WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Board") of Wing On Travel (Holdings) Limited (the "Company") are pleased to announce the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2007 together with comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	NOTES	**2007** **HK$'000**	2006 HK$'000
Turnover		**2,266,163**	1,992,354
Direct operating costs		**(1,849,528)**	(1,636,455)
Gross profit		**416,635**	355,899
Investment income		**30,484**	31,789
Other income		**8,657**	5,663
Distribution and selling expenses		**(51,835)**	(52,888)
Administrative expenses		**(337,744)**	(287,401)
Finance costs		**(139,123)**	(98,650)
Reversal of impairment loss in respect of leasehold land and buildings		**2,137**	894
Impairment loss recognised in respect of properties under construction		**–**	(3,800)
Share of results of associates		**(44,891)**	(19)
Share of result of a jointly controlled entity		**(650)**	–
Impairment loss recognised in respect of loan and interest receivables		**(14,534)**	–
Impairment loss recognised in respect of available-for-sale investments		**(6,440)**	(19,902)
Impairment loss recognised in respect of goodwill		**(11,214)**	(5,808)
Loss on disposal of properties under construction		**(19,600)**	–
Decrease in fair value of investments held for trading		**(7,143)**	(7,172)
Increase in fair value of derivative financial instruments		**3,783**	–
Gain on disposal of subsidiaries		**82,265**	100
Loss on disposal of subsidiaries		**(274)**	–
Discount on acquisition of subsidiaries		**47,344**	–

	NOTES	2007 HK$'000	2006 HK$'000
Loss before taxation		**(42,143)**	(81,295)
Taxation credit	*5*	**46,631**	1,891
Profit (loss) for the year		**4,488**	(79,404)
Attributable to:			
Shareholders of the parent		**(16,199)**	(71,748)
Minority interests		**20,687**	(7,656)
		4,488	(79,404)
Dividends	*6*	**11,908**	9,188
		HK$	*HK$*
Loss per share			
– Basic and diluted	*7*	**(0.02)**	(0.13)

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	NOTES	**2007** **HK$'000**	2006 HK$'000
Non-current assets			
Property, plant and equipment		**2,300,940**	1,698,374
Investment properties		**174,938**	–
Interests in associates		**66,144**	74,034
Interest in a jointly controlled entity		**6,329**	–
Available-for-sale investments		**249,992**	72,732
Goodwill		**12,705**	44,213
Other intangible assets		**466,286**	–
Investment deposits and other assets		**279,864**	165,500
Club debentures, at cost		**713**	713
		3,557,911	2,055,566
Current assets			
Property held for sale, at cost		**–**	98
Inventories		**9,283**	7,429
Amounts due from related companies		**64,583**	59,465
Amounts due from associates		**239,145**	28,763
Trade and other receivables	*8*	**481,574**	431,635
Loan receivables		**94,349**	372,480
Loans to related companies		**30,000**	–
Derivative financial instruments		**5,972**	–
Investments held for trading		**27,531**	7,126
Tax recoverable		**–**	21
Pledged bank deposits		**11,916**	11,436
Trading cash balances		**273**	295
Bank balances and cash		**198,774**	555,229
		1,163,400	1,473,977
Assets classified as held for sale		**92,314**	305,339
		1,255,714	1,779,316
Current liabilities			
Trade and other payables	*9*	**426,936**	308,984
Loans from related companies		**277,045**	106,324
Amounts due to associates		**12,749**	13,350
Tax liabilities		**2,105**	–
Amounts due to related companies		**54,544**	193,282
Obligations under finance leases – amount due within one year		**45**	31
Borrowings – amount due within one year		**88,753**	59,269
Promissory note		**106,455**	–
Consideration note		**21,545**	–
Amounts due to minority shareholders of subsidiaries		**98,761**	–
		1,088,938	681,240
Liabilities associated with assets classified as held for sale		**21,019**	170
		1,109,957	681,410

	NOTES	2007 HK$'000	2006 HK$'000
Net current assets		**145,757**	1,097,906
Total assets less current liabilities		**3,703,668**	3,153,472
Non-current liabilities			
Obligations under finance leases			
– amount due after one year		**165**	–
Borrowings – amount due after one year		**366,659**	406,480
Convertible notes		**554,215**	810,026
Deferred taxation		**220,102**	250,179
		1,141,141	1,466,685
Net assets		**2,562,527**	1,686,787
Capital and reserves			
Share capital		**182,076**	61,059
Reserves		**1,862,406**	1,194,253
Equity attributable to shareholders of the parent		**2,044,482**	1,255,312
Minority interests		**518,045**	431,475
Total equity		**2,562,527**	1,686,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations ("HK(IFRIC) – Int") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arranagements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009*
[3] *Effective for annual periods beginning on or after 1 March 2007*
[4] *Effective for annual periods beginning on or after 1 January 2008*
[5] *Effective for annual periods beginning on or after 1 July 2008*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

During the year, for management purposes, the Group was 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.

Segment information about these businesses is presented as follows:

	Travel and related services	Hotel and leisure services	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2007				
Turnover				
External sales	**1,993,792**	**272,371**	**–**	**2,266,163**
Inter-segment sales	**–**	**159**	**(159)**	**–**
Total	**1,993,792**	**272,530**	**(159)**	**2,266,163**
Inter-segment sales are charged at prevailing market price.				
Results				
Amount excluding impairment loss recognised in respect of goodwill	**45,681**	**38,647**	**–**	**84,328**
Impairment loss recognised in respect of goodwill	**(11,214)**	**–**	**–**	**(11,214)**
Segment results	**34,467**	**38,647**	**–**	**73,114**
Interest income				**30,484**
Gain on disposal of subsidiaries	**–**	**82,265**	**–**	**82,265**
Loss on disposal of subsidiaries	**(274)**	**–**	**–**	**(274)**
Discount on acquisition of subsidiaries	**–**	**47,344**	**–**	**47,344**
Impairment loss recognised in respect of available-for-sale investments				**(6,440)**
Decrease in fair value of investments held for trading				**(7,143)**
Increase in fair value of derivative financial instruments				**3,783**
Loss on disposal of properties under construction				**(19,600)**
Unallocated corporate expenses				**(61,012)**
Finance costs				**(139,123)**
Share of results of associates	**(44,891)**	**–**	**–**	**(44,891)**
Share of result of a jointly controlled entity	**(650)**	**–**	**–**	**(650)**
Loss before taxation				**(42,143)**
Taxation credit				**46,631**
Profit for the year				**4,488**

	Travel and related services HK$'000	Hotel and leisure services HK$'000	Elimination HK$'000	Consolidated HK$'000
For the year ended 31 December 2006				
Turnover				
External sales	1,740,656	251,698	–	1,992,354
Inter-segment sales	–	168	(168)	–
Total	1,740,656	251,866	(168)	1,992,354
Inter-segment sales are charged at prevailing market price.				
Results				
Amount excluding impairment loss recognised in respect of goodwill	16,956	40,923	–	57,879
Impairment loss recognised in respect of goodwill	(5,808)	–	–	(5,808)
Segment results	11,148	40,923	–	52,071
Interest income				31,789
Impairment loss recognised in respect of available-for-sale investments				(19,902)
Decrease in fair value of investments held for trading				(7,172)
Unallocated corporate expenses				(39,412)
Finance costs				(98,650)
Share of results of associates	(4,771)	4,752	–	(19)
Loss before taxation				(81,295)
Taxation credit				1,891
Loss for the year				(79,404)

4. DEPRECIATION

During the year, depreciation of HK$58,455,000 (2006: HK$52,912,000) was provided in respect of the Group's property, plant and equipment.

5. TAXATION CREDIT

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**(821)**	–
Other jurisdictions	**(113)**	–
	(934)	–
Underprovision in other jurisdictions in prior years	**(1)**	(55)
Deferred tax:		
Current year	**(2,707)**	1,946
Attributable to a change in the PRC enterprise income tax rate	**50,273**	–
Taxation credit	**46,631**	1,891

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year ended 31 December 2007. No provision for Hong Kong Profits Tax had been made for the year ended 31 December 2006 as the Company or its subsidiaries either had no assessable profit for that year or the estimated assessable profits were wholly absorbed by tax losses brought forward.

Taxation arising in other jurisdictions during the year ended 31 December 2007 is calculated at the rates prevailing in the relevant jurisdictions.

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. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations 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 to the respective periods when the asset is realised or the liability is settled.

6. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
Ordinary shares:		
Final – dividend for 2006 of HK1.5 cents per share (2006: Final – dividend for 2005 of HK1.5 cents per share)	**11,908**	9,188

A final dividend for the year of HK0.5 cent (2006: HK1.5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

The Company proposed that a scrip divided option will be offered to all shareholders.

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:

	2006
	Final
	HK$'000
Dividends:	
Cash	11,739
Share alternative	169
	11,908

7. LOSS PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Loss attributable to the equity holders of the parent for the purpose of basic loss per share	**(16,199)**	(71,748)
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,075,590,318**	556,934,054

The calculation of diluted loss per share for the years ended 31 December 2006 and 2007 has not assumed the conversion of the Company's convertible notes and exercise of the share options as these potential ordinary shares are anti-dilutive during both years.

8. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**27,338**	26,685
Less: allowance for doubtful debts	**(58)**	(58)
	27,280	26,627
Other receivables	**454,294**	405,008
Total trade and other receivables	**481,574**	431,635

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

The aged analysis of trade receivables (net of impairment) at the balance sheet dates is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**12,145**	11,076
31 – 60 days	**4,767**	3,861
61 – 90 days	**2,469**	2,168
Over 90 days	**7,899**	9,522
	27,280	26,627

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$174,687,000 (2006: HK$162,111,000) and the aged analysis of the trade payables at the reporting dates is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**90,915**	97,177
31 – 60 days	**39,281**	32,351
61 – 90 days	**21,911**	17,144
Over 90 days	**22,580**	15,439
	174,687	162,111

The average credit period on purchases of goods is 60 days. The Group has financial risk management policies in place to ensure that all payables within the credit time frame.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK0.5 cent per share in cash with scrip option (2006: HK1.5 cents per share) for the year ended 31 December 2007 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 23 May 2008.

Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting ("AGM") of the Company, the dividend warrants will be paid on or around 27 June 2008 in cash with shareholders being given an option to receive shares of HK$0.1 each ("New Shares") in the Company in lieu of cash in respect of part or all of such dividend ("Scrip Dividend Scheme"). A circular giving full details of the Scrip Dividend Scheme and a form of election will be sent to the shareholders after the AGM. The Scrip Dividend Scheme is conditional upon The Stock Exchange of Hong Kong Limited ("Stock Exchange") granting the listing of and permission to deal in the New Shares to be allotted and issued.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 21 May 2008 to 23 May 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all completed share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 20 May 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Hong Kong economy sustained a robust growth momentum throughout the year, with GDP leaping by 6.3% in real terms, marked the fourth consecutive year of strong economic expansion. The labour market improved further in 2007 with unemployment rate falling to 3.4% at the end of the year. The tightened labour market pushed wages and earnings up and enhanced the consumptions desire of the local community. Both the retail and tourism business gained advantages.

The Group continued to perform satisfactorily during 2007. In 2007, the Group attained a turnover of HK$2,266.2 million that represented a 13.7% increase over the HK$1,992.4 million in 2006. Gross profit for the year grew 17% to HK$416.6 million from the HK$355.9 million of 2006. Profit for the year was HK$4.5 million (2006: loss of HK$79.4 million) after charging administration expenses of HK$337.7 million (2006: HK$287.4 million), finance costs of HK$139.1 million (2006: HK$98.7 million), share of loss of associates of HK$44.9 million (2006: HK$19,000); and after crediting a gain on disposal of subsidiaries of HK$82.3 million (2006: HK$0.1 million), discount on acquisition of subsidiaries of HK$47.3 million (2006: Nil) and taxation credit of HK$46.6 million (2006: HK$1.9 million).

Travel and Related Services

The Group's travel and related services comprises mainly outbound tours, inbounds tours, air ticketing and hotel/air tickets packages. This segment continued to grow through various acquisitions in the PRC and the strengthening sentiment of travel of the local customers. This segment achieved a turnover of HK$1,993.8 million and represented an increase of 14.5% over the HK$1,740.7 million in 2006. Segment results for the year was HK$34.5 million that tripled the 2006 segment results of HK$11.1 million.

Hotel and Leisure Services

The Group operates its hotel and leisure business through Luoyang Golden Gulf Hotel, the three “Rosedale” branded 4-star rated hotels and the Times Plaza Shenyang Hotel acquired during the year. Turnover grew by 8% to HK$272.4 million for the year ended 31 December 2007 (2006: HK$251.7 million). The segment profit was HK$38.6 million (2006: HK$40.9 million) resulted from the appreciation of Renminbi versus both Hong Kong dollars and United States dollars.

Associates

The Group’s 50% held associated company, Travoo International Limited (“Travoo”) transacts its air ticketing and hotel booking business via a business-to-business-to-customers platform in the PRC. The Group’s share of loss in this associated company for the year was HK$9.3 million versus HK$2.9 million for 2006. This increased loss sharing was mainly attributable to an impairment loss recognised in respect of intangible assets of HK$4.9 million.

During the year, the main business of Sino Express Travel Limited has transformed into investment and operation of a hotel resort and theme park in Guangdong Province, the PRC. As a result, the intangible assets associated with its former travel booking business was impaired. As a result, the Group’s share of loss in this associated company for the year was HK$35.9 million against the HK$2 million for the year 2006.

Material Acquisitions and Disposals

On 30 May 2007, the Group 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 for a consideration of HK$252,789,344.97. Triumph Up Investments Limited indirectly holds approximately 55.75% of the issued share capital of Kingsway Hotel Limited. Accordingly, the Group’s entire approximately 31.73% effective interest in Kingsway Hotel Limited had been disposed of. A net gain of HK$82.3 million was recorded in the consolidated income statement for the year ended 31 December 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 was 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 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 Tangula Group Limited ("TGL") representing 72% of the enlarged issued share capital of TGL at a consideration of US$52.9 million (approximately HK$412.0 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 was approved by the shareholders of the Company at the special general meeting held on 10 October 2007. The subscription was completed in November 2007.

On 31 December 2007, the Group entered into an agreement to acquire the entire issued share capital of and the shareholder loan to More Star Limited for a consideration of HK$20,000,000. The sole asset of More Star Limited is its investment in the entire issued share capital of Fortress State International Limited ("Fortress State"). Fortress State has been awarded the tender and entered into the memorandum of agreement to acquire a property located at Tai Kok Tsui Road for a total consideration of HK$163,880,000. The acquisition of the property by Fortress State was completed on 29 February 2008.

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 a price of HK$0.8 per new share ("Tranche II Placing"). The net proceeds of approximately HK$248.0 million had been utilised to fund the Group's acquisition projects and 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 a 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 were used to further expand its existing business and enhance the general working capital of the Group and accordingly to strengthen the financial conditions and shareholders base of the Company. The placing was completed in August 2007.

On 14 November 2007, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place, on a fully underwritten basis, 300,000,000 new shares at a price of HK$0.4 per placing share. The net proceeds of approximately HK$116.9 million raised were intended to be used to expand the Group's branch network and as general working capital of the Group.

During the year, convertible notes in the aggregate principal value of HK$360 million have been converted. Accordingly, 455,696,195 news shares in the Company have been issued and allotted.

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

	As at 31.12.2007 *HK$ million*	As at 31.12.2006 *HK$ million*
Loan from related companies	**277.0**	106.3
Bank and short term loan repayable within one year	**88.8**	59.3
Bank and other loans repayable after one year	**366.7**	406.5
Promissory note	**106.5**	–
Consideration note	**21.5**	–
Convertible notes	**554.2**	810.0
	1,414.7	1,382.1

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 31 December 2007, expressed as a percentage of total borrowings to equity attributable to shareholders of the parent, was 69.2% (At 31.12.2006: 110.1%).

Pledge of Assets

At 31 December 2007, certain assets of the Group at net book value of HK$629.0 million (2006: HK$638.5 million) were pledged to banks and financial institutions for credit facilities.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 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. During the year, the Group entered into five foreign currency option agreements with a local bank to hedge its RMB settlement requirements in respect of the construction costs for the luxury train compartments to run on the Qinghai-Tibet Railway under the Tangula trademark. Major terms of the significant foreign currency contracts are as follows:

Notional amount	**Maturity**	**Exchange rates**
Buy RMB122,978,000	31 January 2008	USD/RMB7.2917
Buy RMB121,681,000	31 March 2008	USD/RMB7.2148
Buy RMB36,455,000	8 August 2008	USD/RMB7.0499
Buy RMB36,326,000	28 August 2008	USD/RMB7.0250
Buy RMB45,698,000	12 September 2008	USD/RMB7.0050

The Group did not have entered into any hedging arrangements except as described above. However, the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for further hedging facilities when necessary.

Employees

At 31 December 2007, the Group has approximately 2,400 employees of which 21 employees were stationed overseas and 1,484 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 year ended 31 December 2007 were approximately HK$177.2 million.

The Group had 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.

On 22 June 2006, the Company granted 58,880,000 options at an exercise price of HK$0.728 per share with exercisable period from 22 June 2006 to 21 June 2008. During the year 7,710,000 share options were lapsed, 4,285,000 share options were exercised and 4,285,000 ordinary shares of the Company were issued. At balance sheet date, 46,685,000 (2006: 58,680,000) share options were outstanding.

PROSPECTS

The China Focus

The China market continues to be the focus of world tourism industry. The number of outbound travellers during the last 5 years increased by 2.8 times, representing an average of 22% increase per annum. The number of outbound travellers for the first three quarters in 2007 was approximately 30 million. Pending the official full year numbers, 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 2007 attained 131.9 million and representing an increase of 5.5% over last year.

The Group has aggressively taken actions to enlarge its PRC business network to grasp these enormous opportunities in the PRC travel market.

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

In August 2007, the Group completed the acquisition of the 4-star Times Plaza Shenyang Hotel, located in Shenyang, Liaoning Province. Management expected that considerable synergetic effect, in terms of mainly cost savings, would be achieved through rebranding this newly acquired hotel into the Rosedale chain of hotels. The Group shall target on further acquisitions to strengthen its business hotel network and would raise its position and bargaining power in the market.

In November 2007, the Group has completed the acquisition of the controlling stake in Tangula Group Limited which has a 49% beneficial interest in a sino-foreign cooperative joint venture to operate two luxury trains routes to run on the Qinghai-Tibet Railway. The train operation is expected to be commenced in the third quarter of 2008. Given that Tibet is a very attractive place to the Americans and Europeans and the fare of the journey will be reasonable priced at their affordable level, the Company is confident that the Tangula luxury trains will be one of the best choices for the travellers originated from the two continents. This will further enhance the status of the Group in the market and provide considerable contribution to the results of the Group in the future.

The Group shall continue to search for tourism related investment opportunities in the PRC.

Hong Kong Travel Business

Consequent to the uproaring economy of the PRC and the strong rebound of the local market, the Group shall continue to put in considerable effort and resources to develop and launch featured products other than the popular beauty series, culture appreciation tours and financial series to suit the needs of the growing demand for distinctive products.

In the coming year, the Group shall put in resources and effort to further enhance its 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 authority of our tour destinations.

Hotel Operations

In 2008, the Group shall focus its attention on entertain the huge number of visiting guests during the period of Beijing Olympic Games and the Equestrian Event hosted by Hong Kong during August 2008. Management of the Company expected that the results of the hotel operation in the year 2008 shall be largely benefited. Furthermore, the redevelopment of the Tai Kok Tsui property into a four-star rated hotel is expected to commence in the last quarter of 2008 and to be completed in early 2011. Management foresee that the market sharing of the Group's hotel business shall increase remarkably via the network of its six Rosedale hotels.

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 year ended 31 December 2007.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") 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 audited financial statements for the year ended 31 December 2007. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Kwok Ka Lap, Alva, Mr. Poon Kwok Hing, Albert and Mr. Sin Chi Fai.

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 year ended 31 December 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 separate 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 former 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, 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" (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors. 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 year ended 31 December 2007.

ANNUAL GENERAL MEETING

The 2008 annual general meeting of the Company ("2008 AGM") will be held at Shop B27, Basement, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Friday, 23 May 2008 at 10:00 a.m. For details of the 2008 AGM, please refer to the notice of 2008 AGM which will be published in due course.

By Order of the Board
Wing On Travel (Holdings) Limited
Cheung Hon Kit
Managing Director

Hong Kong, 25 April 2008

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

Executive Directors:
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. Poon Kwok Hing, Albert
Mr. Sin Chi Fai