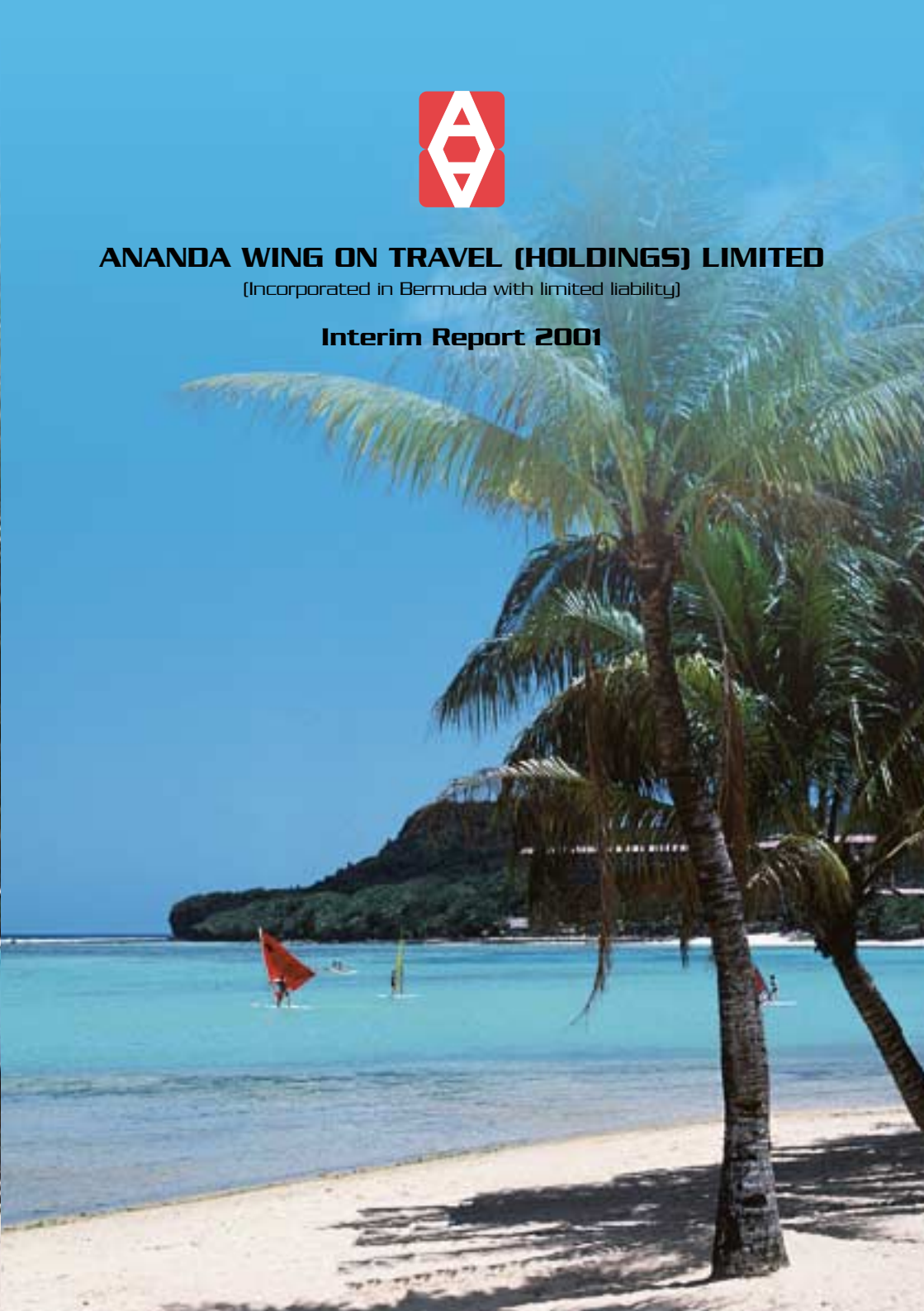




# **ANANDA WING ON TRAVEL (HOLDINGS) LIMITED**

(Incorporated in Bermuda with limited liability)

## **Interim Report 2001**



## **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 2001.

The results have been reviewed by the Group's external auditors and the Audit Committee with Management on 28 December 2001 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 2001.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 30 September 2001

	<b>Six months ended</b>	
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Turnover	<b>1,122,849</b>	1,460,784
Direct operating costs	<b>(991,926)</b>	(1,257,916)
Gross profit	<b>130,923</b>	202,868
Other revenue	<b>8,887</b>	11,772
Distribution costs	<b>(33,840)</b>	(38,138)
Administrative expenses	<b>(144,435)</b>	(138,778)
Amortisation of goodwill	<b>(3,995)</b>	-
Provision for advances to a service supplier	<b>(47,263)</b>	-
Provision for irrecoverable trade debts	<b>(9,877)</b>	-
(Loss) profit from operations	<b>(99,600)</b>	37,724
Finance costs	<b>(6,677)</b>	(8,481)
Share of results of associates	<b>(17,232)</b>	(8,706)
Gain on disposal of subsidiaries	<b>2,373</b>	-
Unrealised holding loss on other investments	<b>(3,240)</b>	(7,742)
Provision for profit warranty upon partial disposal of subsidiaries	<b>(3,885)</b>	-
Loss on disposal of other investments	<b>-</b>	(11,574)
(Loss) profit before taxation	<b>(128,261)</b>	1,221
Taxation	<b>(2,656)</b>	(434)
(Loss) profit before minority interests	<b>(130,917)</b>	787
Minority interests	<b>(2,136)</b>	-
Net (loss) profit for the period	<b>(133,053)</b>	787
(Loss) earnings per share – basic	<b>(1.57) cents</b>	0.01 cent

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2001

	NOTES	At 30.9.2001 HK\$'000 (unaudited)	At 31.3.2001 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
Non-current assets			
Property, plant and equipment	5 & 9	512,248	644,219
Goodwill		55,812	-
Investment property		1,269	1,269
Interests in associates		231,092	248,413
Other long term investment		70,500	70,500
Investments in securities		22,626	-
		<b>893,547</b>	<b>964,401</b>
Current assets			
Inventories		1,730	4,766
Amounts due from associates		1,836	46
Amounts due from related companies		-	28
Trade and other receivables	10	488,007	437,248
Loan receivables		117,200	29,000
Deposit paid		-	20,000
Investment deposits		112,000	56,000
Tax recoverable		-	673
Other investment		5,760	-
Trading cash balances		492	874
Bank balances and cash		13,576	199,222
		<b>740,601</b>	<b>747,857</b>
Current liabilities			
Trade and other payables	11	192,603	300,583
Tax liabilities		61	-
Amounts due to associates		31,721	7,191
Amounts due to related companies		13,637	77
Provision for profit warranty upon partial disposal of subsidiaries		10,000	-
Deferred income		-	6,115
Obligations under finance leases – amount due within one year		9,943	9,042
Borrowings – amount due within one year		118,974	122,887
		<b>376,939</b>	<b>445,895</b>
Net current assets		<b>363,662</b>	<b>301,962</b>
Total assets less current liabilities		<b>1,257,209</b>	<b>1,266,363</b>
Minority interests		<b>36,244</b>	<b>33,731</b>

	At <b>30.9.2001</b> <i>NOTES</i> <b>HK\$'000</b> <b>(unaudited)</b>	At 31.3.2001 <i>HK\$'000</i> (audited)
Non-current liabilities		
Borrowings – amount due after one year	<b>43,577</b>	25,223
Deferred tax liabilities	<b>22,790</b>	20,744
Obligations under finance leases – amount due after one year	<b>2,884</b>	1,636
	<b>69,251</b>	47,603
Net assets	<b>1,151,714</b>	1,185,029
<b>CAPITAL AND RESERVES</b>		
Share capital	12 <b>90,813</b>	79,013
Reserves	13 <b>1,060,901</b>	1,106,016
Shareholders' funds	<b>1,151,714</b>	1,185,029

**CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES**

*For the six months ended 30 September 2001*

	<b>Six months ended</b>	
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net loss arising from exchange difference on translation of financial statements of operations outside Hong Kong not recognised in the income statement	<b>(598)</b>	(221)
Net (loss) profit for the period	<b>(133,053)</b>	787
Total recognised (losses) gains	<b>(133,651)</b>	566

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 30 September 2001

	<b>Six months ended</b>	
	<b>30.9.2001</b> <b>HK\$'000</b> <b>(unaudited)</b>	30.9.2000 <i>HK\$'000</i> (unaudited)
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	<b>(201,402)</b>	50,125
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<b>393</b>	891
TAX REFUNDED (PAID)	<b>715</b>	(682)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<b>(102,707)</b>	(12,797)
NET CASH (OUTFLOW) INFLOW BEFORE FINANCING	<b>(303,001)</b>	37,537
NET CASH INFLOW FROM FINANCING	<b>121,481</b>	2,357
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(181,520)</b>	39,894
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>129,465</b>	(41,077)
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	<b>10</b>	(122)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>(52,045)</b>	(1,305)

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2001*

### **1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **2. PRINCIPAL ACCOUNTING POLICIES**

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

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new/revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants, resulting in the adoption of the following new accounting policies.

#### **Segment Reporting**

SSAP 26 "Segment Reporting" has introduced new principles for reporting financial information by segment. Segment disclosures for the six months ended 30 September 2000 have been modified in order to present segmental information consistently with the requirements of the standard.

#### **Goodwill**

In the current period, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisition prior to 1 April 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisition prior to 1 April 2001 will be credited to income at the time of disposal of the relevant subsidiary or associate.

Goodwill arising on acquisition on or after 1 April 2001 is capitalised and amortised over its estimated useful life, subject to a maximum period of 20 years. Negative goodwill arising on acquisition on or after 1 April 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.



### 3. SEGMENT INFORMATION

The Group's turnover and contribution to (loss) profit from operations analysed by principal activity are as follows:

#### (i) Business segments

	Turnover		Segment results	
	1.4.2001 to 30.9.2001 HK\$'000	1.4.2000 to 30.9.2000 HK\$'000	1.4.2001 to 30.9.2001 HK\$'000	1.4.2000 to 30.9.2000 HK\$'000
Travel and related services				
External sales	<u>1,023,765</u>	<u>1,366,939</u>	<u>(113,803)</u>	<u>26,178</u>
Transportation services				
External sales	<u>99,084</u>	<u>93,845</u>	<u>7,133</u>	<u>2,173</u>
Inter-segment sales	<u>40,881</u>	<u>16,810</u>		
	<u>139,965</u>	<u>110,655</u>		
	<u>1,163,730</u>	<u>1,477,594</u>	<u>(106,670)</u>	<u>28,351</u>
Elimination	<u>(40,881)</u>	<u>(16,810)</u>		
	<u>1,122,849</u>	<u>1,460,784</u>		
Interest income			<u>7,070</u>	<u>9,373</u>
(Loss) profit from operations			<u>(99,600)</u>	<u>37,724</u>

(ii) No geographical segments have been presented as over 90% of the Group's turnover was derived from Hong Kong.

### 4. PROVISION FOR PROFIT WARRANTY UPON PARTIAL DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2001, the Group disposed of its 25% interest in Trans-Island Limousine Service Limited ("Trans-Island") for consideration of HK\$40,000,000. The consideration will be adjusted in the event that the average audited net profit after taxation and extraordinary items of Trans-Island and its subsidiaries for the two years ending 31 March 2002 is less than HK\$24 million. In light of the current operations of Trans-Island and its subsidiaries, the directors consider that a provision for profit warranty of HK\$10,000,000 should be accrued, being their best estimate of the repayment of the consideration that will be required. Accordingly, a provision of HK\$3,885,000 has been recognised in this interim financial report which, together with the reversal of the deferred income arising from the disposal of HK\$6,115,000 as determined in the previous year, results in an aggregate provision of HK\$10,000,000 in the consolidated balance sheet.

## 5. DEPRECIATION AND AMORTISATION

During the period, depreciation of HK\$19,384,000 (HK\$19,591,000 for the six months ended 30 September 2000) was provided in respect of the Group's property, plant and equipment.

## 6. TAXATION

	<b>Six months ended</b>	
	<b>30.9.2001</b>	30.9.2000
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	-	-
Taxation in other jurisdictions calculated at rates prevailing in the respective jurisdictions	<b>20</b>	31
Deferred taxation	<b>2,046</b>	403
	<b>2,066</b>	434
Share of taxation attributable to associates:		
Hong Kong Profits Tax calculated at 16% on the estimated assessable profit	<b>193</b>	-
Taxation in other jurisdictions calculated at rates prevailing in the respective jurisdictions	<b>397</b>	-
	<b>590</b>	-
	<b>2,656</b>	434

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

## 7. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share is based on the net loss for the six months ended 30 September 2001 of HK\$133,053,000 and on the weighted average number of 8,494,869,683 shares in issue.

The 2000 comparative figure is calculated based on the net profit for the six months ended 30 September 2000 of HK\$787,000 and on the 7,694,317,770 shares in issue after adjusting for the effect of the subdivision of one share of HK\$0.10 each into ten shares of HK\$0.01 each pursuant to a resolution passed on 28 July 2000.

## 8. DIVIDENDS

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2001 (2000: nil).

No dividend was paid during the interim period.

## 9. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$6,889,000 (HK\$5,728,000 for the six months ended 30 September 2000) on property, plant and equipment.

## 10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$31,429,000 (At 31 March 2001: HK\$56,364,000) and the aged analysis of the trade receivables at the reporting dates is as follows:

	<b>At</b> <b>30.9.2001</b> <b>HK\$'000</b>	At 31.3.2001 HK\$'000
0 – 30 days	<b>13,444</b>	28,346
31 – 60 days	<b>9,850</b>	13,268
61 – 90 days	<b>5,247</b>	2,136
Over 90 days	<b>2,888</b>	12,614
	<b><u>31,429</u></b>	<b><u>56,364</u></b>

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

## 11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$118,083,000 (At 31 March 2001: HK\$211,784,000) and the aged analysis of the trade payables at the reporting dates is as follows:

	<b>At</b> <b>30.9.2001</b> <b>HK\$'000</b>	At 31.3.2001 HK\$'000
0 – 30 days	<b>39,796</b>	81,714
31 – 60 days	<b>19,168</b>	29,564
61 – 90 days	<b>18,760</b>	30,031
Over 90 days	<b>40,359</b>	70,475
	<b><u>118,083</u></b>	<b><u>211,784</u></b>

**12. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount</b> <i>HK\$'000</i>
Authorised:		
Balance as at 1 April 2001	<b>10,000,000,000</b>	100,000
Increase on 10 August 2001 ( <i>Note a</i> )	<b>10,000,000,000</b>	100,000
	<u><b>20,000,000,000</b></u>	<u>200,000</u>
Balance as at 30 September 2001	<u><b>20,000,000,000</b></u>	<u>200,000</u>
Issued and fully paid:		
Balance as at 1 April 2001	<b>7,901,317,770</b>	79,013
Issued on 20 June 2001 ( <i>Note b</i> )	<b>800,000,000</b>	8,000
Issued on 24 July 2001 ( <i>Note c</i> )	<b>380,000,000</b>	3,800
	<u><b>9,081,317,770</b></u>	<u>90,813</u>
Balance as at 30 September 2001	<u><b>9,081,317,770</b></u>	<u>90,813</u>

*Notes:*

- (a) Pursuant to a resolution passed by the shareholders of the Company at the special general meeting of the Company on 10 August 2001, the authorised share capital of the Company was increased from HK\$100 million to HK\$200 million by the creation of an additional 10 billion new shares of HK\$0.01 each in the capital for the Company.
- (b) On 6 June 2001, the Company entered into a conditional placing agreement with Guotai Junan Securities (Hong Kong) Limited. On 20 June 2001, the Company, pursuant to the placing agreement, placed and issued 800,000,000 new shares of HK\$0.01 each of the Company at a price of HK\$0.06 per share to private individual or institutional investors. The net proceeds of HK\$46,600,000 will be used as working capital for the Group. The new shares issued rank pari passu with the then existing shares in all respects.
- (c) Pursuant to the placing agreement and subscription agreement both dated 10 July 2001, Hounslow Limited ("Hounslow"), the substantial shareholder of the Company, placed 380,000,000 existing shares of HK\$0.01 each of the Company at a price of HK\$0.146 per share to three independent private investors and at the same time subscribed for 380,000,000 new shares of the Company at a price of HK\$0.146 per share which were issued on 24 July 2001. The net proceeds of HK\$54,200,000 will be used as working capital for the Group. The new shares issued rank pari passu with the then existing shares in all respects.

### 13. RESERVES

	Share premium	Special reserve	Investment property revaluation reserve	Asset revaluation reserve	Translation reserve	Goodwill reserve	Statutory reserves	Accumu- lated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP									
At 1 April 2000	691,806	55,554	446	3,784	(290)	(15,078)	63	272,585	1,008,870
Premium on issue of shares	14,490	-	-	-	-	-	-	-	14,490
Surplus arising on revaluation of investment property	-	-	159	-	-	-	-	-	159
Transfer to accumulated profits upon disposal of property, plant and equipment	-	-	-	(536)	-	-	-	536	-
Exchange difference arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	(186)	-	-	-	(186)
Net profit for the year	-	-	-	-	-	-	-	82,683	82,683
Transfer	-	-	-	-	-	-	58	(58)	-
At 31 March 2001 and 1 April 2001	706,296	55,554	605	3,248	(476)	(15,078)	121	355,746	1,106,016
Premium on issue of shares	89,000	-	-	-	-	-	-	-	89,000
Transfer to accumulated profits upon disposal of property, plant and equipment	-	-	-	(3,066)	-	-	-	3,066	-
Exchange difference arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	(598)	-	-	-	(598)
Reserve released on disposal of subsidiaries	-	-	-	-	-	(464)	-	-	(464)
Net loss for the period	-	-	-	-	-	-	-	(133,053)	(133,053)
At 30 September 2001	795,296	55,554	605	182	(1,074)	(15,542)	121	225,759	1,060,901

**14. CAPITAL COMMITMENTS**

	<b>30.9.2001</b> <i>HK\$'000</i>	31.3.2001 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements:		
Acquisition of a subsidiary	<b>90,600</b>	–
Property, plant and equipment	<b>6,825</b>	8,041
	<u><b>97,425</b></u>	<u>8,041</u>
Capital expenditure authorised but not contracted for:		
Property, plant and equipment	<u><b>10,800</b></u>	<u>–</u>

**15. ACQUISITION OF A SUBSIDIARY**

	<b>Six months ended</b> <b>30.9.2001</b> <i>HK\$'000</i>
Net assets (liabilities) acquired:	
Property, plant and equipment	225
Trade and other receivables	720
Bank balances and cash	80
Trade and other payables	(84)
Intercompany indebtedness	(15,011)
	<u>(14,070)</u>
Minority interests	5,628
	<u>(8,442)</u>
Assignment of indebtedness	9,007
Net assets acquired	565
Goodwill arising on acquisition	59,807
	<u>60,372</u>
Cash consideration	<u>60,372</u>
Net cash outflow arising on acquisition:	
Cash consideration	60,372
Bank balances and cash acquired	(80)
	<u>60,292</u>

Cyber Network Services (H.K.) Limited, the acquired subsidiary, did not make any significant contribution to the results of the Group during the interim period.

**16. DISPOSAL OF SUBSIDIARIES**

	<b>Six months ended 30.9.2001 HK\$'000</b>
Net assets disposed of:	
Property, plant and equipment	118,197
Trade and other payables	(280)
	<hr/>
	117,917
Retained as investments in securities by the Group	(22,626)
Reserve released on disposal of subsidiaries	(464)
	<hr/>
	94,827
Gain on disposal of subsidiaries	2,373
	<hr/>
Consideration	<u>97,200</u>
Satisfied by:	
Cash consideration	3,000
Loan receivables	94,200
	<hr/>
	<u>97,200</u>

Analysis of net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:

	<b>Six months ended 30.9.2001 HK\$'000</b>
Cash consideration	<u>3,000</u>

The subsidiaries disposed of during the period did not have any significant impact on the Group's operating results and cash flows.

## **REVIEW OF FINANCIAL RESULTS**

The Group's total turnover decreased by HK\$337,935,000 or 23.1% to HK\$1,122,849,000 mainly attributable to the global economic slowdown. The '911 Event' also affected the recoverability of some trade receivables and some advances made to service suppliers. This in turn increased the provision by HK\$57,140,000. Overall the Group recorded a net loss of HK\$133,053,000 for the period and loss per share was 1.57 Hong Kong cents.

### **Travel and Travel-related Services**

Number of participants decreased across the board and turnover decreased correspondingly by HK\$343,174,000 or 25.1% due to the general weak economy. Apart from the aforesaid increase in provision, this segment recorded a negative contribution of HK\$56,663,000 as compared with a positive contribution of HK\$26,178,000 last year.

### **Transportation Services**

Turnover was slightly above last year by HK\$5,239,000 or 5.6%. Contribution to operation profit increased mainly due to better control on direct operating expenses.

### **Associated Companies**

The associated company in Guangxi continued to generate reasonable return whereas the one in Harbin continued to report a loss. On 18 April 2001, there was a traffic accident on the tour organised by the associated company in Guangzhou. Total compensation of approximately HK\$1,485,000 were paid in respect of this accident and thus a net loss of HK\$1,687,000 was recorded.

There were two associated companies in Hong Kong. The one engaged in inbound business recorded a small profit of about HK\$320,000 whereas the one engaged in arranging hotel accommodation and road transport for tours in Japan also recorded a small profit of HK\$2,100,000.

## **NON-CURRENT ASSETS**

During the period, the Group acquired 60% interest in a company carrying the business of information technology development at a consideration of HK\$60,000,000 giving rise to an intangible asset of goodwill of net book value HK\$55,812,000 at the reporting date.



## **CURRENT ASSETS AND CURRENT LIABILITIES**

The current ratio was improved from 1.68 to 1.96 mainly attributable to more creditors were paid off during the period.

## **LIQUIDITY AND CAPITAL RESOURCES**

At 30 September 2001, the Group's consolidated net assets value and net current assets value were HK\$1,151,714,000 and HK\$363,662,000 respectively and the Group is confident to satisfy its commitments and working capital requirements as they fall due. The net debt to equity ratio was 14.0 % which is at a reasonable level.

## **EMPLOYEES**

At 30 September 2001, the Group had approximately 1,574 employees with 92 stationed in the PRC and 40 in other overseas countries. Competitive remuneration packages are structured to commensurate with individual responsibilities, qualification, experience and performance. The Group also provide training programmes for its employees.

## **BUSINESS REVIEW AND PROSPECTS**

For the six months ended 30 September 2001, the Group's unaudited consolidated turnover was HK\$1,122,849,000, representing a decrease of 23.1% as compared with the corresponding period of the prior year. During the second half of the year, the sluggish Hong Kong economy, the increasing unemployment rate and the "911 Event" in America have exerted different degrees of adverse impact on various industries. The outbound tour operation of the Group, especially the long-haul tours to the America and Canada, was severely affected. However the short-haul tours to the Mainland China and South East Asia still sustained stable income. Due to the keen competition within the industry, coupled with the shrinking desire of the Hong Kong people in travelling resulted from the influence of the unemployment crisis, the Group had continuously reduced the tour fees, which in turn led to the decline of the overall profit in the travel business. In respect of the transportation service, the exclusive shuttle bus service, directly connecting Shenzhen Huangtian International Airport and Hong Kong International Airport and other urban areas of Hong Kong which was commenced by the Group during the period was recorded a stable growth in revenue. In addition, the "Airport Hotelink" which is currently providing airport shuttle bus and luxurious limousine services for more than 50

renowned hotels and 10 major airlines in Hong Kong had been recorded a drop in luxurious limousine services due to the sluggish global economy, especially the airline industry which was adversely affected by the "911 Event". However the airport shuttle bus service was still capable of maintaining stable revenue. In September of this year, Trans-Island Limousine launched the direct cross-border bus transportation service, running between Kowloon/Hong Kong Island and Huang Yau Court in Shenzhen, which was the first direct cross-border limousine service running between Hong Kong urban areas and large scale residential community for the Hong Kong people in Shenzhen.

The global economy is expected to continue to downturn as a result of the "911 Event" in America which has casted a shadow on the recovery of the Hong Kong economy. However, economic growth in the Mainland China remains strong, achieving an average annual increase of 7% in GNP growth over the past few years. The PRC economy is expected to maintain its continuous growth in the forthcoming years, coupled with favorable factors such as China's accession to the World Trade Organization, the hosting of the 2008 Olympic Games and the massive development of the Western Region. The Group is very optimistic about the development of travel business in the Mainland China, especially amid the hosting of the 2008 Olympic Games in Beijing. It is expected that the routes for Beijing sightseeing will be a focus of resort. The Group is planning to explore the travel business opportunities and expand the travel-related business in Beijing in cooperation with some potential partners and website companies in the Mainland China. Furthermore, the Beijing Government has announced that joint ventures set up by Hong Kong and Beijing companies will be entitled to the domestic enterprise treatment, in other words, the Hong Kong-Beijing joint venture travel agency will be allowed to acquire the local counterparts in the Mainland China, and operate the businesses of "Hong Kong Tours" and the outbound tours for overseas destinations. Therefore, the Group will study the feasibility of the establishment of another joint venture travel agency in Beijing subsequent to the establishment of 'Guangdong Travel' in Guangzhou. Moreover, according to the Policy Address issued in October of this year, the quota system for "Hong Kong Tours" will be cancelled with effect from January, 2002. This measure will facilitate more Mainland China residents to visit Hong Kong for sightseeing, which in turn will boost the development of the inbound tour business of the Group. As regards the transportation service, the Group will actively explore the PRC market in order to diversify the transportation business and expand its customer base for the benefit of increasing the Group's revenues.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2001, 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	4,932,254,440 (Notes)
Chan Yeuk Pun	Corporate and other	4,932,254,440 (Notes)

Notes:

- (i) Out of the 4,932,254,440 shares, 3,471,270,000 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.
- (ii) Out of the 3,471,270,000 shares beneficially owned by Hounslow Limited, 1,607,080,000 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 2001, 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, 28 December 2001

## INDEPENDENT REVIEW REPORT

### 德勤·關黃陳方會計師行

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**Deloitte  
Touche  
Tohmatsu**

#### TO THE BOARD OF DIRECTORS OF ANANDA WING ON TRAVEL (HOLDINGS) LIMITED

#### Introduction

We have been instructed by the directors of the Company to review the interim financial report set out on pages 2 to 14.

#### Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice No.25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

#### Review work performed

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" ("SAS 700") issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

#### Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 September 2001.

Without modifying our review conclusion, we draw to your attention that the comparative condensed income statement, cash flow statement and statement of recognised gains and losses for the six months ended 30 September 2000 disclosed in the interim financial report have not been reviewed in accordance with SAS 700.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants

Hong Kong, 28 December 2001