Group as at 31 October 2003. As at the date of this announcement, the audit of completion account has not been completed. Accordingly, the sale consideration of the transaction has not yet been determined, against which HK\$44,146,000 has been received. Based on the completion account prepared by the management, HK\$36,131,000 was treated as the sale consideration of this transaction. The directors consider that there will not be any material adjustments to the completion account prepared by the management. The disposal was completed on 31 October 2003, when the control of Trans-Island Group was passed to the purchaser. A loss of HK\$32,697,000 arose on the disposal, being the proceeds of disposal less the carrying amount of the net assets of Trans-Island Group and attributable unamortised goodwill.

5. TAXATION CREDIT

| | 1.1.2003 to 31.12.2003 HK\$'000 | 1.4.2002 to 31.12.2002 HK\$'000 (Restated) |
|---|--|--|
| Taxation in other jurisdictions | - | - |
| Current year/period | - | (11) |
| Overprovision in prior years | - | (19) |
| Deferred taxation | (1,718) | (460) |
| Taxation attributable to the Company and its subsidiaries | (1,718) | (468) |
| Share of taxation credit attributable to associates | - | 270 |
| Hong Kong | (357) | (471) |
| Other jurisdictions | (357) | (201) |
| | (2,075) | (669) |

No provision for Hong Kong Profits Tax has been made in the current year as the Group did not have any assessable profit in the year/period.

No provision for overseas taxation has been made as the Group has no taxable profit during the year in other jurisdictions and taxation for other jurisdictions for the period from 1 April 2002 to 31 December 2002 was calculated at the rates prevailing in the relevant jurisdictions.

No charge or credit arose on the loss on discontinuance of the transportation services during the year.

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss for the year of HK\$370,972,000 (1.4.2002 to 31.12.2002: HK\$302,248,000) and on 18,316,732,770 shares (1.4.2002 to 31.12.2002: the weighted average of 16,509,000,000 shares) in issue during the year/period.

The effect of prior period adjustments on loss per share for the period from 1 April 2002 to 31 December 2002 is immaterial.

No diluted loss per share has been presented as the conversion of the convertible notes and shares issuable under the subscription agreement dated 31 May 2002 would result in a decrease in loss per share.

7. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2003 (1.4.2002 to 31.12.2002: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Results

The Group's performance was hard hit by the outbreak of severe acute respiratory syndrome ("SARS") in the first half of the year, resulted in turnover for the year ended 31 December 2003 totaled to HK\$1,416.2 million (1.4.2002 to 31.12.2002: HK\$1,323.3 million) and loss before taxation and minority interests for the year ended 31 December 2003 amounted to HK\$373.0 million (1.4.2002 to 31.12.2002: HK\$304.2 million). The loss was mainly made up of loss from operations of HK\$145.3 million (1.4.2002 to 31.12.2002: HK\$256.3 million), impairment loss recognised in respect of interest in an associate of HK\$31.7 million (1.4.2002 to 31.12.2002: HK\$Nil), loss on disposal of associates of HK\$23.5 million (1.4.2002 to 31.12.2002: HK\$Nil), loss on disposal of discontinued operation of HK\$32.7 million (1.4.2002 to 31.12.2002: HK\$Nil), share of results of associates of HK\$114.8 million (1.4.2002 to 31.12.2002: HK\$33.5 million) and finance costs of HK\$25.0 million (1.4.2002 to 31.12.2002: HK\$12.7 million).

Travel and Related Services

Other than SARS, the tourism industry and the economy of Hong Kong suffered severely from the war in Iraq and the persistently high unemployment rate during the year under review. Only a very limited number of outbound tours to a few Asian destinations were organised during the period from March to June 2003 during which Hong Kong and major cities of the PRC were being declared as SARS affected areas by the World Health Organisation (the "WHO"). Despite these adverse factors, the industry recovered rapidly during the second half of the year following the control of the epidemic, the launch of the Individual Visit Scheme and the implementation of the Closer Economic Partnership Arrangement. As a result, turnover of this business segment for the year ended 31 December 2003 was HK\$1,291.9 million (1.4.2002 to 31.12.2002: HK\$1,185.6 million). This gave rise to a profit for this segment amounted to HK\$17.9 million (1.4.2002 to 31.12.2002: a loss of HK\$6.5 million).

Transportation Services

Suffering from SARS, the cross-border of incoming travelers, both for leisure and for business, reduced tremendously. The cross-border coach sector was also severely impacted during the year when the whole Guangdong Province was declared as a SARS affected area by the WHO. Turnover of this business segment for the year ended 31 December 2003 was HK\$129.6 million (1.4.2002 to 31.12.2002: HK\$144.5 million). This gave rise to a loss for this segment amounted to HK\$19.5 million (1.4.2002 to 31.12.2002: HK\$7.6 million).

As this sector has operated at a loss for years, the Group has disposed of its transportation business to an independent third party in October 2003.

Results of Associates

The associated company, operating a 5-star hotel in Harbin, the PRC, continued to report an operating loss. The Group's share of loss of this associate for the year ended 31 December 2003 was HK\$26.4 million (1.4.2002 to 31.12.2002: HK\$30.2 million). During the year, the directors reviewed the carrying amount of interest in this associate and considered that the recoverable amount is minimal. Accordingly, an amount of approximately HK\$31.7 million was recognised as impairment loss in the financial statements.

Rosedale Hotel Group Limited ("Rosedale") (name changed to China Velocity Group Limited on 26 January 2004) has undergone a reorganisation in December 2003 and resulted in Apex Quality Group Limited ("Apex"), a former subsidiary of Rosedale, holding all assets and liabilities of Rosedale in relation to the hotel and leisure-related businesses. The shareholders of Rosedale have received by way of distribution in specie on the basis of one Apex share for one Rosedale share. Consequently to the reorganisation, the Group has disposed of its entire interest in Rosedale, the listed company, immediately following the abovementioned reorganisation pursuant to the Rosedale Share Sale Agreement entered on 9 July 2003. On the other hand, the Group has a 49.6% shareholding in Apex as at 31 December 2003 and a 67.9% shareholding in Apex immediately upon the closing of the unconditional voluntary offer ("Apex Offer") made by the Company to acquire from the shareholders of Apex the shares in Apex ("Apex Shares") not already held by the Group and parties acting in concert with it at a consideration of HK\$0.26 per share. Apex has become a subsidiary of the Group since then.

The Group's share of results in Rosedale acquired in December 2002 was a loss of HK\$81.7 million (1.4.2002 to 31.12.2002: HK\$82.1 million) caused mainly by impairment losses recognised in respect of its hotel and other properties. The Group's share of results in Apex for the year ended 31 December 2003 was a loss of HK\$6.4 million.

Material Acquisitions and Disposals

As stated in the joint announcement of the Company dated 8 August 2003, the Group, among other things, had entered into the Rosedale Share Sale Agreement on 9 July 2003 to dispose of its entire interest in Rosedale to a third party for a consideration of approximately HK\$88 million subject to various conditions. One of the conditions is the completion of an internal group reorganisation of Rosedale ("Rosedale Group Reorganisation") as mentioned in the aforesaid joint announcement. The Rosedale Group Reorganisation, if approved and implemented, will result in, among other things, (i) Apex holding principally all assets and liabilities of Rosedale and its subsidiaries in relation to the hotel and leisure-related businesses; and (ii) the Rosedale shareholders receiving by way of distribution in specie of the Apex Shares on one Apex Share for one consolidated Rosedale share basis.

The Rosedale Group Reorganisation was duly completed on 12 December 2003 and the Rosedale Share Sale Agreement was approved by the independent shareholders of the Company and was completed on 16 December 2003.

The Apex Offer was made on 19 December 2003 and was closed on 9 January 2004 with acceptance of 51,781,361 Apex Shares not already held by the Group and parties acting in concert with it. As a result, the Group controlled 188,448,027 Apex Shares, representing approximately 67.9% of the voting rights in Apex upon closing the Apex Offer.

On 25 October 2003, the Group entered into an agreement with a third party to dispose of the entire issued share capital in Trans-Island Limousine Service Limited. The agreement was completed on 31 October 2003.

Liquidity and Capital Resources

On 31 May 2002, the Company entered into three subscription agreements with three subscribers to subscribe for 2,000,000,000, 500,000,000 and 500,000,000 shares of the Company of HK\$0.01 each respectively at a price of HK\$0.08 per share. The last two subscriptions have been completed. On 30 September 2003, the Company entered into a settlement agreement with the subscriber of the 2,000,000,000 shares (the "Subscriber") in which it is stated that the Subscriber's position is that there is not in existence any agreement or understanding, whether written or oral, in connection with any subscription by the Subscriber of shares in the Company. The settlement agreement also states that the Company's position is that there is in existence a document stated to be dated 31 May 2002 relating to a subscription by the Subscriber of shares in the Company as well as a document stated that the completion date for such subscription had been extended. The settlement agreement provides that such disputed documents do not have any effect and will not proceed. There is no monetary consideration for the settlement agreement.

As stated in the press announcement of the Company dated 17 February 2003, the Company had put forward, among other things, a proposal of a capital reorganisation of the Company to the shareholders of the Company for approval. The capital reorganisation was terminated pursuant to the announcement dated 9 October 2003.

On 13 January 2004, the Company entered into agreements ("CN Agreements") (as subsequently amended on 17 March 2004) with each of China Enterprises Limited ("CEL") and Hutchison International Limited ("HIL") for the issue of convertible notes by the Company to each of CEL and HIL or their respective nominees for a consideration of HK\$155 million and HK\$105 million respectively. Since completion of the CN Agreements had not taken place on or before 19 April 2004, both CEL and HIL have indicated their willingness to extend the maturity date for their convertible notes issued in 2002 falling due on 19 April 2004. Further announcement shall be made by the Company as soon as practicable.

At balance sheet date, the Group's total borrowings were approximately HK\$519.9 million (31.12.2002: HK\$489.9 million) which comprised loans from related companies of HK\$231.3 million (31.12.2002: HK\$6.5 million), bank and short term loan repayable within one year of HK\$28.2 million (31.12.2002: HK\$184.5 million), bank and other loans repayable after one year of HK\$6.3 million (31.12.2002: HK\$21.7 million), obligations under finance lease and sale and lease back arrangements of HK\$Nil (31.12.2002: HK\$23.1 million) and outstanding convertible notes of HK\$254.1 million (31.12.2002: HK\$254.1 million) repayable in 2 years from the date of issue. Other than for the convertible notes which bear interest at a fixed interest rate of 2% per annum, all other loans bear floating interest rates.

The market value of the commercial properties held by the Group and the hotel properties held by Apex declined consequent to the SARS epidemic. This decline in market value reduced the shareholders' funds of the Group to a significant extent. Coupled with the additional fundings arranged for the operations of the Group, the gearing ratio, expressed as a percentage of total borrowings to shareholders' funds, increased from 74.8% as at 31 December 2002 to 177.3% as at 31 December 2003.

Pledge of Assets

At 31 December 2003, certain assets of the Group amounted to HK\$20.2 million (31.12.2002: HK\$123.7 million) were pledged to banks and financial institutions for banking facilities.

Contingent Liabilities

The Group had given an undertaking to Apex to indemnify it against any potential loss it may suffer as a result of failure to transfer the land use right to the 60% owned subsidiary of Apex holding Golden Gulf Hotel including the payment of any land premium payable for such transfer. It is estimated that the land premium for such transfer would be approximately HK\$37.3 million.

The Group has provided a guarantee to the holder of the promissory note of HK\$365 million issued by a wholly owned subsidiary of Apex.

The Group has no other significant contingent liabilities as at 31 December 2003 other than the aforesaid undertaking and guarantee.

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 did not have a significant impact on the performance, results and operations of the Group for the reporting year.

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

Employees

At 31 December 2003, the Group has approximately 680 employees of which 21 employees were stationed overseas. Competitive remuneration packages are structured to commensurate with the responsibilities, qualifications, experience and performance of individuals. The Group also provided training programmes, provident fund scheme and medical insurance for its employees.

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.

No options have been granted under the Scheme since its adoption.

BUSINESS REVIEW AND PROSPECTS

Business Review

The year 2003 started on a gloomy note owed to the Bali bomb attack. No sooner, the global travel industry was disrupted again almost simultaneously by the Iraq war and SARS. The Company's tour operations and transportation businesses were harshly attenuated for several months.

During the affected period, the Company punctually put the accent on local tours in order to tap new avenues of income. We also launched a range of special promotions and initiatives aiming at rebuilding public confidence to travel so as to recover our lost business. At the same time, in order to achieve greater operational efficiencies and cost savings, we have restructured costs and corporate support structures. Several of our less profitable local branches and overseas offices were closed. Support for the Company during this extremely difficult period was demonstrated by our staff who participated in our temporary unpaid leave scheme.

Amidst such adversity, in the second half of the year under review, our turnover picked up quicker than initially expected after the containment of the SARS outbreak and the subsequent lifting of various WHO travel advisories.

In order to capture a market segment not fully served by our traditional sales and marketing channels, the Company introduced several innovative tours and services at attractive price, to name a few of which were photography tours, skiing tours, natural geographic tours, parent-children tours and educational tours. We are pleased that all of them were very well received. The Company won more customers' applause by introducing the interest free six-month installment program which we jointly promoted with several major banks.

The transportation business is getting increasingly difficult for us to focus with travel services being our core strength. Therefore, the management has transferred the entire interest of this business to an independent third party after careful considerations.

Prospects

After facing one of its worst crises in years, the travel industry is bound to see the return of brighter days.

Since the signing of the Closer Economic Partnership Arrangement, economic exchanges between Hong Kong and the Mainland have gained in momentum. The "Individual Visit Scheme" implemented last year brought in more than a million new visitors. With the further extension of the scheme to all Guangdong cities by May 2004 and possibly other provinces, there will be enormous business opportunities to the Group's hotel business as well as the local tour operations.

Our newly acquired hotel chain consists of Best Western Rosedale On The Park in Hong Kong; Rosedale Hotel & Suites ■ Guangzhou; and Rosedale Hotel & Suites ■ Beijing in the PRC. It is anticipated that Golden Gulf Hotel located in Luoyang, the PRC will be added under Rosedale in year 2004.

After the acquisition, we are preparing to market our hotel products more aggressively by combining them with our package tour products. It is expected that our hotel operation will contribute significant recurring income to the Group in the forthcoming years.

Business sentiment in Hong Kong is improving and the economy has begun to rebound. Property market has been stabilised and is trending upward. Unemployment has eased, though slowly. Although economic restructuring will still continue for some time, we believe we have seen the light at the end of the tunnel. We expect the Group to register a significantly better performance for the year going forward as the travel industry recovers in tandem with the improving economy.

In a year where there was increased emphasis on cost-containment and cost-reduction, our dedicated employees were able to work closely to find creative solutions to staffing and cost control. Our employees preserve the Group's competitive edge when they deliver the quality service and customized care for which the Group is recognized.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.