WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

(Warrant Code: 774)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors (the "Board") of Wing On Travel (Holdings) Limited (the "Company") announce the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2008 together with comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Six months ended	
		30.6.2008	30.6.2007
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**1,068,752**	1,041,343
Direct costs of sales		**(872,684)**	(848,723)
Gross profit		**196,068**	192,620
Other income		**6,107**	18,403
Distribution and selling expenses		**(24,659)**	(20,852)
Administrative expenses		**(175,034)**	(146,949)
(Decrease) increase in fair value of investments held for trading		**(5,451)**	2,806
Gain on disposal of subsidiaries		**2,729**	82,265
Finance costs		**(68,484)**	(72,939)
Share of results of associates		**(43,408)**	(6,763)
Impairment loss recognised in respect of goodwill		**(11,305)**	–
Share of results of a jointly controlled entity		**(4,897)**	–
Gain on disposal of investments held for trading		**33,608**	–
Increase in fair value of investment properties		**306**	–
Increase in fair value of derivative financial instruments		**3,852**	–
Loss on disposal of properties under construction		**–**	(19,600)
Impairment loss recognised in respect of available-for-sale investments		**–**	(206)

		Six months ended	
		30.6.2008	30.6.2007
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
(Loss) profit before taxation	*4*	**(90,568)**	28,785
Taxation (charge) credit	*5*	**(3,668)**	48,412
(Loss) profit for the period		**(94,236)**	77,197
Attributable to:			
Shareholders of the parent		**(80,435)**	61,401
Minority interests		**(13,801)**	15,796
		(94,236)	77,197
Dividends paid	*6*	**9,103**	11,908
(Loss) earnings per share	*7*	***HK cents***	*HK cents*
– Basic		**(4.42)**	9.30
– Diluted		**(4.42)**	5.20

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	NOTES	At 30.6.2008 HK$'000 (Unaudited)	At 31.12.2007 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**2,636,699**	2,300,940
Investment properties		**180,000**	174,938
Interests in associates		**22,736**	66,144
Interest in a jointly controlled entity		**11,036**	6,329
Available-for-sale investments		**249,992**	249,992
Goodwill		**1,400**	12,705
Other intangible assets		**462,438**	466,286
Investment deposits and other assets		**84,219**	279,864
Club debenture, at cost		**713**	713
		3,649,233	3,557,911
Current assets			
Inventories		**8,020**	9,283
Amounts due from related companies		**55,695**	64,583
Amounts due from associates		**155,874**	239,145
Trade and other receivables	9	**345,125**	481,574
Loan receivables		**75,170**	94,349
Loans to related companies		**580**	30,000
Derivative financial instruments		**4,205**	5,972
Investments held for trading		**16,502**	27,531
Pledged bank deposits		**12,012**	11,916
Trading cash balances		**162**	273
Bank balances and cash		**540,456**	198,774
		1,213,801	1,163,400
Assets classified as held for sale		**–**	92,314
		1,213,801	1,255,714
Current liabilities			
Trade and other payables	10	**486,380**	426,936
Loans from related companies		**229,124**	277,045
Amounts due to associates		**12,701**	12,749
Tax liabilities		**15,328**	2,105
Amounts due to related companies		**51,301**	54,544
Obligations under finance leases – amount due within one year		**85**	45

	NOTES	At **30.6.2008** ***HK$'000*** **(Unaudited)**	At 31.12.2007 *HK$'000* (Audited)
Borrowings – amount due within one year		**463,176**	88,753
Promissory note		**90,000**	106,455
Consideration note		**–**	21,545
Amounts due to minority shareholders of subsidiaries		**102,586**	98,761
Bank overdrafts		**7,248**	–
		1,457,929	1,088,938
Liabilities associated with assets classified as held for sale		**–**	21,019
		1,457,929	1,109,957
Net current (liabilities) assets		**(244,128)**	145,757
Total assets less current liabilities		**3,405,105**	3,703,668
Non-current liabilities			
Obligations under finance leases – amount due after one year		**294**	165
Borrowings – amount due after one year		**91,000**	366,659
Convertible notes		**573,618**	554,215
Deferred taxation		**224,929**	220,102
		889,841	1,141,141
Net assets		**2,515,264**	2,562,527
Capital and reserves			
Share capital		**182,397**	182,076
Reserves		**1,812,757**	1,862,406
Equity attributable to shareholders of the parent		**1,995,154**	2,044,482
Minority interests		**520,110**	518,045
Total equity		**2,515,264**	2,562,527

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. Basis of preparation

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and going concern of the Group in light of the Group's loss of approximately HK$94,236,000 for the six months ended 30 June 2008 and net current liabilities of approximately HK$244,128,000 at 30 June 2008. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration the completion of the rights issue of the Company's shares with gross proceeds of approximately HK$437 million, at the subscription price of HK$0.06 per rights share on the basis of four rights shares for every share held with bonus warrants to subscribe for new shares in the proportion of one bonus warrant for every four right shares subscribed. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. Principal accounting policies

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

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 2007.

In the current interim period, the Group has applied, for the first time, new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008.

The adoption of these new Interpretations had no material effect on the results and the 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 adopted the new, revised, or amended standards or interpretations that have been issued but are not yet effective. 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 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 other new, revised or amended standards or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

Business Segment

For management purposes, the Group is organised into four operating divisions – travel and related services, hotel and leisure services, luxury train services and securities trading during the six months ended 30 June 2008 (2007: two operating divisions – travel and related services and hotel and leisure services). In 2008, due to the increase of activities in securities trading and commencement of the Group's involvement in luxury train services business, management of the Company have identified two additional segments and have determined that they are separate reportable segments in 2008. Prior period segment data that is presented for comparative purposes have been restated to reflect the new reportable segment as a separate segment. These divisions are the basis on which the Group reports its primary segment information for the respective periods.

Segment information about these businesses is presented as follows:

	Travel and related services *HK$'000*	Hotel and leisure services *HK$'000*	Luxury train services *HK$'000*	Securities trading *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Six months ended 30 June 2008 (Unaudited)						
Turnover						
External sales	**924,189**	**144,563**	**–**	**–**	**–**	**1,068,752**
Inter-segment sales	**–**	**41**	**–**	**–**	**(41)**	**–**
Total	**924,189**	**144,604**	**–**	**–**	**(41)**	**1,068,752**
Inter-segment sales are charged at prevailing market price						
Results						
Amount excluding impairment loss recognised in respect of goodwill	**13,021**	**14,718**	**(8,514)**	**28,147**	**–**	**47,372**
Impairment loss recognised in respect of goodwill	**(11,305)**	**–**	**–**	**–**	**–**	**(11,305)**
Segment results	**1,716**	**14,718**	**(8,514)**	**28,147**	**–**	**36,067**
Interest income						**3,852**
Increase in fair value of investment properties						**306**
Gain on disposal of subsidiaries	**2,729**	**–**	**–**	**–**	**–**	**2,729**
Unallocated corporate expenses						**(16,733)**
Finance costs						**(68,484)**
Share of results of associates	**(43,408)**	**–**	**–**	**–**	**–**	**(43,408)**
Share of results of a jointly controlled entity	**–**	**–**	**(4,897)**	**–**	**–**	**(4,897)**
Loss before taxation						**(90,568)**
Taxation charge						**(3,668)**
Loss for the period						**(94,236)**

	Travel and related services HK$'000	Hotel and leisure services HK$'000	Luxury train services HK$'000	Securities trading HK$'000	Elimination HK$'000	Consolidated HK$'000
Six months ended 30 June 2007 (Unaudited)						
Turnover						
External sales	918,268	123,075	–	–	–	1,041,343
Inter-segment sales	–	67	–	–	(67)	–
Total	918,268	123,142	–	–	(67)	1,041,343
Inter-segment sales are charged at prevailing market price						
Results						
Segment results	21,160	17,289	–	2,806	–	41,255
Interest income						16,276
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)	–	–	–	–	(6,763)
Profit before taxation						28,785
Taxation credit						48,412
Profit for the period						77,197

4. (Loss) profit before taxation

(Loss) profit before taxation has been arrived at after charging:

	Six months ended **30.6.2008** ***HK$'000*** **(Unaudited)**	30.6.2007 *HK$'000* (Unaudited)
Amortisation of intangible assets	**3,913**	–
Depreciation of property, plant and equipment	**32,302**	26,994

5. Taxation (charge) credit

	Six months ended	
	30.6.2008	30.6.2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Taxation (charge) credit comprise:		
Current tax:		
Hong Kong	**(5,953)**	–
Other jurisdictions	**(131)**	–
Deferred tax:		
Current period	**(1,584)**	449
Attributable to a change in the PRC enterprise income tax rate	**–**	47,963
Attributable to a change in the Hong Kong profits tax rate	**4,000**	–
Taxation (charge) credit	**(3,668)**	48,412

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current tax and deferred tax for the six months ended 30 June 2008. The estimated average annual tax rate used is 16.5% for the six months ended 30 June 2008.

No provision for Hong Kong Profits Tax has been made for the period ended 30 June 2007 as the Group did not have any assessable profit in that period.

On 16 March 2007, the People's Republic of China (the "PRC") promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group's subsidiaries in the PRC from 1 January 2008. The deferred tax balance for the six months period ended 30 June 2007 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 paid

	Six months ended	
	30.6.2008	30.6.2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final dividend for 2007 of HK0.5 cent (2007: final dividend for 2006 of HK1.5 cents) per share	**9,103**	11,908

The directors do not recommend the payment of an interim dividend.

During the period, scrip dividend alternatives were offered in respect of the 2007 and 2006 final dividends. These scrip dividend alternatives were accepted by the shareholders, as follows:

	Six months ended	
	30.6.2008	30.6.2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends		
Cash	**8,540**	11,739
Scrip dividend	**563**	169
	9,103	11,908

7. (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2008	30.6.2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) earning for the purpose of basic (loss) earnings per share ((loss) profit for the period attributable to equity holders of the Company)	**(80,435)**	61,401
Effect of dilutive potential ordinary shares:		
Effective interest on convertible note (net of tax)	**–**	36,448
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(80,435)**	97,849

	Number of shares	
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,820,864,352**	659,949,716
Effect of dilutive potential ordinary shares:		
Convertible notes	**–**	1,222,282,887
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**1,820,864,352**	1,882,232,603

The calculation of diluted loss per share for the six months ended 30 June 2008 has not assumed the conversion of the Company's convertible notes and exercise of the share options as these potential ordinary shares have anti-dilutive effect during the period.

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

8. Property, plant and equipment

During the period, the Group spent approximately HK$296,162,000 (HK$11,999,000 for the six months ended 30 June 2007) on acquisition of property, plant and equipment.

9. Trade and other receivables

Included in trade and other receivables are trade receivables of HK$30,769,000 (at 31 December 2007: HK$27,280,000) and the aged analysis of the trade receivables, net of allowance for doubtful debts, at the reporting dates is as follows:

	At 30.6.2008 *HK$'000* (Unaudited)	At 31.12.2007 *HK$'000* (Audited)
0 – 30 days	**13,224**	12,145
31 – 60 days	**4,298**	4,767
61 – 90 days	**2,258**	2,469
Over 90 days	**10,989**	7,899
	30,769	27,280

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

10. Trade and other payables

Included in trade and other payables are trade payables of HK$177,675,000 (at 31 December 2007: HK$174,687,000) and the aged analysis of the trade payables at the reporting dates is as follows:

	At 30.6.2008 *HK$'000* (Unaudited)	At 31.12.2007 *HK$'000* (Audited)
0 – 30 days	**77,741**	90,915
31 – 60 days	**39,553**	39,281
61 – 90 days	**22,835**	21,911
Over 90 days	**37,546**	22,580
	177,675	174,687

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Hong Kong economy grew moderately by 4.2% in the second quarter of 2008. This followed a strong 7.3% growth in the first quarter. The moderation after a prolonged period of robust economic expansion indicated that the headwinds from the slowing growth in the advanced economies and lingering financial market turbulence had increasingly posed a drag on the economic growth of the Asian region, including that of Hong Kong. Domestic labour market conditions remained firm in the second quarter with the seasonally adjusted unemployment rate stayed at 3.3%. Labour earnings and wages were still on the rise.

During the six months ended 30 June 2008, the Group achieved a turnover of HK$1,068.8 million (2007: HK$1,041.3 million) and a gross profit of HK$196.1 million (2007: HK$192.6 million) respectively. The loss for the period of HK$94.2 million (2007: a profit of HK$77.2 million) was arrived at after taking into account (i) distribution, selling and administrative expenses of HK$199.7 million (2007: HK$167.8 million); (ii) finance costs of HK$68.5 million (2007: HK$72.9 million); (iii) share of results in associates of HK$43.4 million (2007: HK$6.8 million); (iv) gain on disposal of investments held for trading of HK$33.6 million (2007: nil); and (v) impairment loss of HK$11.3 million (2007: nil) recognised in respect of goodwill in relation to the Group's travel operations in the Sichuan Province where disastrous earthquake happened in May during the year. The gain on disposal of subsidiaries in last year of HK$82.3 million in relation to the Group's attributable interest in Kingsway Hotel did not recur during the first half of the year.

SEGMENT RESULTS

Travel and Related Services

The Group's travel and related services comprises mainly outbound tours, inbounds tours, air ticketing and air tickets plus hotel packages.

The La Niña caused severe snow storm during January and February of the year affect most of the provinces in the PRC. Coupled with the disastrous earthquake happened in May in Wenchuan, Sichuan, the number of travellers to PRC dropped seriously during the first six months of the year. During the six months ended 30 June 2008, this segment achieved a turnover of HK$924.2 million and represented a growth of less than 1% as compared with the HK$918.3 million in the same period last year. Segment results for the period was a profit of

HK$13.0 million (before taking into account the HK$11.3 million impairment loss recognised in respect of the goodwill related to the Group's Sichuan operations) was lower than the 2007's segment profit of HK$21.2 million by 38.5%. This lower margin was mainly caused by the aforesaid natural disaster, the increasing staff costs and decrease in revenue generated from the higher margin travel insurance.

Hotel and Leisure Services

The Group operates its hotel and leisure business through Luoyang Golden Gulf Hotel, the three "Rosedale" branded four-star rated hotels and the Times Plaza Shenyang Hotel.

Turnover grew by 17.5% to HK$144.6 million (2007: HK$123.1 million) for the six months ended 30 June 2008. The increase came mainly from the newly acquired Times Plaza Shenyang Hotel. Segment profit was HK$14.7 million (2007: HK$17.3 million). Other than the impact of the snow storm in the mainland, the lower margin for the period was resulted from the higher depreciation charge and increasing staff costs.

Luxury Train Services

The Group acquired 72% controlling interests in Tangula Group Limited which has the right to operate two routes on the Qinghai-Tibet Railway from Beijing to each of Lhasa and Lijiang. Due to the political instability in Tibet and entry visa for foreign tourists were suspended, the commencement of the commercial operation of the luxury train services has been postponed to April 2009.

Results for the segment for the six months ended 30 June 2008 was a loss of HK$8.5 million (2007: nil) after charging amortisation of loan arrangement fee of HK$9.0 million and the increase in fair value of foreign currency contracts of HK$3.9 million.

Securities Trading

During the first half of the year, the Group has increased its activities, through its wholly owned subsidiaries, in the trading of securities. Profit generated from this segment for the six months ended 30 June 2008 was HK$28.1 million (2007: HK$2.8 million).

Associates

The Group's 50% held associated company, Travoo International Limited ("Travoo") transacts its air ticketing and hotel bookings business via a business-to-business-to-customers platform in the PRC. The Group's share of loss in this associated company for the first six months of 2008 was HK$6.1 million versus the HK$3.2 million for the same period of 2007. This increased loss sharing is mainly attributable to an impairment loss of HK$2.9 million recognised in the period in respect of the intangible assets recorded in the books of Travoo.

The main business of Sino Express Travel, Ltd. ("Sino Express"), a U.S. Pinksheets quoted company, is the investment and operation of a hotel resort and theme park in the Guangdong Province, the PRC. Caused by the delay of putting into place the second phase of the hotel development, an impairment of goodwill was recorded in the books of Sino Express and shared by the Group as to HK$35.7 million. As a result, the Group's share of results in this associated company for the six months ended 30 June 2008 was a loss of HK$37.0 million against the loss of HK$2.8 million for the six months ended 30 June 2007.

Material Acquisitions and Disposals

On 31 December 2007, the Group entered into an agreement to acquire the entire share capital of and the shareholder loan to More Star Limited ("More Star") for a consideration of HK$20,000,000. The sole asset of More Star 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 the property located at Tai Kok Tsui Road (the "Property") for a total consideration of HK$163,880,000. The acquisition of More Star and the Property were completed in January and February 2008 respectively.

Liquidity and Financial Resources

On 15 May 2008 and 4 June 2008, the Company has entered an underwriting agreement and a supplemental agreement for a rights issue on the basis of four right shares (with bonus warrants) for every one share held on the record date (2 July 2008) at HK$0.06 per right share (the "Rights Issue"). A total of not more than 10,594,505,212 shares and not less than 7,283,034,080 shares would be issued pursuant to the Rights Issue. The Company intended to raise not more than HK$635.7 million and not less than HK$437.0 million from the Rights Issue before expenses. The proceeds from the Rights Issue would be utilized for (i) the expansion of the

Group's travel and related business in the PRC; (ii) the investment opportunities in the hotel and/or leisure resort related properties in Hong Kong and in the PRC; (iii) the repayment of certain bank and other borrowings; and (iv) the general working capital of the Group. The Rights Issue was approved by the shareholders of the Company in a special general meeting held on 2 July 2008 and 7,295,874,988 right shares were allotted on 30 July 2008.

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

	As at 30.06.2008	As at 31.12.2007
	HK$ million	*HK$ million*
Loan from related companies	**229.1**	277.0
Bank and short term loans repayable within one year	**470.4**	88.8
Bank and other loans repayable after one year	**91.0**	366.7
Obligations under finance leases	**0.4**	0.2
Consideration note	**–**	21.5
Promissory note	**90.0**	106.5
Convertible notes	**573.6**	554.2
	1,454.5	1,414.9

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 2008, expressed as a percentage of total borrowings to equity attributable to shareholders of the parent, was 72.9% (At 31.12.2007: 69.2%).

Pledge of Assets

At 30 June 2008, certain assets of the Group at net book value of HK$801.0 million (At 31.12.2007: HK$629.0 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 2008.

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. At balance sheet date, the Group had three outstanding 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 three foreign currency contracts are as follows:

Notional amount	Maturity	Exchange rates
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 has not 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 30 June 2008, the Group has approximately 2,300 employees of which 28 employees were stationed overseas and 1,443 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 costs (including those classified under direct costs of sales) incurred for the six months ended 30 June 2008 were approximately HK$92.5 million.

Share Option Scheme

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 23 May 2008.

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 six months ended 30 June 2008, all outstanding share options were lapsed.

PROSPECTS

The China Focus

The China market continues to be the focus of the world tourism industry. The China National Tourism Administration has announced that the number of outbound travellers in 2007 increased by 18.6% to 41 million. Market predicts that the number shall reach the level of 50 million by 2015. For inbound, the number of visitors to the mainland in 2007 attained 131.9 million and representing an increase of 5.5% over the same period of last year.

The chaotic situation in Lhasa, the snow storm in early 2008 and the Sichuan disastrous earthquake affect the PRC tourism industry seriously. Coupled with the recent worldwide financial crisis resulted from the chain effect of the collapse the US sub-prime mortgage market and the bankruptcy of the gigantic investment bank, Lehman Brothers Group, this year will be a difficult year for the China tourism industry.

Nevertheless, the Group shall continue to adopt an aggressive strategy to have a comprehensive penetration into the PRC market through its established travel agency network, the Tangula luxury train, budget hotel chain under the brand "Square Inn", Rosedale branded business hotel chain. The Company foresees that by further expansion and the increasing market sharing, both the revenue and the contribution will be increased steadily despite the difficult situation in the coming future.

Tangula Luxury Train

The construction and testing of the train compartments are on the right track. However, due to the chaotic situation in Lhasa in March and April this year and followed by the suspension of the entry permit for foreign visitors to Lhasa, the commencement of the train operation has been postponed to the second quarter of 2009. The Company considered that the postponement of the operation will help to rebuild visitors' confidence and to enjoy their trip to a stable and peaceful Tibet. Given that Tibet is a very attractive place to visitors and the fare of the journey has been reasonable priced, the Group is confident that the Tangula luxury train will be one of the best choices for those travellers visiting Tibet. This will further enhance status of the Group in the market and provide considerable contribution to the results of the Group in the future.

The Guangdong Outbound Business

The procedures for applying the outbound license to organize group tours for Guangdong citizens to visit Hong Kong and Macau were completed recently and the business will be launched in the last quarter of 2008. Other than touring to traditional sightseeing spots, the Company has tailored-made series of distinctive products for these mainland visitors such as cruise vacations and study tours. The Group is confident that this business sector shall start to contribute to the bottom line of the Group in early next year.

The Hong Kong Travel Business

The Group shall continue to put in resources and effort to enhance our service quality and to uplift the status of the customers buying our 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

The acquisition of the Tai Kok Tsui Road project was completed in February of the year. Demolition of the two existing industrial buildings is underway and the site foundation and superstructure work for the new Rosedale hotel shall commence immediately thereafter. Operation of the new hotel is targeted to commence in the first quarter of 2011. The Group shall continue to look for further acquisition targets to strengthen its hotel network and to increase its sharing in the market.

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 2008.

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 2008 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 2008. 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. 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 six months ended 30 June 2008 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.

The chairman of the Company had resigned. The Company is in the process of identifying suitable candidate to fill the casual vacancy of chairman.

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. As the Company is in the process of identifying the chairman, the other executive director, present at the annual general meeting held on 23 May 2008, 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 2008.

By Order of the Board
WING ON TRAVEL (HOLDINGS) LIMITED
Cheung Hon Kit
Managing Director

Hong Kong, 26 September 2008

As at the date of this announcement, the Directors are as follows:–

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