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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1189)**

**(Warrant Code: 774)**

### **DISCLOSEABLE TRANSACTION**

After the trading hours of the Stock Exchange on 8 May 2009, the Company, WOT China, the Vendor and the Guarantor entered into the Agreement, pursuant to which WOT China agreed to purchase and the Vendor agreed to sell the Sale Share and the Sale Loan at a total cash consideration of HK\$35 million.

On 1 March 2009, Richly Perfect entered into the Lease Agreement with the Owner pursuant to which it has agreed to lease the Hotel for a period of 15 years (with a right of first refusal to extend for a further 10 years) from the Owner. The Hotel is intended to be operated as a 2 to 3-star hotel. Completion is conditional upon, among other things, the WFOE having been duly established and all necessary licences and approvals from the relevant PRC authorities to operate the Hotel having been obtained by the WFOE. Completion is also conditional upon the Transfer Agreement having been entered into among Richly Perfect, the Owner and the WFOE in relation to the assignment of the lease under the Lease Agreement and the granting of the sub-contracting rights to the WFOE to operate the Hotel.

After Completion, Sky Victory, Richly Perfect and the WFOE shall become wholly-owned subsidiaries of the Company and their accounts will be consolidated into the financial statements of the Group. The cash consideration has been/will be funded by internal resources of the Group.

<p>The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.</p>
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## **THE AGREEMENT**

### **Date:**

8 May 2009

### **Parties:**

- (i) the Vendor (as vendor);
- (ii) the Guarantor (as guarantor to guarantee the performance of the Vendor under the Agreement);
- (iii) WOT China (as purchaser); and
- (iv) the Company (as guarantor to guarantee the performance of WOT China under the Agreement).

The Vendor is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Company has not entered into any transactions with the Vendor or its associates within the past 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

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

- (i) the Sale Share, representing the entire issued share capital of Sky Victory as at the date of the Agreement and as at Completion; and
- (ii) the Sale Loan, representing the entire amount of shareholder's loan owed by Sky Victory to the Vendor as at Completion. Based on the unaudited consolidated management accounts of the Sky Victory Group as at 30 April 2009, the Sale Loan amounted to HK\$10,945,627.

The Sale Share and the Sale Loan shall be acquired free from liens, encumbrances, and other third party rights and together with all rights attaching thereto as at the date of the Agreement including the right to receive dividend and distribution declared or made after the date of the Agreement.

**Consideration:**

The aggregate consideration for the Sale Share and the Sale Loan shall be HK\$35 million, which has been/shall be settled by WOT China in cash as follows:

- (i) the Deposit of HK\$25 million has been paid to the Vendor on the date of the Agreement;  
and
- (ii) the balance of HK\$10 million shall be payable to the Vendor at Completion.

The consideration was determined after arm's length negotiations between the parties taking into account (i) the expected return of the operation of the Hotel during the period of the Lease Agreement (being 15 years, subject to an extension of further 10 years at the discretion of Richly Perfect); (ii) the development potential of the Land where the Hotel is located; and (iii) the lack of hotels with similar ratings nearby in the surrounding tourist attractions. As at the date of this announcement, the Deposit had been paid by WOT China to the Vendor. The Vendor shall immediately refund the Deposit to WOT China together with interest accrued thereon if the conditions precedent to Completion as described below are not fulfilled or waived (as the case may be).

The consideration for the Acquisition has been/will be funded by the internal resources of the Group.

**Conditions precedent and Completion:**

Completion is subject to the satisfaction or waiver of the following conditions:

- (i) the due establishment of the WFOE in accordance with the applicable laws in the PRC (including the issue of a capital verification report confirming that the registered capital of WFOE has been fully paid up) and all necessary approvals, authorisations and licences from the relevant PRC authorities to operate the Hotel having been obtained by the WFOE;

- (ii) the Vendor having obtained the written consent and approval of the Owner of the transactions contemplated under the Agreement, including but not limited to the change of the ultimate beneficial owner of Richly Perfect;
- (iii) Richly Perfect, the WFOE and the Owner having entered into the Transfer Agreement (in such form and substance satisfactory to WOT China) in relation to the assignment of the lease under the Lease Agreement and the granting of the sub-contracting rights to the WFOE to operate the Hotel;
- (iv) all necessary approvals, authorisations and consents (including but not limited to approvals, authorisations and consents from the relevant PRC authorities) of the transactions contemplated under the Agreement having been obtained;
- (v) WOT China having completed and being satisfied with the results of its due diligence review on, among other things, the legal, financial and business aspects of the Sky Victory Group and such results having been accepted by WOT China in all respects;
- (vi) there being no material breach of representations and warranties by the Vendor and the Sky Victory Group before Completion;
- (vii) there being no material adverse effect on the legality and business operations of Richly Perfect and WFOE;
- (viii) WOT China being satisfied with the PRC legal opinion issued by a PRC legal adviser approved by WOT China, covering matters including but not limited to (a) the legal title of the Owner over the Land and the Hotel, the Owner's right to lease the Hotel to Richly Perfect or the WFOE and its right to grant the sub-contracting rights to the WFOE to operate the Hotel; (b) the legality, validity and the obtaining of all necessary consents, authorisations and approvals from the relevant PRC authorities in relation to the Transfer Agreement; (c) the legality of the assignment of the lease under the Lease Agreement and the sub-contracting rights to operate the Hotel held by the WFOE for a period from the date of the Transfer Agreement to 30 June 2024 and the right of the WFOE to extend the lease for a further 10 years thereafter; (d) the due establishment and existence of the WFOE under the applicable laws of the PRC free of liquidation claims, the legality of its operations under the PRC laws and the obtaining of all necessary approvals, authorisations and licences to operate the Hotel; and (e) such other matters as required by WOT China.

Conditions other than in (iv) can be waived by WOT China. If the above conditions are not satisfied or waived on or before 30 September 2009 (or such other later date as the parties may agree upon), the Agreement shall lapse and the parties shall have no claims against each other, save for any antecedent breaches of the terms of the Agreement.

Completion shall take place on the fifth business day after the satisfaction or waiver of the above conditions (or such other date as the parties may agree upon in writing).

## **INFORMATION ON THE SKY VICTORY GROUP**

Sky Victory is an investment holding company incorporated in the British Virgin Islands with limited liability on 18 July 2008. Its principal asset is the holding of the entire equity interest in Richly Perfect, a company incorporated under the laws of Hong Kong on 27 August 2008. On 1 March 2009, Richly Perfect entered into the Lease Agreement with the Owner, pursuant to which it has agreed to lease the Hotel from the Owner for a period of 15 years from 1 July 2009 to 30 June 2024 together with a right of first refusal to extend the lease for a further 10 years under terms to be negotiated. Under the terms of the Lease Agreement, Richly Perfect is required to pay a security deposit of RMB500,000 to the Owner, and an annual rental of RMB800,000, which will be increased by 8% once every 3 years. The Vendor confirmed that Richly Perfect has already paid the security deposit in full to the Owner as at the date of the Agreement.

The Hotel is owned by the Owner, which is a private enterprise in the PRC. To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, the Owner and its beneficial owners are third parties independent of the Company and its connected persons. The Hotel was built in 2008 on the Land with a site area of approximately 59,000 sq. m. situated on the southern foothill of Mount Dapi (大伾山), Henan Province, the PRC. The total floor area of the Hotel is about 8,442 sq. m. and comprises 52 guest rooms on a four-storey building, 11 luxurious villas, restaurants, conference rooms, health club, spa and other entertainment facilities. The Hotel has not yet commenced operation as at the date of this announcement. Richly Perfect is currently in the process of setting up the WFOE. It is expected that upon the due establishment of the WFOE, the WFOE will apply for the necessary licences and approvals from the relevant PRC authorities and Richly Perfect will assign the lease under the Lease Agreement to the WFOE and the Owner shall grant the sub-contracting rights to the WFOE, such that the WFOE will operate the Hotel.

Mount Dapi (大伾山) is one of the most famous mountains located in Xun Xian (浚縣), a northern county of Henan Province which is 165 kilometers from Zhengzhou (鄭州), the provincial capital of Henan Province. Within the area of Mount Dapi, there are numerous Buddhist and Taoist architecture together with a number of temples, pavilions, cultural relics and cypress trees planted since Han and Tang Dynasties pervading Mount Dapi and Mount Fu Qiu (浮丘山). One of the most well-known Buddhist temples on Mount Dapi was Tian Ning Temple (天寧寺), which was built in Bei Wei Dynasty and has housed a prodigious Buddha statue with a height of 22.29 metres and a history of over 1,600 years. During annual temple fair held in the first month of the Lunar New Year, the daily visitors of Tian Ning Temple (天寧寺) can reach approximately 200,000.

Neither Sky Victory nor Richly Perfect has prepared audited financial statements since their incorporations. According to the unaudited consolidated financial statements of the Sky Victory Group, the unaudited consolidated net loss (both before and after tax) of the Sky Victory Group for the period from 18 July 2008 (the date of incorporation of Sky Victory) to 30 April 2009 was approximately HK\$1,703,000 and the unaudited consolidated net liabilities of the Sky Victory Group as at 30 April 2009 was approximately HK\$1,703,000.

## **REASONS FOR THE ACQUISITION**

The Company is an investment holding company and its subsidiaries are engaged in the provision of travel, hotel, leisure and related services and luxury train services, and securities trading.

Despite the stagnant economic situation all over the world and the loss of the Group recorded in the segment of hotel and leisure services during the recent financial year, the Directors believe that the PRC continues to be the world tourism focus on both domestic and international travel. In accordance with the ITB World Travel Trends Report written and published by IPK International at Berlin Travel Trade Show in March 2009, the PRC is the most welcomed nation and is one of two new hopes of the travel industry. It is the Group's strategy to continue expanding its PRC network through acquisition of travel agents, expansion of its budget hotel portfolio through leasing and self-construction, and further acquisitions of business and leisure hotels of different ratings in the PRC to strengthen its hotel operations.

Xun Xian, where the Hotel is located, was named as famous cultural and historical city by the State Council in 1994 and was declared as national tourist area of 4A grade by the National Tourism Administration (國家旅遊局) of the PRC in 2004. Together with various famous Buddhist and Taoist temples and cultural relics in the area of Mount Dapi, Xun Xian attracts approximately 2 millions travelers every year. In view of the huge potential for developing into a popular tourist spot, the Directors believe that the Acquisition represents an opportunity for the Group to obtain the operating right of a hotel in Xun Xian to cater for the growing demand of accommodation for travelers and capture the lucrative business opportunities in the hotel and leisure industry in the PRC. After Completion, the Group intends to develop the Hotel into a 2 to 3-star hotel to complement its existing hotel network. Having considered the above, the Directors believe that the Acquisition is in the interests of the shareholders of the Company as a whole and the terms of the Agreement are fair and reasonable.

After Completion, Sky Victory, Richly Perfect and the WFOE will become wholly-owned subsidiaries of the Company and their accounts will be consolidated into the financial statements of the Group.

## **GENERAL**

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by WOT China pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 8 May 2009 entered into between the Company, WOT China, the Vendor and the Guarantor in relation to the Acquisition
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“Company”	Wing On Travel (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability and the issued shares and warrants of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meanings ascribed thereto in the Listing Rules
“Deposit”	the amount of HK\$25 million paid by WOT China to the Vendor as deposit and part payment of the consideration for the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	He Jian Xin, the sole beneficial owner of the entire issued share capital and the sole director of the Vendor
“Hotel”	the hotel known as 大叵山賓館 (Mount Dapi Hotel) erected on the Land and owned by the Owner
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Land”	the parcel of land situated at East Section, Huaiyu Road, Xun Xian, Henan Province, the PRC



“Lease Agreement”	the lease agreement entered into between Richly Perfect and the Owner on 1 March 2009 regarding the lease of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Owner”	Xun Xian Mount Dapi Enterprises Company Limited (浚縣大伾山實業有限責任公司), the holder of the land use right of the Land granted by the government of Xun Xian and the legal owner of the Hotel
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Richly Perfect”	Richly Perfect Limited (利昇行有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sky Victory
“Sale Loan”	the shareholder’s loan owing by Sky Victory to the Vendor as at Completion
“Sale Share”	1 share of US\$1 in the capital of Sky Victory
“Sky Victory”	Sky Victory Resources Limited, a company incorporated in the British Virgin Islands which is wholly-owned by the Vendor as at the date of the Agreement
“Sky Victory Group”	Sky Victory and its subsidiary(ies)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the agreement to be entered into among Richly Perfect, the Owner and the WFOE in relation to the assignment of the lease under the Lease Agreement and granting of the sub-contracting rights to the WFOE to operate the Hotel

“Vendor”	Jetsway Investments Limited, a company incorporated in the British Virgin Islands
“WFOE”	a wholly-foreign owned enterprise to be established in the PRC as a wholly-owned subsidiary of Richly Perfect
“WOT China”	Wing On Travel (China) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. m.”	square metre(s)

By Order of the Board  
**Wing On Travel (Holdings) Limited**  
**Dr. Yap, Allan**  
*Executive Director*

Hong Kong, 8 May 2009

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

*Executive Directors:*

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

*Independent non-executive Directors:*

Mr. Kwok Ka Lap, Alva  
Mr. Poon Kwok Hing, Albert  
Mr. Sin Chi Fai