

INTERIM RESULTS

The Board of Directors (the "Board") of Ananda Wing On Travel (Holdings) Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2000.

The results have been reviewed by the Audit Committee with Management on 22 December 2000 as to the accounting principles, practices, internal control, auditing and financial reporting matters including reviewing the following unaudited financial statements 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 September 2000.

Ananda Wing On Travel (Holdings) Limited

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 September 2000

	For the six months ended	
	30/9/2000	30/9/1999
	HK\$'000	HK\$'000
Turnover	1,460,784	1,272,570
Cost of sales	(1,257,916)	(1,091,475)
Gross profit	202,868	181,095
Other revenue	11,772	7,843
Distribution costs	(38,138)	(34,793)
Administrative expenses	(138,381)	(118,311)
Loss on disposal of fixed assets	(397)	-
Loss on disposal of other investments	(11,574)	-
Unrealised loss on other investments	(7,742)	-
Profit from operations	18,408	35,834
Finance costs – interest expenses	(8,481)	(9,342)
Share of results of associates	(8,706)	(5,139)
Profit before taxation	1,221	21,353
Taxation	(434)	(1,173)
Net profit for the period	787	20,180
Dividends	-	-
Earnings per share	0.01 cent	0.308 cent

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2000

	(Unaudited) At 30 September 2000 HK\$'000	(Audited) At 31 March 2000 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	662,545	677,881
Investment property	1,110	1,110
Interests in associates	281,020	289,727
Other investments	–	25,089
	<u>944,675</u>	<u>993,807</u>
Current assets		
Inventories	1,973	1,877
Other investments	2,147	–
Amount due from related companies	8,864	1,243
Amount due from associates	3,725	3,304
Trade and other receivables	449,874	390,718
Loan receivable	29,000	30,000
Deposit paid	–	18,000
Investment deposit	123,500	56,000
Tax recoverable	725	63
Trading cash balances	758	1,634
Bank balances and cash	50,855	59,654
	<u>671,421</u>	<u>562,493</u>
Current liabilities		
Trade and other payables	296,327	249,747
Tax liabilities	9	29
Amount due to related companies	19,287	6,904
Amount due to associates	9,260	–
Obligations under finance leases		
– amount due within one year	11,307	16,464
Borrowings – amount due within one year	82,218	133,297
	<u>418,408</u>	<u>406,441</u>

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	(Unaudited) At 30 September 2000 HK\$'000	(Audited) At 31 March 2000 HK\$'000
Net current assets	<u>253,013</u>	<u>156,052</u>
Total assets less current liabilities	<u>1,197,688</u>	<u>1,149,859</u>
Non-current liabilities		
Borrowings – amount due after one year	88,953	37,971
Deferred taxation	17,624	17,222
Obligations under finance leases – amount due after one year	<u>4,732</u>	<u>8,853</u>
	<u>111,309</u>	<u>64,046</u>
Net assets	<u><u>1,086,379</u></u>	<u><u>1,085,813</u></u>
CAPITAL AND RESERVES		
Share capital	76,943	76,943
Reserves	<u>1,009,436</u>	<u>1,008,870</u>
Shareholders' funds	<u><u>1,086,379</u></u>	<u><u>1,085,813</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES
(UNAUDITED)***For the six months ended 30 September 2000*

	For the six months ended	
	30/9/2000	30/9/1999
	HK\$'000	HK\$'000
Exchange (losses)/gains arising from translation of financial statements of overseas operations	(221)	6
Net profit for the period	787	20,180
	566	20,186
Goodwill on acquisition of an associate	-	(8,439)
	566	11,747

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)*For the six months ended 30 September 2000*

	For the six months ended	
	30/9/2000	
	HK\$'000	
Net cash inflow from operating activities	50,125	
Net cash inflow from returns on investments and servicing of finance	891	
Tax paid	(682)	
Net cash outflow from investing activities	(12,797)	
Net cash inflow before financing	37,537	
Net cash inflow from financing	2,357	
Increase in cash and cash equivalents	39,894	
Cash and cash equivalents at beginning of the period	(41,077)	
Effect on foreign exchange rate changes	(122)	
Cash and cash equivalents at end of the period	(1,305)	

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities.

Advantage has been taken of the exemption provided by paragraph 37.3 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from the requirement to include comparative figures for the first cash flow statement included in the interim financial statements relating to accounting periods ending on or after 1 July 2000.

2. Accounting policies

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Reporting" issued by the Hong Kong Society of Accountants. The accounting policies adopted are consistent with those followed in the Company's annual financial statements for the year ended 31 March 2000.

3. Segment information

	Turnover		Profit from Operations	
	For the six months ended		For the six months ended	
	30/9/2000	30/9/1999	30/9/2000	30/9/1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Travel and related services	1,366,939	1,181,301	13,891	25,487
Transportation services	93,845	91,269	4,517	10,347
	<u>1,460,784</u>	<u>1,272,570</u>	<u>18,408</u>	<u>35,834</u>

Over 90% of the Group's turnover was derived from activities in Hong Kong.

4. Depreciation and amortisation

During the period, depreciation of HK\$19,591,000 (1999: HK\$19,357,000) was provided in respect of the Group's property, plant and equipment.

5. Taxation

	For the six months ended	
	30/9/2000	30/9/1999
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	-	23
Taxation in other jurisdictions	31	33
Deferred taxation	403	1,117
	434	1,173
Share of taxation attributable to associates:		
Taxation in other jurisdictions	-	-
	434	1,173

6. Dividends

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2000 (1999: Nil).

7. Earnings per share

The calculation of earnings per share is based on the unaudited consolidated profit attributable to shareholders of HK\$787,000 and on the 7,694,317,770 shares in issue after adjusting the subdivision of the share of HK\$0.10 each into ten shares of HK\$0.01 each pursuant to a resolution passed on 28 July 2000.

The 1999 comparative figure is calculated based on the unaudited consolidated profit attributable to shareholders for the six months ended 30 September 1999 of HK\$20,180,000 and on the 5,500,000,000 shares in issue and the new issue of 1,460,984,440 shares pursuant to the announcement made by the Company on 13 July 1999 after adjusting for the above subdivision.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$5,728,000 (1999: HK\$5,131,000) on property, plant and equipment.

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9. TRADE AND OTHER RECEIVABLES

Included is a balance of HK\$75,704,000 (At 31 March 2000: HK\$82,715,000) for trade receivables and the aged analysis is as follows:

	At 30/9/2000	At 31/3/2000
	HK\$'000	HK\$'000
0 – 30 days	48,391	32,092
31 – 60 days	6,572	6,780
61 – 90 days	2,829	2,425
Over 90 days	17,912	41,418
	<u>75,704</u>	<u>82,715</u>

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 is a balance of HK\$157,984,000 (At 31 March 2000: HK\$144,640,000) for trade payables and the aged analysis is as follows:

	At 30/9/2000	At 31/3/2000
	HK\$'000	HK\$'000
0 – 30 days	70,498	55,550
31 – 60 days	33,847	43,156
61 – 90 days	12,720	16,537
Over 90 days	40,919	29,397
	<u>157,984</u>	<u>144,640</u>

11. SHARE CAPITAL

There was no movement in the share capital of the Company in the current interim reporting period.

For the six months ended 30 September 1999, the share capital of the Company was increased by HK\$14,609,844 through a new issue of 1,460,984,440 shares of HK\$0.01 each (after adjusting for the subdivision of the share of HK\$0.10 each into ten shares of HK\$0.01 each) pursuant to the announcement made by the Company on 13 July 1999.

12. CONTINGENT LIABILITIES

	At 30/9/2000	At 31/3/2000
	HK\$'000	HK\$'000
Guarantees executed by the Company in favour of banks and financial institutions in respect of credit facilities granted to subsidiaries	<u>294,356</u>	<u>296,654</u>

13. POST BALANCE SHEET EVENT

On 20 December 2000, the Company entered into a conditional placing agreement to place 500,000,000 placing shares at the placing price of HK\$0.10 per placing share on a best effort basis. The placing shares represent approximately 6.5% of the Company's existing issued share capital of 7,694,317,770 shares and 6.1% of the enlarged issued share capital of the Company of 8,194,317,770 shares. The net proceeds from the placing is approximately HK\$48.6 million and will be used as general working capital.

RESULTS

The Group's total turnover increased by HK\$188,214,000 or 14.8% to HK\$1,460,784,000. Profit attributable to shareholders decreased by HK\$19,393,000 or 96.1% to HK\$787,000 mainly due to the loss on other investments and share of the results of associates. Earnings per share reduced to 0.01 Hong Kong cent from 0.308 Hong Kong cent after adjusting for the subdivision of the share of HK\$0.10 each into ten shares of HK\$0.01 each on 28 July 2000.

Travel and Related Services

Turnover was increased by HK\$185,638,000 or 15.7% due to the continuous outbound travel demand. Short-haul tours, especially tours to Mainland China, were more preferred to long-haul tours. Operation profit from these activities was improved by HK\$7,720,000 or 30.3%.

Transportation Services

Turnover was slightly above the same period of last year by HK\$2,576,000 or 2.8%. Profit was trimmed mainly due to the fierce competition in cross-border coach service, relatively higher running cost in developing new routes, e.g. Airport Chinalink, and rising fuel cost.

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Associated Companies

The Group had interests in three associated companies, two engaged in operating hotels and one in Guangzhou, engaged in packaging tours within The People's Republic of China. The associated company in Guangxi generated reasonable returns whereas the one in Harbin still reported a loss. The associated company in Guangzhou which commenced business in last December also reported a loss but is improving.

LIQUIDITY AND CAPITAL RESOURCES

Shareholders' funds at 30 September 2000 amounted to HK\$1,086,379,000 as compared with HK\$1,085,813,000 at 31 March 2000. The gearing ratio of 17.2% at 30 September 2000 was reduced slightly from that of 18.1% at 31 March 2000.

At 30 September 2000, the assets of the Group with an aggregate net book value of HK\$372,727,000 (At 31 March 2000: HK\$339,954,000) were mortgaged or pledged to banks and financial institutions for credit facilities granted to the Group.

At 30 September 2000, the Company had issued guarantees to banks and financial institutions for credit facilities granted to its subsidiaries to the extent of HK\$294,856,000 (At 31 March 2000: HK\$296,654,000) of which approximately HK\$281,006,000 (At 31 March 2000: HK\$282,804,000) was utilised.

BUSINESS REVIEW AND PROSPECTS

The unaudited consolidated turnover and profit attributable to shareholders of the Group for the six months ended 30 September 2000 were HK\$1,460,784,000 and HK\$787,000 respectively. Turnover increased by 14.8% and profit attributable to shareholders decreased by 96.1% when compared with the corresponding period last year. The Group recorded a considerable growth in turnover of the travel business, but there was a decline in overall profit which was mainly attributable to the loss from an extraordinary item of other investment during the period. The Group's transportation services, comprising cross-border bus between Hong Kong and Mainland China, the Airport Hotelink and other limousine services, all recorded a steady growth. In addition, the Group has established a joint venture company, namely CYTS Wing On Travel Service Company Limited, with CYTS (Hong Kong) Limited to provide travel services to travelers from Mainland China for tours in Hong Kong and Macau, and those tourists from South East Asia traveled to Hong Kong and Mainland China. This joint venture business is expected to increase the Group's market share in the travel industry significantly.

The PRC economy is expected to become more prosperous following the accession to the World Trade Organization. This will provide the Group with much more opportunities to develop the tour market in the PRC. In this regard, the Group will take initiative to explore new scenic resorts and touring destinations and also identify business opportunities for travel services in various provinces and cities in the PRC. For transportation services, the Group will continue to expand business in the PRC so that the transportation services operated by Tran-Island can be successfully extended to major provinces and cities in the PRC. With the increasing popularity of the Internet since the year of the millennium, the pageviews of the Group's Wing On Travel Website keep on rising. Customers in Hong Kong and from various parts of the world have accustomed themselves to making inquiries, purchases and bookings for travel related services through the internet. Therefore, the Wing On Travel Website will remain as one of our development focuses. Looking ahead, it is expected that in line with the gradual recovery of the South East Asia economy and the declining unemployment rate in Hong Kong, the local consumption will gradually pick up. On this basis together with the huge tour market in the PRC to be explored, the Group is confident about its overall business development and expects a significant rise in profits in future.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2000, the beneficial interests of the directors and their associates in the shares of the Company and its associated corporations as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") are as follows:

Name of director	Type of interest	Number of shares
Chan Yeuk Wai	Corporate and other	4,272,204,440 (Notes)
Chan Yeuk Pun	Corporate and other	4,272,204,440 (Notes)

Notes:

- (i) Pursuant to a resolution passed by the shareholders of the Company at the special general meeting of the Company on 28 July 2000, each share of the Company of HK\$0.10 each was subdivided into ten shares of HK\$0.01 each.

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- (ii) Out of the 4,272,204,440 shares, 2,811,220,000 shares are beneficially owned by Hounslow Limited, a company wholly owned by Messrs. Chan Yeuk Wai and Chan Yeuk Pun ("Messrs. Chan") in equal shares and 1,460,984,440 shares are held by Hounslow Limited in which 10,207,250 shares are held as trustee for Messrs. Chan and 1,450,777,190 shares are held as trustee for Ananda China Hotel (Holdings) Limited, a company beneficially owned by Messrs. Chan.
- (iii) Out of the 2,811,220,000 shares beneficially owned by Hounslow Limited, 1,320,000,000 shares are held by Abbotsbury Assets Limited, a wholly owned subsidiary of Hounslow Limited, as trustee for Hounslow Limited.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the directors in trust for the Company and its subsidiaries, no directors held any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2000, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the Company has not been notified of any interests representing 10% or more of the issued share capital of the Company.

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 period under review.

CODE OF BEST PRACTICE

The Company has complied throughout the period with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On behalf of the Board
Chan Yeuk Wai
Chairman

Hong Kong, 27 December 2000