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WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

THE ISSUE OF HK\$260 MILLION CONVERTIBLE NOTES CONNECTED TRANSACTION AND APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER

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| On 13 January 2004, the Company entered into the CN Agreements (as subsequently amended on 17 March 2004) with CEL and HIL in relation to the issuance of the Convertible Notes by the Company to each of CEL and HIL or their respective nominees for a consideration of HK\$155,000,000 and HK\$105,000,000 respectively. Completion is conditional upon the fulfillment or waiver by the relevant party of the conditions set out under the sections headed “Conditions” below. |
| Upon full conversion of all the Convertible Notes issued under the CN Agreements, a total of 13,000,000,000 new Shares will be issued at an initial conversion price of HK\$0.020 per Share, subject to adjustments, which represents approximately 71.0% of the existing issued share capital of the Company and approximately 41.5% of the issued share capital of the Company as enlarged by the new Shares to be issued upon full conversion of the Convertible Notes. |
| CEL is a substantial Shareholder having approximately 32.2% interest in the Company and accordingly, CEL is a connected person of the Company under the Listing Rules. The entering into of the CN Agreement with CEL (including the cancellation of its outstanding 2002 CN) constitutes a connected transaction for the Company. Accordingly, the issue of the Convertible Notes to CEL and HIL is subject to, among other things, the approval of disinterested Shareholders (other than CEL, HIL, Other 2002 CN Holders and their respective Associates) and the approval of the Whitewash Waiver by the independent Shareholders (other than CEL, HIL and their respective Concert Parties) at the SGM to be convened by the Company. |
| Pursuant to Rule 26 of the Takeovers Code, upon exercise of all (or relevant part) of the conversion rights attaching to the CEL Convertible Note and the HIL Convertible Note, CEL, HIL and their respective Concert Parties during the term of the Convertible Notes would be obliged to make a mandatory unconditional general offer for all the issued Shares not already owned or agreed to be acquired by CEL, HIL and their respective Concert Parties. An application will be made by CEL, HIL and their respective Concert Parties to the Executive for the Whitewash Waiver. The Executive may or may not grant the Whitewash Waiver. Completion of the CN Agreements is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive. |
| Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 14 January 2004 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 March 2004. |

THE CN AGREEMENTS

On 13 January 2004, the Company entered into the CN Agreements (as subsequently amended on 17 March 2004) with each of CEL and HIL.

1. CEL

Under the CN Agreement with CEL, the Company will issue the CEL Convertible Note to CEL or its nominee for a consideration of HK\$155,000,000. The holder of the CEL Convertible Note has the right to convert the CEL Convertible Note into new Shares during a period of three years from the date of issue of the CEL Convertible Note, at an initial conversion price of HK\$0.020 per Share, subject to adjustments stated under the section headed “Principal terms of the CN Agreements” in this announcement. Upon full conversion of the CEL Convertible Note at the initial conversion price, 7,750,000,000 new Shares will be issued, which represent approximately 42.3% of the existing issued share capital of the Company and approximately 24.7% of the issued share capital of the Company as enlarged by the new Shares to be issued upon full conversion of all the Convertible Notes issued under the CN Agreements.

CEL is incorporated in Bermuda with limited liability and the shares of which are traded on the OTC Bulletin Board in the United States of America. China Strategic is the controlling shareholder of CEL. As at the date of this announcement, the total number of issued shares of CEL is 9,017,310, of which 3,000,000 shares are supervoting common stocks with 10 votes per share while the remaining 6,017,310 shares are ordinary common stocks with 1 vote per share. As advised by CEL, China Strategic effectively owns the entire 3,000,000 supervoting shares and 1,978,830 ordinary common shares in CEL. Therefore, China Strategic has an effective equity interest of 55.2% and voting interest of 88.8% in CEL respectively. China Strategic is ultimately held by Dr. Chan, an executive Director. Dr. Chan is the controlling shareholder of ITC Corporation Limited (“ITC”), which is the holding company of Paul Y. – ITC Construction Holdings Limited (“Paul Y.”). Hanny Holdings Limited (“Hanny”) is an associated company of ITC but is not controlled by ITC for the purposes of the Listing Rules and the Takeovers Code. Paul Y. and Hanny each has an approximately 29.5% equity interest in China Strategic. Therefore, Dr. Chan is deemed to be interested in approximately 29.5% of the issued share capital of China Strategic as at the date of this announcement. Dr. Chan beneficially owns 17,280,000 Shares. CEL is an investment holding company and has substantial interests in investment companies, the subsidiaries of which are principally engaged in the manufacturing and marketing of tires in the PRC and other countries abroad and the business of providing package tours, travel and other related services and hotel operation.

Save for the abovementioned and the fact that (i) Dr. Chan and Dr. Yap, Allan are directors of CEL, China Strategic and the Company; (ii) Mr. Lui Siu Tsuen, Richard is an alternate director (to Dr. Yap, Allan) of China Strategic and a director of the Company, CEL and China Strategic do not have other relationship with the Company.

As at the date of this announcement, CEL is a substantial Shareholder and beneficially owns 5,900,000,000 Shares (or approximately 32.2% interest in the Company). Accordingly, CEL is a connected person of the Company under the Listing Rules. Save for the abovementioned interest beneficially owned by CEL and Dr. Chan, China Strategic and its Associates do not hold any Shares. Moreover, CEL is beneficially interested in the 2002 CN with an outstanding amount of HK\$84,800,000, which is convertible into 2,650,000,000 Shares at HK\$0.032 per Share upon full conversion (representing approximately 12.6% of the issued share capital of the Company as enlarged by such conversion). The total consideration of the CEL Convertible Note amounted to HK\$155,000,000, of which HK\$84,800,000 will be settled by the cancellation of the 2002 CN and the remaining balance of HK\$70,200,000 will be satisfied in cash by CEL upon Completion.

A summary of the terms of the Convertible Notes and the 2002 CN are set out in the sections headed “Principal terms of the CN Agreements” and “The 2002 CN” below.

Conditions

Completion of the CN Agreement with CEL is conditional upon:

- the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and CEL have no reasonable objection) listing of, and permission to deal, in the Shares to be issued upon the conversion of the CEL Convertible Note;
- the passing of all necessary resolutions, on a poll where necessary, by the Shareholders (being, where required by the Stock Exchange or the SFC, the independent Shareholders) at the SGM to approve:
 - the Company’s entering into the CN Agreement with CEL and performance of the transactions contemplated in the CN Agreement with CEL including the issue of the CEL Convertible Note and the issue and allotment of the conversion Shares in accordance with the CEL Convertible Note; and
 - the granting of the Whitewash Waiver;
- the Whitewash Waiver having been obtained and not having been revoked or amended and, where the Whitewash Waiver is subject to conditions, such conditions being reasonably acceptable to CEL and, to the extent that any such conditions are required to be fulfilled before the Whitewash Waiver becomes effective, they are so fulfilled;
- if required, the Bermuda Monetary Authority having approved the issue and the transferability of the CEL Convertible Note and the Shares to be issued upon the conversion of the CEL Convertible Note;
- the CN Agreement with HIL becoming unconditional;
- there being no event and condition which would constitute an event of default as defined in the CN Agreement with CEL;
- the warranties given by the Company in the CN Agreement with CEL remaining true and accurate in all material respects and not misleading in any material respect;
- there being no occurrences of circumstances which, in the reasonable opinion of CEL, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of the Group, in each case, taken as a whole, since the date of the CN Agreement with CEL; and
- all necessary approvals from the relevant governmental or regulatory authorities in relation to the CN Agreement with CEL having been obtained.

Under the CN Agreement with CEL, there is no provision for CEL or the Company to waive conditions (i), (ii), (iii), (iv), (v) and (ix) above. If the conditions are not fulfilled (or, in respect of conditions (vi), (vii) and (viii) above, waived by CEL) on or before 31 March 2004 (or such later date as may be agreed between the Company and CEL), the CN Agreement with CEL shall lapse and become null and void and the parties shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

2. HIL

Under the CN Agreement with HIL, the Company will issue the HIL Convertible Note to HIL or its nominee(s) for a consideration of HK\$105,000,000 to be satisfied by the surrender of the HIL’s 2002 CN. The holder of the HIL Convertible Note has the right to convert the HIL Convertible Note into new Shares during a period of three years from the date of issue of the HIL Convertible Note, at an initial conversion price of HK\$0.020 per Share, subject to adjustments stated under the section headed “Principal terms of the CN Agreements” in this announcement. Upon full conversion of the HIL Convertible Note at the initial conversion price, 5,250,000,000 new Shares will be issued, which represent approximately 28.7% of the existing issued share capital of the Company and approximately 16.8% of the issued share capital of the Company as enlarged by the new Shares to be issued upon full conversion of all the Convertible Notes issued under the CN Agreements.

HIL, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of Hutchison Whampoa Limited (“HWL”) (a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange) and its principal activity is investment holding and activities of its principal subsidiaries include ports and related services, properties and hotels, retail and manufacturing, energy and infrastructure. According to the 2003 interim report of HWL, Cheung Kong (Holdings) Limited (the shares of which are listed on the Main Board of the Stock Exchange) and its certain wholly-owned subsidiaries were taken to have approximately 49.97% interest in HWL as at 30 June 2003.

Each of HIL and HWL (being HIL’s controlling shareholder) is an Independent Third Party. As at 15 March 2004, neither HIL nor any of its Associates held any Shares but HIL is a holder of the 2002 CN with an outstanding principal amount of HK\$107,824,640, which is convertible into 3,369,520,000 Shares at HK\$0.032 per Share upon full conversion (representing approximately 15.5% of the issued share capital of the Company as enlarged by such conversion). The total consideration of HK\$105,000,000 of the HIL Convertible Note was principally determined with reference to the outstanding amount of the 2002 CN held by HIL, the entire amount of which will be satisfied by the surrender of its outstanding 2002 CN and the remaining balance of HK\$2,824,640 will be paid by the Company to HIL in cash upon Completion.

A summary of the terms of the Convertible Notes and the 2002 CN are set out in the sections headed “Principal terms of the CN Agreements” and “The 2002 CN” below.

Conditions

Completion of the CN Agreement with HIL is conditional upon:

- the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and HIL have no reasonable objection) listing of and permission to deal, in the Shares to be issued upon the conversion of the HIL Convertible Note;

- the passing of all necessary resolutions, on a poll where necessary, by the Shareholders (being, where required by the Stock Exchange or the SFC, the independent Shareholders) at the SGM to approve:
 - the Company’s entering into the CN Agreement with HIL and performance of the transactions contemplated in the CN Agreement with HIL including the issue of the HIL Convertible Note and the issue and allotment of the conversion Shares in accordance with the HIL Convertible Note; and
 - the granting of the Whitewash Waiver;
- the Whitewash Waiver having been obtained and not having been revoked or amended and, where the Whitewash Waiver is subject to conditions, such conditions being reasonably acceptable to HIL and, to the extent that any such conditions are required to be fulfilled before the Whitewash Waiver becomes effective, they are so fulfilled;
- if required, the Bermuda Monetary Authority having approved the issue and the transferability of the HIL Convertible Note and the Shares to be issued upon the conversion of the HIL Convertible Note;
- the CN Agreement with CEL becoming unconditional;
- there being no event and condition which would constitute an event of default as defined in the CN Agreement with HIL;
- the warranties given by the Company in the CN Agreement with HIL remaining true and accurate in all material respects and not misleading in any material respect;
- there being no occurrences of circumstances which, in the reasonable opinion of HIL, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of the Group, in each case, taken as a whole, since the date of the CN Agreement with HIL; and
- all necessary approvals from the relevant governmental or regulatory authorities in relation to the CN Agreement with HIL having been obtained.

Under the CN Agreement with HIL, there is no provision for HIL or the Company to waive conditions (i), (ii), (iii), (iv), (v) and (ix) above. If the conditions are not fulfilled (or, in respect of conditions (vi), (vii) and (viii) above, waived by HIL) on or before 31 March 2004 (or such later date as may be agreed between the Company and HIL), the CN Agreement with HIL shall lapse and become null and void and the parties shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof but without prejudice to HIL’s rights, claims, entitlements or benefits arising from HIL’s 2002 CN or the agreement for the subscription thereof.

Principal terms of the CN Agreements

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| Issuer: | The Company |
| Conversion price and events of adjustments: | HK\$0.020 per Share, subject to adjustments in certain events including share consolidation and subdivision, capitalisation issue, capital distribution, rights issue, and, if and whenever the average closing price per Share for the 20 consecutive trading days immediately preceding the first or second anniversary of the date of issue of the relevant Convertible Notes is lower than the then prevailing conversion price, such conversion price shall be immediately adjusted to such average closing price, provided that such average closing price shall not fall below HK\$0.015 (the “Minimum Closing Price”). If and whenever the Shares by reasons of any consolidation or subdivision become of a different nominal amount than HK\$0.01 each, the Minimum Closing Price of HK\$0.015 shall be adjusted in accordance with the adjustments clauses as stipulated in the CN Agreements. |
| | The other events giving rise to adjustments to the conversion price as set out in the Convertible Notes are summarised as follows: |
| | <ol style="list-style-type: none">if the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined in the Convertible Notes) initially receivable for such securities is less than the greater of either the closing price per Share at the date of the announcement of the terms of issue of such securities or the conversion price in effect immediately prior to the date of the announcement of the terms of issue of such securities;if the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (a) are modified so that the total effective consideration per Share (as defined in the Convertible Notes) initially receivable for such securities shall be less than the greater of either the closing price per Share at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription or the conversion price in effect immediately prior to the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;if the Company issues wholly for cash any Shares at a price per Share which is less than the greater of either the closing price per Share at the date of the announcement of the terms of such issue or the conversion price in effect immediately prior to the date of the announcement of the terms of such issue;if the Company issues Shares for the acquisition of assets at a total effective consideration per Share (as defined in the Convertible Notes) which is less than the greater of either the closing price per Share at the date of the announcement of the terms of such issue or the conversion price in effect immediately prior to the date of the announcement of the terms of such issue; andif the Company declares a distribution in specie other than an issue of Shares in lieu of a cash dividend. |
| Interest: | 2% per annum, payable every six months in arrears |
| Conversion right: | the Convertible Notes may be converted by the holders in whole or in part (in an amount not less than HK\$250,000 at any one time), at any time from the date of issue of the Convertible Notes until maturity |
| Maturity: | the Company shall, unless the Convertible Notes have previously been converted, repay the outstanding principal amount of the Convertible Notes, together with accrued interest thereon up to and including the third anniversary of the date of issue of the Convertible Notes. Neither the CN Agreements nor the Convertible Notes contain any provision for early redemption of the Convertible Notes, whether by the Company or the holder of the Convertible Notes, save that if the Company commits any event of default, the holders may request for an early redemption |
| Transfer: | the Convertible Notes may not be assigned or transferred to a connected person (as defined in the Listing Rules) of the Company |
| Listing: | No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made to the Stock Exchange for the listing of Shares falling to be issued on exercise of the conversion rights attaching to the Convertible Notes. Shares issued upon conversion will rank pari passu in all respects with all other existing Shares outstanding at the exercise date of the conversion right and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice |

The initial conversion price of HK\$0.020 per Share was determined after arm’s length negotiations between the Company and parties to the CN Agreements with reference to the prevailing market price of the Shares and represents:

- a premium of about 11% over the closing price of HK\$0.018 per Share as quoted on the Stock Exchange on 13 January 2004, being the trading day immediately before trading in the Shares was suspended pending the release of this announcement;
- a premium of about 5% over the average closing price of approximately HK\$0.019 per Share over the 10 trading days up to and including 13 January 2004; and
- a discount of about 34% to the unaudited proforma adjusted consolidated net tangible asset value of the Company of HK\$0.0304 per Share as disclosed in the announcement of the Company dated 9 January 2004.

As advised by the Directors, as the Company has been loss-making since the financial year ended 31 March 2002 and the Shares have been trading below the net asset value of the Company for quite some time, the Directors believe the prevailing market price was a better indicator on the value of the Company at the time of entering into the CN Agreements.

The Minimum Closing Price adjustment mechanism on the conversion price was commercially agreed and arrived at after arm’s length negotiation between each of the CN Subscribers and the Company. The inclusion of such adjustment clause in the CN Agreements was principally served to preserve both the interests of each Convertible Notes subscriber and the Company.

Upon full conversion of all the Convertible Notes issued under the CN Agreements, a total of 13,000,000,000 new Shares will be issued at an initial conversion price of HK\$0.020 per Share (or 17,333,333,333 new Shares at the Minimum Closing Price of HK\$0.015 per Share), subject to adjustments as stated above, which represents approximately 71.0% (or 94.6% at the Minimum Closing Price of HK\$0.015 per Share) of the existing issued share capital of the Company and approximately 41.5% (or 48.6% at the Minimum Closing Price of HK\$0.015 per Share) of the issued share capital of the Company as enlarged by the new Shares to be issued upon full conversion of the Convertible Notes.

The Company will undertake to the Stock Exchange to promptly notify the latter once it is aware of any dealings in the Convertible Notes by any connected persons (as defined under the Listing Rules) of the Company.

THE 2002 CN

On 19 April 2002, the Company issued the 2002 CN, details of which are set out in the announcement of the Company dated 8 February 2002 and the circular of the Company dated 25 March 2002. The aggregate principal amount of the 2002 CN was HK\$370,000,000 with an annual interest rate of 2% and a maturity date of two years from its date of issue (i.e. 19 April 2004). The initial conversion price of the 2002 CN was HK\$0.032 (subject to adjustments). The 2002 CN was issued to four parties, which included CEL, HIL, CSIL, SWHL or their respective nominees for an amount of HK\$120,000,000, HK\$150,000,000, HK\$50,000,000 and HK\$50,000,000 respectively. SWHL is not a party to any of the CN Agreements and it had not been involved in any discussion of the terms of the CN Agreements whilst CSIL entered into a conditional agreement with the Company for the subscription of Convertible Notes with a principal amount of HK\$15,000,000 on 13 January 2004 but such an agreement was subsequently terminated on 17 March 2004. As at the date of this announcement, the outstanding amount of the 2002 CN held by CEL, HIL, CSIL and SWHL or their respective nominees was HK\$84,800,000, HK\$107,824,640, HK\$11,500,000 and HK\$50,000,000 respectively.

REASONS FOR THE ISSUE AND PROPOSED USE OF PROCEEDS

As at the date of this announcement, the aggregate outstanding principal amount of the 2002 CN is HK\$254,124,640 and they will be due and payable on 19 April 2004.

In recent years, the tourism industry in Hong Kong has been volatile. As stated in the 2003 interim report of the Company, the SARS outbreak had adversely impacted the financial performance of the Group. The bank balances and cash of the Group as at 30 June 2003 was approximately HK\$44.4 million which is not sufficient to redeem the outstanding 2002 CN amounting to approximately HK\$254.1 million in full. Although the tourism industry has experienced some degree of recovery recently, the Directors believe the operating environment of the Group will remain challenging and it is expected that more resources will be focused in running the travel related business so as to promptly capture the opportunities arising therefrom.

In view of the fact that the 2002 CN will soon be due, the Directors consider that it will be in the interest of the Company to issue the Convertible Notes so as to preserve and further strengthen the working capital of the Group.

Under the terms of the CN Agreement with HIL, the consideration for the subscription of the HIL Convertible Note will be satisfied by the surrender of the HIL’s 2002 CN to the Company for its cancellation. As at the date of this announcement, the outstanding amount of the 2002 CN held by HIL amounted to HK\$107,824,640. As HIL subscribed for an amount of HK\$105,000,000 under the HIL Convertible Note, the difference of HK\$2,824,640 will be paid in cash by the Company to HIL at Completion. Under the terms of the CN Agreement with CEL, the proceeds from the subscription of the CEL Convertible Note shall be applied to repay the entire outstanding principal amount of CEL’s 2002 CN and thereafter CEL’s original certificates of the 2002 CN shall be cancelled. The abovementioned cancellation and surrender of the 2002 CN by CEL and HIL required consent from CSIL and SWHL and the Company has obtained such consents from CSIL and SWHL. Both CSIL and SWHL had indicated that they intended to redeem their outstanding portion of their respective 2002 CN upon maturity. Upon Completion and after the redemption and/or cancellation of the outstanding portion of the 2002 CN of HK\$254,124,640 and the deduction of the estimated fees of approximately HK\$1 million to be incurred by the Company in connection with the Issue from the gross proceeds of HK\$260,000,000, net proceeds of approximately HK\$5 million will be available to the Company arising from the Issue, which will be used for additional working capital of the Group. At present, the Board does not have any specific plan or project identified to use the proceeds.

LISTING RULES IMPLICATIONS

CEL is the substantial Shareholder and accordingly, CEL is a connected person of the Company under the Listing Rules. The entering into of the CN Agreement with CEL (including the cancellation of its outstanding 2002 CN) constitutes a connected transaction for the Company. Accordingly, the issue of all the Convertible Notes to CEL and HIL is subject to, among other things, the approval of disinterested Shareholders (other than CEL, HIL, Other 2002 CN Holders and their respective Associates) by way of a poll at the SGM to be convened by the Company. Each of CEL and Dr. Chan beneficially owns 5,900,000,000 Shares and 17,280,000 Shares respectively. CSIL beneficially owns 11,200,000 Shares. Save for the foregoing, to the best knowledge of the Directors, none of CEL, HIL, Other 2002 CN Holders or their respective Associates holds any Shares.

TAKEOVERS CODE IMPLICATION

As at 15 March 2004, CEL, HIL and their respective Concert Parties had approximately 32.3% interest in the Company. CEL, Million Good Limited (being a wholly owned subsidiary of CEL) and HIL made a joint application for, and obtained from the then independent Shareholders and the Executive, a whitewash waiver in connection with the 2002 CN in March 2002. Pursuant to Rule 26 of the Takeovers Code, upon full conversion of the Convertible Notes, CEL, HIL and their respective Concert Parties will be interested in an aggregate of 18,917,280,000 Shares (or 23,250,613,333 Shares at the Minimum Closing Price of HK\$0.015 per Share), representing approximately 60.4% (or 65.2% at the Minimum Closing Price of HK\$0.015 per Share) of the issued share capital of the Company as enlarged by such conversion and CEL, HIL and their respective Concert Parties would be obliged to make a mandatory unconditional general offer to acquire all the Shares other than those already owned or agreed to be acquired by CEL, HIL and their respective Concert Parties upon exercise of all (or relevant part) of the conversion rights attaching to the Convertible Notes at any time during the term of such convertible notes.

An application will be made on behalf of CEL, HIL and their respective Concert Parties to the Executive for the Whitewash Waiver, which, if granted, would normally be subject to the approval of the independent Shareholders who are not involved or interested in the Issue on a vote by way of poll. In this regard, CEL, HIL and their respective Concert Parties will abstain from voting on the resolution relating to the Whitewash Waiver. The Executive may or may not grant the Whitewash Waiver. Completion of the CN Agreements is conditional upon, inter alia, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not obtained by the relevant long stop date for each of the CN Agreements, such CN Agreements will lapse and each of CEL’s and HIL’s 2002 CN will have to be redeemed on its maturity on 19 April 2004.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the existing shareholding structure of the Company and its structure upon conversion of the outstanding 2002 CN at HK\$0.032 each in full:

| | Existing | | Upon conversion of the 2002 CN at HK\$0.032 each in full | |
|--------------------------------|----------------|------|--|------|
| | Shares | % | Shares | % |
| CEL** | 5,900,000,000 | 32.2 | 8,550,000,000 | 32.6 |
| Dr. Chan | 17,280,000 | 0.1 | 17,280,000 | 0.1 |
| HIL** | – | – | 3,369,520,000 | 12.8 |
| <i>Sub-total</i> | 5,917,280,000 | 32.3 | 11,936,800,000 | 45.5 |
| <u>Substantial Shareholder</u> | | | | |
| Hounslow Limited ¹ | 3,390,664,440 | 18.5 | 3,390,664,440 | 12.9 |
| <u>Public Shareholders</u> | | | | |
| Softbank ² | 986,486,494 | 5.4 | 986,486,494 | 3.8 |
| CSIL [#] | 11,200,000 | 0.1 | 370,575,000 | 1.4 |
| SWHL [#] | – | – | 1,562,500,000 | 5.9 |
| Others | 8,011,101,836 | 43.7 | 8,011,101,836 | 30.5 |
| <i>Total</i> | 18,316,732,770 | 100 | 26,258,127,770 | 100 |

Set out below is a table showing the existing shareholding structure of the Company and its structure upon conversion of the Convertible Notes at the initial conversion price of HK\$0.020 each in full and the Minimum Closing Price of HK\$0.015 each in full:

| | Existing | | Upon conversion of the Convertible Notes at HK\$0.020 each in full | | Upon conversion of the Convertible Notes at HK\$0.015 each in full | |
|--------------------------------|----------------|------|--|------|--|------|
| | Shares | % | Shares | % | Shares | % |
| CEL** | 5,900,000,000 | 32.2 | 13,650,000,000 | 43.5 | 16,233,333,333 | 45.5 |
| Dr. Chan | 17,280,000 | 0.1 | 17,280,000 | 0.1 | 17,280,000 | 0.1 |
| HIL** | – | – | 5,250,000,000 | 16.8 | 7,000,000,000 | 19.6 |
| <i>Sub-total</i> | 5,917,280,000 | 32.3 | 18,917,280,000 | 60.4 | 23,250,613,333 | 65.2 |
| <u>Substantial Shareholder</u> | | | | | | |
| Hounslow Limited ¹ | 3,390,664,440 | 18.5 | 3,390,664,440 | 10.8 | 3,390,664,440 | 9.5 |
| <u>Public Shareholders</u> | | | | | | |
| Softbank ² | 986,486,494 | 5.4 | 986,486,494 | 3.2 | 986,486,494 | 2.8 |
| CSIL [#] | 11,200,000 | 0.1 | 11,200,000 | 0.1 | 11,200,000 | 0.1 |
| SWHL [#] | – | – | – | – | – | – |
| Others | 8,011,101,836 | 43.7 | 8,011,101,836 | 25.5 | 8,011,101,836 | 22.4 |
| <i>Total</i> | 18,316,732,770 | 100 | 31,316,732,770 | 100 | 35,650,066,103 | 100 |

* Parties who have agreed to subscribe for the Convertible Notes

Parties who subscribed for the 2002 CN

Note 1: Hounslow Limited (“Hounslow”) is incorporated in the British Virgin Islands with limited liability and is beneficially owned by Mr. Chan Yeuk Wai, a non-executive Director and his younger brother Mr. Chan Yeuk Pun, in equal shares. Hounslow is an investment holding company and its principal business is to hold the interests in the Shares. Hounslow had not been involved in the discussion relating to the Issue.

Note 2: Softbank is an investment holding company and has substantial interests in investment companies, the subsidiaries of which are principally engaged in the business of property investment. Mr. Yu Kam Kee, Lawrence (a Director) is the chairman of Softbank and, according to the public records, together with his Associates, are interested in 228,834,991 shares (representing 6.29% shareholding) of Softbank. Softbank had not been involved in the discussion relating to the Issue.

MAINTAINING THE LISTING OF THE COMPANY

It is the intention of the Directors to maintain the listing of the Company on the Stock Exchange after Completion. Upon Completion, approximately 49.2% of the Shares will be held by public. Assuming full conversion of the Convertible Notes at the initial conversion price of HK\$0.020 per Share, approximately 28.8% of the Shares (or approximately 25.3% of the Shares at the Minimum Closing Price of HK\$0.015 per Share) would be held by the public. The Company, CEL and the Directors will jointly and severally undertake to the Stock Exchange that appropriate steps will be taken to ensure that sufficient public float exists for the Shares immediately following Completion or conversion of the Convertible Notes at any time during the term of the Convertible Notes.

The Stock Exchange has stated that, at the date of Completion or any conversion of the Convertible Notes, if less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are too few Shares in public hands to maintain an orderly market,

then it will consider to exercise its discretion to suspend trading in the Shares until a sufficient public float is obtained.

The Stock Exchange will also closely monitor all future acquisitions or disposals of assets by the Company. The Stock Exchange has the discretion to require the Company to issue a circular to its shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions and any such transactions may result in the Company being treated as if it were a new listing applicant.

INFORMATION ON THE GROUP

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Stock Exchange. The Company is an investment holding company and the subsidiaries of which are principally engaged in the business of providing package tours, travel and other related services. The Group is also engaged in the hotel operation business.

The following table sets out a summary of the audited consolidated results of the Company for the 12 months ended 31 March 2002 and for the 9 months ended 31 December 2002 and the unaudited consolidated results of the Company for the 6 months ended 30 June 2003:

| | (Audited) For the 12 months ended 31 March 2002 HK\$ million | (Audited) For the 9 months ended 31 December 2002 HK\$ million | (Unaudited) For the 6 months ended 30 June 2003 HK\$ million |
|--|--|--|--|
| Turnover | 2,029 | 1,323 | 554 |
| Profit/(loss) attributable to Shareholders | (654) | (303) | (166) |

As at 31 December 2002, the audited consolidated net asset value of the Company was approximately HK\$661.3 million or approximately HK\$0.036 per Share. The Company has undergone a corporate reorganisation, details of which are included in the circular of the Company dated 31 October 2003 and the composite document of the Company dated 19 December 2003 (collectively, the “Documents”). According to the announcement of the Company dated 9 January 2004, the unaudited proforma adjusted consolidated net tangible asset value of the Company immediately following the closing of the Apex Offer (as defined in the Documents) and the completion of the Rosedale Share Sale Agreement (as defined in the Documents) was approximately HK\$557.4 million (representing HK\$0.0304 per Share.)

The Directors do not expect any change in the board of the Company upon Completion and exercise of the respective conversion rights attached to the Convertible Notes.

GENERAL

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Convertible Notes.

An independent non-executive Director will be appointed to consider the issue of the CEL Convertible Note and the HIL Convertible Note and the granting of the Whitewash Waiver. An independent financial adviser, MasterLink Securities (Hong Kong) Corporation Limited has been appointed to advise the independent Director regarding the Issue (including the issue of the CEL Convertible Note and the HIL Convertible Note and the cancellation of the outstanding 2002 CN with CEL and HIL) and the granting of the Whitewash Waiver.

A circular of the Company containing details of the CN Agreements, the Whitewash Waiver, the advice of the independent Director, the advice of the independent financial adviser to such Director and a notice of the SGM, will be sent to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 14 January 2004 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 March 2004.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

| | |
|----------------------------------|--|
| “2002 CN” | the four 2% convertible notes due 2004 issued with an aggregate principal amount of HK\$370,000,000 to each of CEL, HIL, CSIL and SWHL by the Company on 19 April 2002 which entitled the holders thereof to convert into new Shares at HK\$0.032 per Share, subject to adjustments, at any time up to and including their respective maturity dates, i.e. 19 April 2004. Details of the 2002 CN were stated in the Company’s circular dated 25 March 2002 |
| “Associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “CEL” | China Enterprises Limited, a company incorporated in Bermuda with limited liability, the shares of which are traded on the OTC Bulletin Board in the United States of America and is owned as to approximately 55.2% effective equity interest and approximately 88.8% effective voting interest by China Strategic |
| “CEL Convertible Note” | the convertible note to be issued by the Company to CEL or its nominee with a principal amount of HK\$155,000,000, which entitles the holder thereof to convert into Shares at any time from the date of issue of the convertible note up to the maturity date of the convertible note at an initial conversion price of HK\$0.020 per Share (subject to adjustments) |
| “China Strategic” | China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “CN Agreements” | the conditional agreements dated 13 January 2004 (as subsequently amended on 17 March 2004) and entered into between the Company and each of CEL and HIL (together the “CN Subscribers”) relating to the issuance of the Convertible Notes to CEL, HIL or their respective nominee(s) respectively, subject to the respective terms and conditions contained therein |
| “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 CN Agreements |
| “Concert Party/ Concert Parties” | has the meaning ascribed thereto under the Takeovers Code |
| “Convertible Notes” | the CEL Convertible Note and the HIL Convertible Note |
| “CSIL” | Capital Strategic Investment Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “Director(s)” | director(s) of the Company |
| “Dr. Chan” | Dr. Chan Kwok Keung, Charles, an executive Director |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |
| “Group” | the Company and its subsidiaries |
| “HIL” | Hutchison International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “HIL Convertible Note” | the convertible note to be issued by the Company to HIL or its nominee(s) with a principal amount of HK\$105,000,000 at completion of the CN Agreement with HIL, which entitles the holder thereof to convert into Shares at any time from the date of issue of the convertible note up to the maturity date of the convertible note at an initial conversion price of HK\$0.020 per Share (subject to adjustments) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party” | a person or company which is not connected with the directors, chief executives and substantial shareholders of the Company, any of its subsidiaries or their respective Associates |
| “Issue” | the issue of the Convertible Notes to each of CEL and HIL or their respective nominee(s) under the respective terms of the CN Agreements |
| “Listing Rules” | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Other 2002 CN Holders” | CSIL and SWHL |
| “SFC” | The Securities and Futures Commission in Hong Kong |
| “SGM” | a special general meeting of the Company to be convened to approve, among other things, the CN Agreements (including the CEL Convertible Note) and the Whitewash Waiver |
| “Share(s)” | ordinary share(s) of par value HK\$0.01 each in the capital of the Company |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Softbank” | Softbank Investment International (Strategic) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “SWHL” | Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |
| “Whitewash Waiver” | a waiver by the Executive from the obligation on the part of CEL, HIL and their respective Concert Parties to make a general offer for the Shares under the Takeovers Code pursuant to Note 1 to Notes on dispensations from Rule 26 of the Takeovers Code upon exercise of all (or relevant part) of the conversion rights attaching to the CEL Convertible Note and the HIL Convertible Note at any time during the term of these Convertible Notes |
| “HK\$” | Hong Kong dollar(s), the lawful currency in Hong Kong |

By order of the board of
Wing On Travel (Holdings) Limited
Dr. Chan Kwok Keung, Charles
Executive Director

Hong Kong, 17 March 2004

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.