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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1189)**

### **DISCLOSEABLE TRANSACTION RELATING TO ACQUISITION OF PROPERTY**

#### **Financial adviser to Wing On Travel (Holdings) Limited**



**Optima Capital Limited**

On 31 December 2007, Eagle Spirit entered into the Agreement with the Vendor pursuant to which Eagle Spirit has agreed to acquire the Sale Share and the Sale Loan for a total consideration of HK\$20 million. The Sale Share represents the entire issued share capital of More Star.

The sole asset of More Star is its investment in the entire issued share capital of 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 for a total consideration of HK\$163,880,000. The acquisition of the Property by Fortress State shall be completed on or before 29 February 2008.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Acquisition and other information of the Company will be despatched to the Shareholders in accordance with the Listing Rules.

## THE AGREEMENT

**Date:** 31 December 2007

**Parties:** (i) Vendor: Mak Yin Ling, Ursula; and  
(ii) Purchaser: Eagle Spirit Holdings Limited, a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is a merchant and a third party independent of the Company and the connected persons (as defined under the Listing Rules) of the Company. The Vendor was introduced by a business associate of the Company who is active in the property market and the Company has not involved in any previous transaction with the Vendor and its associates in the last 12 months which would otherwise require aggregation with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

### **Assets to be acquired:**

The Sale Share (representing the entire issued share capital of More Star) and the Sale Loan.

More Star is an investment holding company. Its sole asset is the investment in the entire issued share capital of Fortress State. Fortress State is also an investment holding company and has not, since its incorporation, carried on any business or entered into any contracts other than the acquisition of the Property through submission of a tender and signing of the Memorandum of Agreement as described below.

Pursuant to an open tendering process carried out by the then existing registered owners of the Property requiring payment of a minimum deposit of HK\$10 million, Fortress State has on 29 October 2007 submitted a tender to acquire the Property at a price of HK\$163,880,000. The tender was accepted on 2 November 2007. In consequence of this, the Memorandum of Agreement was entered into by Fortress State to record the terms of the said acquisition. An amount of HK\$16,388,000 has been paid by Fortress State as deposit for the acquisition and completion of the aforesaid acquisition shall take place on or before 29 February 2008 pursuant to the Memorandum of Agreement. The tender price was determined in the context of an open tendering process and the Directors consider that the tender price is fair and reasonable with reference to the prevailing market price of similar properties in the market.

Based on the latest unaudited consolidated management accounts of the More Star Group provided by the Vendor, the More Star Group has not recorded any turnover since the date of incorporation of More Star on 10 September 2007 to 31 December 2007. The loss (both before tax and after tax) of the More Star Group from 10 September 2007 to 31 December 2007 was approximately HK\$12,000 which represented the incorporation expenses of More Star and Fortress State. The net liabilities of the More Star Group as at 31 December 2007 were approximately HK\$12,000.

Immediately after Completion, More Star and Fortress State shall become wholly-owned subsidiaries of the Company and their financial results, assets and liabilities shall be consolidated into the financial statements of the Group.

**Consideration:**

The aggregate consideration for the Sale Share and the Sale Loan amounts to HK\$20,000,000, which has been paid by Eagle Spirit to the Vendor in cash on signing of the Agreement.

The consideration was arrived at after arm's length negotiations between Eagle Spirit and the Vendor by reference to the net liabilities position of More Star, the book value of the Sale Loan of approximately HK\$16.4 million as at 31 December 2007 and the unencumbered cash on hand of Fortress State of not less than HK\$3.6 million on Completion as described in the section headed "Other terms" below.

The consideration has been paid out of internal resources of the Group. The Group intends to finance the balance payment for the acquisition of the Property under the Memorandum of Agreement by internal resources and bank borrowings.

**Completion:**

Completion of the Agreement shall take place on 10 January 2008, or such other date as the parties may agree.

If Completion does not take place due to the default of Eagle Spirit, the consideration paid together with interest accrued thereon will be forfeited by the Vendor. If Completion does not take place due to the default of the Vendor, the consideration paid by Eagle Spirit together with accrued interest thereon shall be refunded to Eagle Spirit.

**Other terms:**

The Vendor has warranted that on Completion, Fortress State shall have unencumbered cash on hand (not subject to any pledge or liens) of not less than HK\$3.6 million.

**INFORMATION OF THE PROPERTY**

The Property comprises two parcels of adjacent land located at Tai Kok Tsui Road, Kowloon, on which two blocks of industrial buildings were erected. The site area of the Property is approximately 9,100 square feet. Certain units of the two industrial blocks are currently leased out and the tenancy agreements can be terminated by serving a short period of notice. Application to change the use of the site of the Property from industrial use to commercial use for the construction of a hotel has been approved by the Town Planning Board in 2006.

**REASONS FOR THE ACQUISITION**

The Group is principally engaged in the provision of package tours, travel, hotel operation and other related services.

In view of the rapid development at west Kowloon area where new commercial and residential properties have been built in recent years and the forthcoming west Kowloon cultural district development to be undertaken, the Directors consider the redevelopment potential and therefore capital appreciation potential of the Property is huge. Having considered this and in light of the recent general increase in property values in Hong Kong, the Directors are of the view that it is an opportune time to acquire property interests with redevelopment/appreciation potential to generate investment return to the Group. The Group intends to redevelop the Property into a four-star hotel and hold it as an investment property for rental purpose. The preliminary construction costs (including estimated premium for change of land use) are estimated to be around HK\$280 million. At present, the Group has no concrete plan and timetable on the redevelopment and has not decided whether the Group will undertake the redevelopment by itself or engage other property development contractors. In the event any construction agreement materialises, the Company will comply with the relevant reporting and/or Shareholders' approval requirements of the Listing Rules including but not limited to Rule 14.22 in relation to aggregation of transactions where applicable. The Group may also consider other plan for the Property subject to property market conditions from time to time.

The Directors consider that the terms of the Agreement, including the consideration, are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Acquisition and other information of the Company will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the same meanings as set out below:–

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by Eagle Spirit pursuant to the terms of the Agreement
“Agreement”	the sale and purchase agreement dated 31 December 2007 entered into between Eagle Spirit and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms of the Agreement
“Director(s)”	Director(s) of the Company

“Eagle Spirit”	Eagle Spirit Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Fortress State”	Fortress State International Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of More Star
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement”	the memorandum of agreement dated 12 November 2007 in relation to the acquisition of the Property
“More Star”	More Star Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by the Vendor as at the date of the Agreement
“More Star Group”	More Star and its subsidiary (being Fortress State) as at the date of the Agreement and at Completion
“Property”	the parcels of ground registered in the Land Registry as Kowloon Inland lot Nos. 8051 and 8170 together with the messuages erections and buildings erected thereon known as “Gee Chang Factory Building” at No. 84 Tai Kok Tsui Road, Kowloon, Hong Kong and No. 86 Tai Kok Tsui Road, Kowloon, Hong Kong
“Sale Loan”	the entire amount owing by More Star to the Vendor immediately prior to Completion
“Sale Share”	1 ordinary share of US\$1 in the capital of More Star

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ms. Mak Yin Ling, Ursula
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**Wing On Travel (Holdings) Limited**  
**Lui Siu Tsuen, Richard**  
*Executive Director*

Hong Kong, 4 January 2008

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

*Executive Directors:*

Mr. Cheung Hon Kit (*Managing Director*)  
Dr. Yap, Allan  
Mr. Chan Pak Cheung, Natalis  
Mr. Lui Siu Tsuen, Richard

*Independent Non-Executive Directors:*

Mr. Kwok Ka Lap, Alva  
Mr. Poon Kwok Hing, Albert