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 2009

The board of directors (the "Board") of Wing On Travel (Holdings) Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 30 June 2009 together with comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		Six months ended	
	NOTES	**30.6.2009**	30.6.2008
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**883,241**	1,068,752
Direct operating costs		**(723,113)**	(872,684)
Gross profit		**160,128**	196,068
Other income		**6,571**	6,107
Distribution and selling expenses		**(14,365)**	(24,659)
Administrative expenses		**(189,509)**	(175,034)
(Decrease) increase in fair value of investments held for trading		**(4,959)**	28,157
Gain on disposal of subsidiaries		**–**	2,729
Finance costs		**(48,626)**	(68,484)
Loss on disposal of available-for-sale investments		**(39,370)**	–
Impairment loss recognised in respect of available-for-sale investments		**(4,965)**	–
Share of results of associates		**(26,560)**	(43,408)
Share of results of a jointly controlled entity		**(3,075)**	(4,897)
Increase in fair value of investment properties		**31,236**	306
Increase in fair value of derivative financial instruments		**–**	3,852
Impairment loss recognised in respect of goodwill		**–**	(11,305)

		Six months ended	
		30.6.2009	30.6.2008
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Loss before taxation	*4*	**(133,494)**	(90,568)
Taxation expense	*5*	**(159)**	(3,668)
Loss for the period		**(133,653)**	(94,236)
Other comprehensive income			
Exchange difference arising on translation of financial statements of foreign operations		**1,336**	55,513
Total comprehensive expense for the period		**(132,317)**	(38,723)
Loss for the period attributable to:			
Owners of the Company		**(115,146)**	(80,435)
Minority interests		**(18,507)**	(13,801)
		(133,653)	(94,236)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(113,810)**	(40,788)
Minority interests		**(18,507)**	2,065
		(132,317)	(38,723)
		HK cents	*HK cents*
Loss per share	*7*		
– Basic and diluted		**(1.26)**	(2.35)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	NOTES	**At 30.6.2009 *HK$'000* (unaudited)**	At 31.12.2008 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*8*	**2,688,495**	2,679,888
Investment properties		**251,543**	217,777
Prepaid lease payments		**151,202**	154,019
Interests in associates		**47,033**	2,737
Interest in a jointly controlled entity		**8,310**	9,069
Available-for-sale investments		**116,229**	162,984
Other intangible assets		**289,144**	263,191
Investment deposits and other assets		**79,547**	109,066
Club debenture, at cost		**713**	713
		3,632,216	3,599,444
Current assets			
Inventories		**7,034**	7,559
Amounts due from related companies		**34,439**	36,419
Amounts due from associates		**29,323**	140,374
Trade and other receivables	*9*	**202,196**	266,689
Prepaid lease payments		**5,635**	5,635
Loan receivables		**31,209**	37,744
Loan to a jointly controlled entity		**10,174**	–
Loans to related companies		**–**	8,757
Investments held for trading		**11,404**	10,190
Tax recoverable		**5**	5
Pledged bank deposits		**12,094**	12,063
Trading cash balances		**173**	238
Bank balances and cash		**386,534**	498,609
		730,220	1,024,282
Current liabilities			
Trade and other payables	*10*	**577,342**	611,095
Provision for loss contingencies		**14,542**	17,000
Loans from related companies		**185,714**	188,981
Amounts due to associates		**10,667**	10,075
Tax liabilities		**14,143**	16,273
Amounts due to related companies		**64,493**	51,627
Amount due to a jointly controlled entity		**1,346**	920

	NOTES	At 30.6.2009 HK$'000 (unaudited)	At 31.12.2008 HK$'000 (audited)
Obligations under finance leases – amount due within one year		**288**	284
Borrowings – amount due within one year		**92,717**	411,901
Promissory note		**–**	70,000
Amounts due to minority shareholders of subsidiaries		**115,147**	105,167
		1,076,399	1,483,323
Net current liabilities		**(346,179)**	(459,041)
Total assets less current liabilities		**3,286,037**	3,140,403
Non-current liabilities			
Obligations under finance leases – amount due after one year		**360**	499
Borrowings – amount due after one year		**412,461**	61,670
Convertible notes		**614,326**	593,235
Deferred taxation		**233,192**	233,484
		1,260,339	888,888
Net assets		**2,025,698**	2,251,515
Capital and reserves			
Share capital		**91,199**	91,199
Reserves		**1,592,338**	1,745,145
Equity attributable to owners of the Company		**1,683,537**	1,836,344
Minority interests		**342,161**	415,171
Total equity		**2,025,698**	2,251,515

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated financial statements of Wing On Travel (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") 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, "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$133,653,000 for the six months ended 30 June 2009 and net current liabilities of approximately HK$346,179,000 at 30 June 2009. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future, after taking into consideration the completion of the disposal of the entire issued share capital of a subsidiary for HK$833,000,000 in September 2009. 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 value, as appropriate.

Except as described below, 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 2008.

In the current interim period, the Group has, for the first time, adopted an accounting policy on acquisition of additional interest in subsidiaries. When the Group increases its interest in an entity that is already an entity controlled by the Company, it is accounted for as equity transactions. The carrying amounts of the controlling interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the minority interests are adjusted and the fair value of the consideration paid are recognised directly in equity as other reserve.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 *(see note 3)*. The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) may have other effect on the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group is currently organised into four operating divisions – travel and related services, hotel and leisure services, luxury train services, and securities trading. The information reported to the Group's chief operating decision maker (i.e. Executive Directors) for the purposes of resource allocation and assessment of performance is focused on these operating divisions.

The following is an analysis of the Group's revenue and results, for each of the reportable segments, for the period under review:

	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 2009 (unaudited)						
Turnover						
External sales	**764,839**	**118,402**	**–**	**–**	**–**	**883,241**
Inter-segment sales	**–**	**1,393**	**–**	**–**	**(1,393)**	**–**
Total	**764,839**	**119,795**	**–**	**–**	**(1,393)**	**883,241**
Inter-segment sales are charged at prevailing market price.						
Results						
Segment results	**18,566**	**(18,279)**	**(14,003)**	**(4,969)**	**–**	**(18,685)**
Interest income						**4,490**
Finance costs						**(48,626)**
Loss on disposal of available-for-sale investments						**(39,370)**
Impairment loss recognised in respect of available-for-sale investments						**(4,965)**
Share of results of associates						**(26,560)**
Central administrative costs and other unallocated corporate expenses						**(27,939)**
Increase in fair value of investment properties						**31,236**
Share of results of a jointly controlled entity						**(3,075)**
Loss before taxation						**(133,494)**

	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 losses recognised in respect of goodwill	13,021	14,718	(8,514)	28,147	–	47,372
Impairment losses 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
Central administrative costs and other unallocated corporate expenses						(16,733)
Finance costs						(68,484)
Share of results of associates						(43,408)
Share of results of a jointly controlled entity						(4,897)
Loss before taxation						(90,568)

Segment result represents the profit earned or loss incurred by each segment without allocation of central administrative costs and other unallocated corporate expenses, interest income, finance costs, impairment loss recognised in respect of available-for-sale investments, loss on disposal of available-for-sale investments, increase in fair value of investment properties, gain on disposal of subsidiaries, share of results of a jointly controlled entity and share of results of associates. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment.

4. Loss before taxation

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging:		
Amortisation of other intangible assets	**2,376**	3,913
Depreciation of property, plant and equipment	**36,156**	32,302
and after crediting:		
Interest income	**4,490**	3,852

5. Taxation expense

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Taxation expense comprises:		
Current tax:		
Hong Kong	**–**	(5,953)
Other jurisdiction	**(451)**	(131)
Deferred tax:		
Current period	**292**	(1,584)
Attributable to a change in Hong Kong Profits Tax rate	**–**	4,000
Taxation expense	**(159)**	(3,668)

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. The estimated average annual tax rate used is 16.5% for both periods under review. People's Republic of China ("PRC") enterprise income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC. Taxation arising in other jurisdiction is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

6. Dividends

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Ordinary shares:		
Final – dividend for 2008 of Nil per share (2008: Final – dividend for 2007 of HK0.5 cent per share)	**–**	9,103

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

During the period ended 30 June 2008, scrip dividend alternatives were offered in respect of the 2007 final dividends. These scrip dividend alternatives were accepted by the shareholders, as follows:

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Dividends:		
Cash	**–**	8,540
Share alternative	**–**	563
	–	9,103

7. Loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2009	30.6.2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	**(115,146)**	(80,435)

	Number of shares	
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**9,119,844,438**	**3,428,323,402**

The calculation of diluted loss per share for the period ended 30 June 2009 has not assumed the conversion of the Company's convertible notes and the exercise of the warrants (2008: 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 the period.

The weighted average number of ordinary shares for the basic and diluted loss per share for the period ended 30 June 2008 have been adjusted for the rights issue in July 2008.

8. Movements in property, plant and equipment

During the period, the Group spent approximately HK$21,994,000 (HK$296,162,000 for the six months ended 30.6.2008) on acquisition of property, plant and equipment.

9. Trade and other receivables

Included in trade and other receivables are trade receivables of approximately HK$18,299,000 (at 31.12.2008: HK$25,143,000) and the aged analysis of the trade receivables (net of impairment) at the end of the reporting period is as follows:

	At 30.6.2009 ***HK$'000*** **(unaudited)**	At 31.12.2008 *HK$'000* (audited)
0 – 30 days	**5,180**	9,643
31 – 60 days	**2,637**	4,128
61 – 90 days	**4,368**	1,625
Over 90 days	**6,114**	9,747
	18,299	25,143

The Group allows a credit period of 30 to 60 days to customers.

10. Trade and other payables

Included in trade and other payables are trade payables of approximately HK$163,795,000 (at 31.12.2008: HK$147,301,000) and the aged analysis of the trade payables at the end of the reporting period is as follows:

	At 30.6.2009 *HK$'000* (unaudited)	At 31.12.2008 *HK$'000* (audited)
0 – 30 days	**50,522**	75,949
31 – 60 days	**32,205**	30,586
61 – 90 days	**38,145**	20,829
Over 90 days	**42,923**	19,937
	163,795	147,301

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

After a dismal first quarter, Hong Kong's overall economic situation showed clear signs of improvements in the second quarter. The domestic markets have benefited from the relative stabilised global economic environment, and particularly, the revival in the Mainland's growth momentum. Local consumer sentiments were supported by a relatively stable labour market, the rebounds in the stock and housing markets, as well as the Government's relief measures. On the other hand, the spread of human swine flu had weighed heavily on tourism industry, thereby dragging down the recovering travel business on both business and leisure segment. On a seasonally adjusted quarter-to-quarter comparison, Gross Domestic Product rebounded by 3.3% in real terms in the second quarter, ending the contraction in the preceding four quarters. The second quarter saw the global economy stabilising somewhat following the strong policy actions taken by governments around the world in restoring financial sector health and supporting aggregate demand.

The results of the Group for the six months ended 30 June 2009 were adversely affected by the 2008 financial tsunami and the pandemic of human swine flu in May. The Group attained a turnover of HK$883.2 million for the six months ended 30 June 2009, represented a decrease of 17.4% as compared to the HK$1,068.8 million for the six months ended 30 June 2008. Gross profit for the period was HK$160.1 million, worse off by 18.3% compared with the corresponding period of last year. Loss for the period was HK$133.7 million (for the six months ended 30 June 2008: HK$94.2 million) resulted from after charging administrative expenses of HK$189.5 million (for the six months ended 30 June 2008: HK$175.0 million); finance costs of HK$48.6 million (for the six months ended 30 June 2008: HK$68.5 million); loss on disposal of available-for-sale investments of HK$39.4 million (for the six months ended 30 June 2008: Nil); share of loss of associates of HK$26.6 million (for the six months ended 30 June 2008: HK$43.4 million); and after crediting an increase in fair value of investment properties in the PRC of HK$31.2 million (for the six months ended 30 June 2008: HK$0.3 million).

During the period, the Group has disposed of certain of its non-performing available-for-sale investments mainly in the PRC and recorded losses in aggregate of HK$39.4 million. The share of loss in associates came mainly from the loss on disposal of certain under-performed investments located in the Mainland by the Group's associates during the period under review.

SEGMENT RESULTS

Travel and Related Services

Travel and related services of the Group comprise mainly outbound tours, air ticketing and air/hotel packages. Affected by the financial tsunami and human swine flu, turnover of this segment was HK$764.8 million and represented a decrease of 17.2% from the HK$924.2 million in 2008. No further impairment provision is required to be made in the reviewed period in respect of the goodwill attributable to the Group's travel operation in the PRC as in last year. Coupled with the effect on savings in advertising expenses, segment profit for the first six months of the year bounced to HK$18.6 million from the HK$1.7 million for the same period in 2008.

Hotel and Leisure Services

The three "Rosedale" branded 4-star rated hotels, the Times Plaza Hotel, Shenyang, the Luoyang Golden Gulf Hotel and the Square Inn budget hotel chain comprise the hotel and leisure business of the Group. Turnover decreased by 18.1% to HK$118.4 million for the six months ended 30 June 2009 (for the six months ended 30 June 2008: HK$144.6 million) due to the adverse effect of financial tsunami and the spread of human swine flu in May and June 2009. The segment resulted a loss of HK$18.3 million versus a profit of HK$14.7 million for the six months ended 30 June 2008.

Luxury Train Services

The Group has 72% controlling interests in Tangula Group Limited ("Tangula") and a joint venture of its subsidiary has the right to operate two routes on the Qinghai-Tibet Railway from Beijing to each of Lhasa and Lijiang. The commercial operation of Tangula has been postponed to the first quarter of 2010 in view of the current economic situation of both Europe and the United States of America, where the major customers group Tangula is targeting on, and the political and social instability in Lhasa during 2008. Results for the first half of the year was a loss of HK$14.0 million (for the six months ended 30 June 2008: HK$8.5 million) mainly expenses incurred to maintain the minimum staff force and administrative operations in the PRC.

Securities Trading

During the first half of the year, the Group has, through its wholly-owned subsidiaries, involved in the trading of securities. Loss generated from this segment for the six months ended 30 June 2009 was HK$5.0 million (for the six months ended 30 June 2008: a profit of HK$28.1 million).

Material Acquisitions and Disposals

In May 2009, Wing On Travel (China) Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement to acquire the entire issued share capital of and the shareholder's loan to Sky Victory Resources Limited ("Sky Victory") for a cash consideration of HK$35 million. The subsidiary of Sky Victory has entered into a lease agreement with a PRC registered company to lease and operate a 3-star hotel located in the Henan Province, the PRC for a period of 15 years. The acquisition has completed at the date of this announcement.

In June 2009, the Group entered into an agreement with an independent third party to acquire 8% equity interests in Apex Quality Group Limited ("Apex"), an indirect non wholly-owned subsidiary of the Company, for a total cash consideration of HK$70 million. Upon completion, the Group's equity interest in Apex will increase from 67.9% to 75.9% and Apex will remain as an indirect non wholly-owned subsidiary of the Company. The acquisition has completed at the date of this announcement.

On 1 August 2009, the Group entered into an agreement for the disposal of the entire issued share capital of Yarra Group Limited ("Yarra") and the assignment of the shareholder's loan for an aggregate consideration of HK$833 million (subject to adjustment). Yarra is an investment holding company and is the legal and beneficial owner of the entire equity interest in Hey Wealth Limited, which is in turn the legal and beneficial owner of the hotel property known as "Rosedale on the Park", located in Hong Kong. The disposal has completed at the date of this announcement.

Liquidity and Financial Resources

On 14 July 2009, the Company and a placing agent entered into (i) a general mandate placing agreement in relation to a best endeavour placing of a maximum of 1,800,000,000 new shares at a price of HK$0.035 per share; and (ii) a specific mandate placing agreement in relation to a best endeavour placing of not less than 20,000,000,000 new shares but not more than 30,000,000,000 new shares at a price of HK$0.035 per share. The maximum net proceeds of approximately HK$1.083 billion is intended to be used to expand the existing Rosedale and Square Inn hotel development projects; repayment of certain amounts due to related companies and other borrowings and for general working capital of the Group for its travel and hotel operations. On 24 September 2009, the Company and the placing agent have agreed in writing to extend the long stop date from 30 September 2009 to 15 October 2009 (or such other date as may be agreed by both the Company and the placing agent) to allow time for the parties to procure fulfillment of the conditions. The general mandate placing agreement was completed while the specific mandate placing agreement has not yet completed at the date of this announcement.

On 24 July 2009, the Company announced that it will make a repurchase offer (subject to fulfillment of certain conditions precedent) to repurchase the outstanding convertible exchangeable notes (the "Notes") of HK$640 million at their face value. The purchase price is to be satisfied by the issue of the new shares in the Company at HK$0.035 per share, credited as fully paid. On the closing date of the repurchase offer, noteholders holding HK$412.8 million of the Notes have tendered their acceptance of the repurchase offer. The repurchase offer constitutes a connected transaction of the Company and has been approved by the independent shareholders of the Company in the special general meeting held on 7 September 2009. The repurchase of the Notes has not yet completed at the date of this announcement.

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

	At 30.06.2009	At 31.12.2008
	HK$ million	*HK$ million*
Loans from related companies	**185.7**	189.0
Borrowings – amount due within one year	**92.7**	411.9
Borrowings – amount due after one year	**412.5**	61.7
Promissory note	**–**	70.0
Convertible notes	**614.3**	593.2
	1,305.2	1,325.8

The Notes issued in June 2006, due in June 2011, bear interest at a fixed rate of 2% per annum and a loan from a related company of outstanding principal of approximately HK$175.9 million at balance sheet date bears fixed interest rate of 10.32% per annum. All other borrowings bear floating interest rates.

In March 2009, the Company has renewed with a local bank for a facility of HK$430 million. The outstanding principal together with the accrued interest of this new bank loan was fully repaid in September 2009 out of the proceeds from the disposal of Yarra.

The gearing ratio at 30 June 2009, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 77.5% (at 31 December 2008: 72.2%).

Pledge of Assets

At 30 June 2009, certain assets of the Group at net book value of HK$829.0 million (at 31 December 2008: HK$850.4 million) were pledged to banks and financial institutions for credit facilities.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 30 June 2009.

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 did not have entered into any hedging arrangements. 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 2009, the Group has approximately 2,100 employees of which 25 employees were stationed overseas and 1,266 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 provides training programs, provident fund scheme and medical insurance for its employees.

PROSPECTS

According to the prediction made by an authoritative PRC outbound research specialist during the 5th International Forum on Chinese Outbound Tourism held in May 2009 in Beijing, the number of outbound travellers of 2009 shall increase by 6% and a further 10% in 2010 notwithstanding the impact from the financial tsunami. In Asia, despite that Japan and South Korea shall continuously be the hottest destinations for the Chinese citizens, Mainland tourists to Taiwan shall realize a sharp increase in 2009 following the inauguration of the "Three Direct Links" in December 2008. It is expected that the total PRC outbound travellers to Asia destinations shall reach 44 million in 2009. On the inbound aspect, the PRC tourism industry has also proved its capability to resist the impact of the financial downturn and the human swine flu. The number of travellers to the Mainland reached approximately 66 million during the first half of 2009, represented only a small decrease of 4.4% from the corresponding period in 2008. In August 2009, PRC inbound travellers even attained approximately 11 million, an increase of 3.1% against that of August 2008.

The Group has already equipped itself to get its share in this flourishing PRC market. Following the planned opening of the Square Inn branded hotels located at Mount Dapi and Macau in the last quarter of 2009; the grant of the international agent licence to its subsidiary in the Sichuan Province; the upcoming Tangula luxury train services and its well established Rosedale hotel chain, the Group is confident that its PRC section shall be fruitful in the coming year and shall provide enormous contributions to the Group other than its traditional Hong Kong based leading outbound travel business.

The Company shall continue to look for further quality investment opportunities to enhance its shareholders' wealth.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2009 (for the six months ended 30 June 2008: Nil).

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 six months ended 30 June 2009.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management and the Company's auditor 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 2009 on the basis that such review does not in itself constitute an audit. 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 provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2009 except for the following deviations:–

Code provision A.2.1

Under 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 were performed by Mr. Cheung Hon Kit, the then Managing Director of the Company, up to 20 May 2009 and Ms. Chan Ling, Eva, the Managing Director of the Company, since 1 June 2009, in the same capacity as the CEO of the Company.

Mr. Cheung Hon Kit has been re-designated as the Chairman of the Company with effect from 21 May 2009 to fill the casual vacancy of chairman.

Code provision A.4.1

Under 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 this is no less exacting than that in the Code.

Code provision E.1.2

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. The Chairman of the Board, Mr. Cheung Hon Kit, was unable to attend the annual general meeting held on 29 May 2009 as he had other important business engagement. However, Mr. Kwok Ka Lap, Alva, an independent non-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.

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

Hong Kong, 25 September 2009

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

Executive Directors:
Mr. Cheung Hon Kit *(Chairman)*
Ms. Chan Ling, Eva *(Managing Director)*
Dr. Yap, Allan
Mr. Chan Pak Cheung, Natalis

Independent Non-Executive Directors:
Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai