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WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

(Warrant Code: 774)

(I) PROPOSED REPURCHASE OF NOTES; (II) POSSIBLE CONNECTED TRANSACTION; AND (III) RESUMPTION OF TRADING

THE REPURCHASE OFFER

The Board has resolved that the Company will make the Repurchase Offer (subject to fulfilment of certain conditions precedent) to repurchase the Notes at their face value. The purchase price is to be satisfied by the issue of the Offer Consideration Shares (rounded down to the nearest integral number of Shares) at HK\$0.035 per Share, credited as fully paid.

REGULATORY REQUIREMENTS

The Repurchase Offer constitutes an exempt share repurchase under the Repurchase Code. As AWL and CEL are Noteholders and are respectively holding 16.77% and 12.83% of the existing issued share capital of the Company, the Repurchase Offer also constitutes a possible connected transaction of the Company under Chapter 14A of the Listing Rules. The Repurchase Offer and the issue of the Offer Consideration Shares are therefore subject to the approval of the Independent Shareholders. AWL, CEL and their respective associates shall abstain from voting on the resolution(s) to be proposed at the SGM in relation to the Repurchase Offer and the issue of the Offer Consideration Shares. The Independent Board Committee has been established to advise the Independent Shareholders on the Repurchase Offer and the issue of the Offer Consideration Shares. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Shareholders, holders of the Warrants and potential investors should note that completion of the Repurchase Offer is subject to the fulfilment of certain conditions as set out in this announcement. As the Repurchase Offer may or may not proceed, Shareholders, potential investors and holders of the Warrants are reminded to exercise caution when dealing in the Shares and the Warrants.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Warrants was suspended with effect from 9:30 a.m. on 15 July 2009 pending the release of an announcement relating to a proposed issue of new Shares. As stated in the Placing Announcement, trading in the Shares and the Warrants remained suspended pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 27 July 2009.

The Board has resolved that the Company will make an offer (subject to certain conditions precedent) to repurchase the Notes at their face value. Certain details of the Repurchase Offer are set out below.

THE REPURCHASE OFFER

The Notes

On 27 March 2006, the Company announced that it entered into eight conditional subscription agreements in relation to the issue by the Company of the Notes. The Notes bear interest at 2% per annum, are convertible into new Shares at the initial conversion price of HK\$0.79 per Share (subject to adjustments), and mature on the fifth anniversary from the date of the issue of the Notes. Unless previously converted or lapsed or redeemed by the Company, the Company must redeem the Notes on the maturity date at the redemption amount which is 110% of the principal amount of the Notes outstanding. The Notes are also, subject to certain restrictions, exchangeable into new shares of any company which is an affiliated company or subsidiary of the Company that is to be listed on a stock exchange through an initial public offering. The subscription was completed on 8 June 2006 and the Notes in a total principal amount of HK\$1,000 million were issued. Details of the Notes are set out in the Company's announcement and circular dated 27 March 2006 and 21 April 2006 respectively.

As at the date of this announcement, the outstanding principal amount of the Notes is HK\$640 million in aggregate and the Notes will mature on 7 June 2011. Pursuant to the terms of the Notes, 1,887,905,604 new Shares will fall to be issued upon full conversion of the Notes at the prevailing conversion price of HK\$0.339 per Share (subject to adjustments). Subject to completion of the Placing, adjustments to the conversion price of the Notes may be required. Further announcement(s) will be made by the Company in this regard.

Based on the register of Noteholders as at the date of this announcement, AWL, a wholly-owned subsidiary of ITC, holds Notes in principal amount of HK\$108,200,000. AWL is also interested in 1,529,230,000 Shares, representing approximately 16.77% of the existing issued share capital of the Company as at the date of this announcement. CEL, an associated company of Hanny, holds Notes in principal amount of HK\$63,000,000. CEL and its wholly-owned subsidiaries together hold 1,170,208,488 Shares, representing approximately 12.83% of the existing issued share capital of the Company as at the date of this announcement. Save as disclosed above, to the best of the Directors' knowledge, the other Noteholders are third parties independent of the Company and its connected persons.

Terms of the Repurchase Offer

The Company will make the Repurchase Offer (subject to the fulfilment of certain conditions precedent described below) to repurchase the Notes at their face value. The purchase price is to be satisfied by the issue of the Offer Consideration Shares (rounded down to the nearest integral number of Shares) at HK\$0.035 per Share, credited as fully paid. Partial acceptance of the Repurchase Offer (in HK\$1,000,000 or integral multiples thereof) by a Noteholder will be permitted.

The Company will send an offer letter in relation to the Repurchase Offer to the Noteholders within five Business Days from the date of this announcement. The Repurchase Offer will be open for acceptance for 21 days from the date of despatch of the offer letter in respect of the Repurchase Offer. The Company expects to issue the Offer Consideration Shares within 15 Business Days after the fulfilment of the conditions precedent referred below.

The Notes tendered for acceptance under the Repurchase Offer will be cancelled.

Overseas Noteholders

The making of the Repurchase Offer to Noteholders not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Noteholders not resident in Hong Kong must inform themselves about and observe any applicable legal requirements. It is the responsibility of Noteholder outside Hong Kong wishing to accept the Repurchase Offer to satisfy himself as to the full observance of the laws for the relevant territory in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with necessary formalities.

Taxation

Noteholders should consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Repurchase Offer or the Offer Consideration Shares. It is emphasized that none of the Company or any of the Directors or any other person involved in the Repurchase Offer accepts any responsibility for any tax effects on, or liabilities of, any Noteholders as a result of their acceptances of the Repurchase Offer or the Offer Consideration Shares.

Conditions precedent to the Repurchase Offer

The Repurchase Offer (including the issue of the Offer Consideration Shares pursuant to acceptances of the Repurchase Offer) will be conditional upon:–

- (i) the Independent Shareholders approving the Repurchase Offer and the issue of the Offer Consideration Shares as required by the Listing Rules;
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Offer Consideration Shares; and
- (iii) completion of the Placing (the “Placing Condition”).

If the conditions precedent above are not satisfied on or before 31 October 2009, the Repurchase Offer will lapse. As stated in the Placing Announcement, upon completion of the Placing, the capital base of the Company will be enhanced and the Company intends to apply the net proceeds from the Placing for (i) the construction of the Group’s various existing hotel development projects in Hong Kong and the PRC; (ii) further acquisitions of 4-star rated business hotels and budget hotels in the PRC; (iii) the repayment of certain amounts due to related companies and other borrowings; and (iv) general working capital of the Group for its travel and hotel operations. The Directors believe that the Group’s trading and financial prospects will be improved following completion of the Placing, and therefore the Noteholders will be more keen to invest in the equity of the Company for a longer time spectrum. In addition, if the Placing is not completed, acceptance of the Repurchase Offer by a Noteholder may, depending on the level of acceptance of the Repurchase Offer by the Noteholders, trigger an obligation on the part of the Noteholder to make a general offer for the Shares under Rule 26 of the Takeovers Code by a Noteholder. Accordingly, the Directors consider that the Placing Condition can remove the uncertainty regarding the general offer obligation under the Takeovers Code and make the Noteholders more receptive to the Repurchase Offer. Taking into account the above, the Directors consider it appropriate to include the Placing Condition as one of the conditions precedent to the Repurchase Offer.

The Offer Consideration Shares

Assuming all the Noteholders elect to accept the Repurchase Offer in full, 18,285,714,285 Offer Consideration Shares will be issued by the Company, representing approximately (i) 200.5% of the existing issued share capital of the Company; (ii) 66.7% of the issued share capital of the Company as enlarged by the issue of the 18,285,714,285 Offer Consideration Shares; (iii) 37.2% of the issued share capital of the Company as enlarged by the issue of the 18,285,714,285 Offer Consideration Shares and a total of 21,800,000,000 Placing Shares; and (iv) 30.9% of the issued share capital of the Company as enlarged by the issue of the 18,285,714,285 Offer Consideration Shares and the maximum 31,800,000,000 Placing Shares.

The Offer Consideration Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Consideration Shares.

Issue price of the Offer Consideration Shares

The issue price of HK\$0.035 per Offer Consideration Share is equal to the Placing Price and represents:–

- (i) a discount of approximately 18.6% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.9% to the average closing price of HK\$0.0384 per Share in the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 3.6% to the average closing price of HK\$0.0363 per Share in the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 12.1% to the average closing price of HK\$0.0398 per Share in the last 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 11.8% to the average closing price of HK\$0.0397 per Share in the last 60 consecutive trading days up to and including the Last Trading Day.

The issue price of the Offer Consideration Shares was determined with reference to the prevailing market price of the Shares. The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the issue price is fair and reasonable.

Specific mandate

The Offer Consideration Shares will be issued under a specific mandate to be sought at the SGM.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Consideration Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the Repurchase Offer assuming full acceptance of the Repurchase Offer and the issue of 21,800,000,000 Placing Shares under the Placing; and (iii) upon completion of the Repurchase Offer assuming full acceptance of the Repurchase Offer and the issue of the maximum 31,800,000,000 Placing Shares under the Placing:–

	As at the date of this announcement (Note 1)		Upon completion of the Repurchase Offer assuming full acceptance of the Repurchase Offer and the issue of 21,800,000,000 Placing Shares		Upon completion of the Repurchase Offer assuming full acceptance of the Repurchase Offer and the issue of 31,800,000,000 Placing Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
CEL and its subsidiaries (Note 2)	1,170,208,488	12.83	2,970,208,488	6.04	2,970,208,488	5.02
AWL (Note 3)	1,529,230,000	16.77	4,620,658,571	9.39	4,620,658,571	7.80
Mr. Kwok Ka Lap, Alva (Note 4)	150,000	–	150,000	–	150,000	–
Hutchison International Limited	–	–	5,714,285,714	11.61	5,714,285,714	9.65
Other Noteholders (Note 5)	–	–	7,680,000,000	15.61	7,680,000,000	12.97
The Placees (Note 6)	–	–	21,800,000,000	44.30	31,800,000,000	53.71
Other public Shareholders	6,420,256,447	70.40	6,420,256,447	13.05	6,420,256,447	10.85
Total	9,119,844,935	100.00	49,205,559,220	100.00	59,205,559,220	100.00

Notes:

1. The shareholding structure of the Company as at the date of this announcement is based on the SFO register maintained by the Company.
2. Million Good Limited, Cosmos Regent Ltd. and Cyber Generation Limited hold 106,697,405 Shares, 866,511,083 Shares and 192,000,000 Shares respectively and are wholly-owned subsidiaries of CEL which also holds 5,000,000 Shares.
3. AWL is a wholly-owned subsidiary of ITC.
4. Mr. Kwok Ka Lap, Alva is an independent non-executive Director.
5. Assuming there being no change in the shareholding structure of the Company from the date of this announcement up to completion of the Repurchase Offer (other than the issue of new Shares under the Placing) and based on the register of Noteholders as at the date of this announcement, the respective shareholding of the other Noteholders in the Company will not exceed 10% of the enlarged issued share capital upon completion of the Repurchase Offer assuming full acceptance of the Repurchase Offer. Therefore, the other Noteholders are treated as public Shareholders.
6. Pursuant to the terms of the Placing, the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

REASONS FOR THE REPURCHASE OFFER

The Company is an investment holding company and its subsidiaries are principally engaged in the business of providing package tours, travel and other related services, hotel operation in Hong Kong and the PRC and trading of securities.

The Group recorded an audited net profit of approximately HK\$4.5 million for the year ended 31 December 2007 and an audited loss of approximately HK\$832.9 million for the year ended 31 December 2008. As at 31 December 2008, the audited net assets of the Group amounted to approximately HK\$2,251.5 million, and the gearing ratio as at 31 December 2008, expressed as a percentage of total borrowings to equity attributable to the Shareholders, was 72.2%.

In view of the deteriorating financial results of the Group as a result of the global financial crisis since late 2008 and the impact of the recent outbreak of swine flu on the travel industry, the Company has been actively seeking ways to enhance the financial position and prospects of the Group, including acquiring hotel and travel related assets and businesses with a view to improving the return to the Group as well as conducting fund raising exercises to raise additional capital for the Group's working capital and future investment opportunities. As the coupon interest and imputed interest associated with the Notes amounts to tens of million in aggregate per annum (approximately HK\$51.8 million for the year ended 31 December 2008), the Repurchase Offer, if completed, would lower the Group's gearing ratio and reduce substantially the finance cost of the Group upon cancellation of the Notes. In addition, the Notes have been "out-of-the-money" for most of the period since their issue. Taking into account the size of the Notes and that the Notes are redeemable at 110% of their face value at maturity, the impact on the Group's cashflow would be substantial if the Company were to repay all the outstanding Notes at maturity. The Directors consider the Repurchase Offer is a means to alleviate the pressure posed by the redemption of the Notes on the future cashflow of the Group and at the same time improve the financial position of the Group and broaden the Shareholder base and capital base of the Company.

The Board had considered other methods of financing to repay the Notes. However, the Directors are of the view that (i) due to the banks' current stringent lending policy, it would be an extremely hard and lengthy process to source new fundings from financial institutions without a high borrowing rate; (ii) debt financing will further increase the gearing ratio of the Group; and (iii) in light of the current volatile market conditions, it is difficult to procure an underwriter to commit to underwrite a rights issue or open offer of Shares on pro-rata basis to all the Shareholders. Having considered the above, although the Repurchase Offer will have a dilutive effect on the Shareholders, the Directors consider that the Repurchase Offer is likely to be the most preferred channel of financing and such financing method is fair and reasonable.

Taking into account the above, the Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the terms of the Repurchase Offer are fair and reasonable and the Repurchase Offer is in the interests of the Company and the Shareholders as a whole.

REGULATORY REQUIREMENTS

Repurchase Code

The Repurchase Offer is made pursuant to the terms and conditions of the instrument constituting the Notes and constitutes an exempt share repurchase by the Company under the Repurchase Code.

Listing Rules

AWL, a wholly-owned subsidiary of ITC, currently holds Notes in principal amount of HK\$108,200,000. Mr. Cheung Hon Kit, an executive Director, is also an executive director of ITC. CEL, an associated company of Hanny, currently holds Notes in principal amount of HK\$63,000,000. Ms. Chan Ling, Eva and Dr. Yap, Allan, executive Directors, are also directors of CEL. As at the date of this announcement, AWL and CEL are interested in 16.77% and 12.83% of the issued share capital of the Company respectively. Save as disclosed above, to the best of the Directors' knowledge, AWL, CEL and their respective associates do not have any other relationship with the Company. The Repurchase Offer constitutes a possible connected transaction of the Company under Chapter 14A of the Listing Rules and, together with the issue of the Offer Consideration Shares, is subject to the Independent Shareholders' approval. AWL, CEL and their respective associates will abstain from voting at the SGM. The Independent Board Committee has been established to advise the Independent Shareholders on the Repurchase Offer and the issue of the Offer Consideration Shares. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As completion of the Placing is one of the conditions precedent to the Repurchase Offer, each of AWL and CEL is regarded as having a material interest in the Placing and therefore AWL, CEL and their respective associates will abstain from voting at the special general meeting of the Company to be convened to consider and, if thought fit, approve the placing under specific mandate. Such information will be included in the circular regarding the placing under specific mandate which will be despatched to the Shareholders as soon as practicable.

To the best knowledge of the Directors, save as disclosed above, no other Shareholder has a material interest in the Repurchase Offer. Accordingly, no other Shareholder will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Repurchase Offer and the issue of the Offer Consideration Shares.

A circular containing, among other things, further details of the Repurchase Offer, the recommendation of the Independent Board Committee, the letter of advice of the independent financial adviser and a notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The Company intends to propose a consolidation of the Shares after completion of the Placing but before obtaining the listing approval in respect of the Offer Consideration Shares, and further announcement, with the expected timetable set out therein, will be made by the Company in this regard.

Shareholders, holders of the Warrants and potential investors should note that completion of the Repurchase Offer is subject to the fulfillment of the conditions as set out in the section headed “Conditions precedent to the Repurchase Offer” above. As the Repurchase Offer may or may not proceed, Shareholders, holders of the Warrants and potential investors are reminded to exercise caution when dealing in the Shares and the Warrants.

ADJUSTMENTS TO CONVERSION PRICE OF THE NOTES AND THE EXERCISE PRICE OF THE WARRANTS

Adjustments to the conversion price of the Notes in respect of which the Repurchase Offer is not accepted and the exercise price of the Warrants in issue may be required under the relevant terms of the instruments constituting the Notes and the Warrants as a result of the Repurchase Offer. Further announcement(s) will be made by the Company in this regard.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the Warrants was suspended with effect from 9:30 a.m. on 15 July 2009 pending the release of an announcement relating to proposed issue of new Shares. As stated in the Placing Announcement, trading in the Shares and the Warrants remained suspended pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 27 July 2009.

DEFINITIONS

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

“AWL”	Asia Will Limited, a wholly-owned subsidiary of ITC
“associates”	the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“CEL”	China Enterprises Limited, a company incorporated in Bermuda with limited liability, the shares of which are traded in the over-the-counter securities market in the United States of America and is an associated company of Hanny
“Company”	Wing On Travel (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability and the shares and warrants of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Hanny”	Hanny Holdings Limited (stock code: 275), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors, namely Mr. Kwok Ka Lap, Alva, Mr. Poon Kwok Hing, Albert and Mr. Sin Chi Fai, established for the purpose of giving a recommendation to the Independent Shareholders on the Repurchase Offer
“Independent Shareholders”	Shareholders other than AWL and CEL and their respective associates
“ITC”	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“Last Trading Day”	14 July 2009, being the last full trading day of the Shares before the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder(s)”	holder(s) of the Notes
“Notes”	the 2% convertible exchangeable notes due 7 June 2011 issued by the Company with an aggregate outstanding principal amount of HK\$640,000,000 as at the date of this announcement
“Offer Consideration Shares”	the new Shares to be issued to satisfy the consideration for the Repurchase Offer
“Placee(s)”	the placee(s) under the Placing, being any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (as defined under the Takeovers Code), and not connected with any directors, chief executive of the Company or substantial shareholder of the Company or its subsidiaries and their respective associates (as defined in the Listing Rules)

“Placing”	(i) the best endeavours placing of up to 1,800,000,000 new Shares under the general mandate granted to the Directors in a special general meeting of the Company held on 29 May 2009; and (ii) the best endeavours placing of not less than 20,000,000,000 new Shares and not more than 30,000,000,000 new Shares under a specific mandate, details of which are set out in the Placing Announcement
“Placing Announcement”	the announcement of the Company dated 17 July 2009 in relation to, among other things, the Placing
“Placing Price”	HK\$0.035 per Placing Share
“Placing Share(s)”	the new Shares to be issued by the Company under the Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“Repurchase Code”	The Hong Kong Code on Share Repurchases
“Repurchase Offer”	an offer being made by the Company to repurchase the Notes at their face value to be satisfied by the issue of the Offer Consideration Shares at HK\$0.035 each
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Repurchase Offer and the issue of the Offer Consideration Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Warrants”	1,823,967,547 warrants of the Company, conferring right to the holders thereof to subscribe for a total of 1,823,967,547 new Shares at an exercise price of HK\$0.091 per Share (subject to adjustment)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Wing On Travel (Holdings) Limited
Cheung Hon Kit
Chairman

Hong Kong, 24 July 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