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WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1189)

CAPITAL REORGANISATION, PLACING OF NEW SHARES AND RESUMPTION OF TRADING

On 1 March 2006, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 175,000,000 new Adjusted Shares at a price of HK\$0.69 per Adjusted Share to not less than six Placees who are Independent Third Parties. The Placing is conditional on, among other things, the passing of the resolution at the special general meeting by the Shareholders to approve the issue of the Placing Shares.

The Placing Shares represent (i) approximately 40% of the Company's existing issued share capital (assuming the Capital Reorganisation has taken effect); and (ii) approximately 28.57% of the Company's issued share capital after the Capital Reorganisation and as enlarged by the Placing.

The net proceeds of approximately HK\$119.7 million from the Placing are intended to be used as general working capital for the Group.

In order to facilitate the issue of the Placing Shares, the Board proposes to conduct the Capital Reorganisation which involves (i) the reduction of the issued share capital of the Company by HK\$0.90 per Existing Share by cancelling an equivalent amount of paid-up capital per Existing Share so that the nominal value of each Existing Share in issue will be reduced from HK\$1.0 to HK\$0.10; and (ii) the subdivision of every unissued Existing Share into 10 Adjusted Shares.

After the Capital Reorganisation has been implemented, Shareholders may submit existing share certificates for Existing Shares to the Registrar in exchange, at the expense of the Company, for new share certificates for Adjusted Shares. Further details of the arrangement regarding free exchange of share certificates will be included in the circular to be despatched to the Shareholders and will be announced by way of press announcement upon despatch of the circular by the Company.

A circular containing details of the Placing Agreement and the Capital Reorganisation together with the notice of a special general meeting of the Company will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

Trading of the Existing Shares on the Stock Exchange was suspended from 2:30 p.m. on 27 February 2006 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Existing Shares with effect from 9:30 a.m. on 2 March 2006.

INTRODUCTION

Following arm's length negotiations on the basis and method of the Placing since 27 February 2006, the Company and the Placing Agent entered into the Placing Agreement on 1 March 2006, pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, up to 175,000,000 new Adjusted Shares at a price of HK\$0.69 per Adjusted Share to the Placees.

In order to facilitate the issue of the Placing Shares, the Board proposes to conduct the Capital Reorganisation which involves the Capital Reduction and the Share Subdivision. Details of the Capital Reorganisation and the Placing Agreement are set out below.

CAPITAL REORGANISATION

The Board proposes the Capital Reorganisation which involves the Capital Reduction and the Share Subdivision.

Capital Reduction

The issued share capital of the Company will be reduced by HK\$0.90 per Existing Share by cancelling an equivalent amount of paid-up capital per Existing Share so that the nominal value of each Existing Share in issue will be reduced from HK\$1.0 to HK\$0.10.

The credit arising from the Capital Reduction above will be transferred to the contributed surplus account of the Company.

Share Subdivision

Upon the Capital Reduction becoming effective, each authorised but unissued Existing Share in the capital of the Company will be subdivided into 10 Adjusted Shares of HK\$0.10 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company amounts to HK\$1,500,000,000 comprising 1,500,000,000 Existing Shares, of which 437,586,108 have been allotted and issued as fully paid or credited as fully paid. Upon the Capital Reorganisation taking effect and assuming that the Company does not allot and issue any Existing Shares prior thereto, the authorised share capital of the Company will remain HK\$1,500,000,000 comprising 15,000,000,000 Adjusted Shares, of which 437,586,108 Adjusted Shares will be in issue. The Adjusted Shares will rank pari passu in all respects with each other.

On the basis of 437,586,108 Existing Shares in issue, a credit of approximately HK\$393.8 million will arise from the Capital Reduction. Such amount will be transferred to the contributed surplus account of the Company. Based on the audited accounts of the Company as at 31st December, 2004 and taking into account the effect of the cancellation of the entire share premium account and the set off of accumulated losses of the Company approved by the Shareholders on 5 July 2005, the Company has an unaudited contributed surplus of approximately HK\$380.7 million, which will be increased to approximately HK\$774.5 million upon implementation of the Capital Reduction.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares to be in issue upon the Capital Reorganisation taking effect.

After the Capital Reorganisation has been implemented, Shareholders may submit existing share certificates for Existing Shares to the Registrar in exchange, at the expense of the Company, for new share certificates for Adjusted Shares. Further details of the arrangement regarding free exchange of share certificates will be included in the circular to be despatched to the Shareholders and will be announced by way of press announcement upon despatch of the circular by the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

- (i) the passing by the Shareholders of a special resolution to approve the Capital Reduction and an ordinary resolution to approve the Share Subdivision;
- (ii) compliance with Section 46(2)(a) of the Companies Act 1981 of Bermuda to effect the Capital Reduction; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares to be in issue and issued.

The Capital Reorganisation is not conditional on the Placing. The effective date of the Capital Reorganisation will be included in the circular of the Company to be despatched to the Shareholders.

Reasons for the Capital Reorganisation

Since 26 September 2005, the Existing Shares have been traded at prices below their nominal value of HK\$1.00 each, ranging from HK\$0.55 to HK\$0.93 per Existing Share. The closing price of the Existing Shares on the Last Full Trading Day was HK\$0.69 per share. Under Bermuda law, a company (including the Company) may not issue shares at a discount to the nominal value of such shares.

The Capital Reorganisation is proposed in order to facilitate the issue of the Placing Shares under the Placing. The Capital Reorganisation will also allow flexibility for the allotment by the Company of further new shares to raise capital when opportunities arise in the future. The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

THE PLACING AGREEMENT

Date: 1 March 2006

Parties: (i) Placing Agent: Success Securities Limited (formerly known as Young Champion Securities Limited), an Independent Third Party. The Placing Agent is entitled to receive a commission equal to 0.25% of the aggregate placing price of the Placing Shares; and
(ii) Issuer: the Company.

Number of shares to be placed:

Up to 175,000,000 new Adjusted Shares, representing (i) approximately 40% of the Company's existing issued share capital (assuming that the Capital Reorganisation has taken effect); and (ii) approximately 28.57% of the Company's issued share capital after the Capital Reorganisation and as enlarged by the Placing.

The Placing is on a best effort basis.

Placees:

Not less than six professional, institutional and/or individual investors procured by the Placing Agent under the Placing Agreement. The Placing Agent has undertaken to the Company that it will use all reasonable endeavours to ensure that each of the Placees and their respective ultimate beneficial owners will be an Independent Third Party.

Placing Price:

HK\$0.69 per Placing Share. The Placing Price was agreed after arm’s length negotiations between the Company and the Placing Agent and was determined with reference to the prevailing market price of the Existing Shares.

The Placing Price represents (i) a discount of approximately 6.76% to the closing price of HK\$0.74 per Existing Share as quoted on the Stock Exchange on 27 February 2006 (being the last trading day of the Existing Shares on the Stock Exchange prior to the release of this announcement); (ii) the closing price of HK\$0.69 per Existing Share as quoted on the Stock Exchange on the Last Full Trading Day; (iii) a premium of approximately 1.47% over the average closing price of HK\$0.68 per Existing Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Full Trading Day; and (iv) a premium of approximately 1.62% over the average closing price of HK\$0.679 per Existing Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Full Trading Day.

Conditions of the Placing:

The Placing is conditional upon:

- (i) the passing of the resolution at the special general meeting by the Shareholders to approve the issue of the Placing Shares pursuant to the Placing Agreement;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (iii) the completion of the Capital Reorganisation.

If the aforesaid conditions are not fulfilled on or prior to 30 April 2006, or such later date as may be agreed in writing between the Company and the Placing Agent, the obligations of the Company and the Placing Agent under the Placing Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise in respect of the Placing.

Completion of the Placing:

Completion of the Placing shall take place on the second business day following the satisfaction of the aforesaid conditions or such other date as the parties may agree.

RANKING OF THE PLACING SHARES

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the Adjusted Shares in issue on the respective date of allotment and issue of the Placing Shares, including the right to any dividends or distributions.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Capital Reorganisation and the Placing are illustrated in the table below:

	As at the date of the Placing Agreement		Immediately after completion of the Capital Reorganisation but before completion of the Placing		Upon completion of the Capital Reorganisation and the Placing	
	Existing Shares	%	Adjusted Shares	%	Adjusted Shares	%
CEL (Note 1)	121,386,481	27.74	121,386,481	27.74	121,386,481	19.81
Public	316,199,627	72.26	316,199,627	72.26	316,199,627	51.62
Placees	–	–	–	–	175,000,000	28.57
Total	437,586,108	100.00	437,586,108	100.00	612,586,108	100.00

Notes:

- 1. As at the date of this announcement, CEL, through its wholly-owned subsidiary, Million Good Limited, is beneficially interested in 121,386,481 Existing Shares.
- 2. The above table assumes that there are no changes to the shareholding in the Company, other than as a result of the Capital Reorganisation and Placing.

The Board does not expect any one of the Placees will become a substantial Shareholder of the Company (as defined in the Listing Rules) as a result of the Placing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the business of providing package tours, travel and other related services with branches in Hong Kong, Macau, Canada and the United Kingdom, and hotel operation business.

The Placing Price was determined after arm’s length negotiations between the Company and the Placing Agent. The Directors consider that the Placing Price to be fair and reasonable. The Directors also consider the Placing as a whole is desirable and in the interests of the Company and the Shareholders as it will enlarge the shareholder base and capital base of the Company and strengthen the financial position of the Group. The net proceeds from the Placing are estimated to be about HK\$119.7 million which will be used as the Group’s general working capital.

FUND RAISING IN THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not undertaken any equity fund raising exercise over the period of twelve months immediately preceding the date of this announcement.

GENERAL

The Capital Reorganisation, the Placing Agreement and transactions contemplated thereunder are subject to the approval of the Shareholders at a special general meeting of the Company. A circular containing details of the Capital Reorganisation and the Placing Agreement together with the notice of a special general meeting of the Company will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

Trading of the Existing Shares on the Stock Exchange was suspended from 2:30 p.m. on 27 February 2006 pending the issue of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Existing Shares with effect from 9:30 a.m. on 2 March 2006.

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

<i>Executive Directors:</i>	<i>Non-Executive Director:</i>
Mr. Yu Kam Kee, Lawrence, B.B.S., M.B.E., J.P. (Chairman)	Mr. Chan Yeuk Wai (Honorary Chairman)
Mr. Cheung Hon Kit (Managing Director)	
Dr. Yap, Allan	<i>Independent Non-Executive Directors:</i>
Mr. Chan Pak Cheung, Natalis	Mr. Kwok Ka Lap, Alva
Mr. Lui Siu Tsuen, Richard	Mr. Sin Chi Fai
Ms. Luk Yee Lin, Ellen	Mr. Wong King Lam, Joseph

DEFINITIONS

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

“Adjusted Shares”	ordinary shares of HK\$0.10 each in the capital of the Company after the implementation of the Capital Reorganisation
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction in the nominal value of the issued share capital of the Company from HK\$1.00 per Existing Share to HK\$0.10 per Adjusted Share by cancelling HK\$0.90 paid-up capital on each issued Existing Share
“Capital Reorganisation”	the Capital Reduction and the Share Subdivision
“CEL”	China Enterprises Limited, a company incorporated in Bermuda with limited liability and the shares of which are traded on the OTC Bulletin Board in the United States of America. CEL is owned as to 55.22% effective equity interest and 88.8% effective interest of voting right by China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Company”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Existing Shares”	ordinary shares with nominal value of HK\$1.00 each in the capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	a party who, to the best of the knowledge, information and belief of the Directors, is a third party independent of the Company and its connected persons (as defined in the Listing Rules)
“Last Full Trading Day”	24 February 2006, being the last full trading day for the Existing Shares prior to the suspension of dealings of the Existing Shares on the Stock Exchange pending the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the placees procured by the Placing Agent under the Placing, all of which will be Independent Third Parties
“Placing”	the placing of up to 175,000,000 new Adjusted Shares, on a best effort basis, by the Placing Agent to the Placees at the Placing Price under the Placing Agreement
“Placing Agent”	Success Securities Limited (formerly known as Young Champion Securities Limited)
“Placing Agreement”	the placing agreement dated 1 March 2006 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.69 per Adjusted Share under the Placing
“Placing Shares”	up to 175,000,000 new Adjusted Shares to be placed under the Placing
“Registrar”	Secretaries Limited, the Hong Kong branch share registrars of the Company
“Share Subdivision”	the proposed subdivision of each authorised but unissued Existing Share in the capital of the Company into 10 Adjusted Shares of HK\$0.10 each
“Shareholders”	holders of the Existing Shares or Adjusted Shares (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 1 March 2006