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WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1189

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES SHARE CONSOLIDATION CHANGES IN BOARD LOT SIZE

On 4 February 2005, Wing On Travel entered into a placing and subscription agreement with CEL, a subsidiary of CSH and a substantial shareholder of Wing On Travel, and the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, up to 6,400 million Shares at the price of HK\$0.022 per Placing Share to no less than six Placees who are Independent Third Parties procured by the Placing Agent and CEL would subscribe for up to 6,400 million new Shares at the same price of HK\$0.022 per Subscription Share. The Subscription Shares represent approximately (i) 18.51% of Wing On Travel's existing issued share capital and (ii) 15.62% of Wing On Travel's issued share capital as enlarged by the Subscription. The 6,400 million Subscription Shares under the Placing Agreement are to be issued by Wing On Travel under the General Mandate.

Wing On Travel intends to put forward for approval by the Shareholders at the SGM resolution to approve the Share Consolidation pursuant to which every one hundred (100) Shares in the issued and unissued ordinary share capital of Wing On Travel will be consolidated into one (1) Consolidated Share of HK\$1.00.

Upon the Share Consolidation becoming unconditional and effective, the board lot of the Shares will be changed from 10,000 Shares to 1,000 Consolidated Shares.

Trading of the shares of Wing On Travel on the Stock Exchange were suspended at 9:30 a.m. on 2 February 2005 pending the issue of the Announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares of Wing On Travel with effect from 9:30 a.m. on 7 February 2005.

PLACING AGREEMENT DATED 4 FEBRUARY 2005

Pursuant to the Placing Agreement, the Placing Agent agreed to place on a best efforts basis, up to 6,400 million existing Shares at a price of HK\$0.022 per Placing Share on behalf of CEL and CEL would subscribe for up to 6,400 million new Shares equivalent to the number of Placing Shares placed. The terms of the Placing Agreement are set out below:

A. In respect of the Placing

Vendor:

CEL, which owns through its wholly-owned subsidiary, Million Good Limited, 8,650 million Shares as at the date of this Announcement, representing approximately 25.02% of the existing issued share capital of Wing On Travel, which comprises 34,566,732,770 Shares.

Placing Agent:

Tai Fook, an Independent Third Party. The Placing Agent is entitled to receive a commission equal to 2.5% of the aggregate placing price of the Placing Shares.

Number of Shares to be placed:

Up to 6,400 million existing Shares held by CEL Group representing (i) approximately 18.51% of Wing On Travel's existing issued share capital and (ii) approximately 15.62% of Wing On Travel's issued share capital as enlarged by the Subscription.

The Placing is on a best efforts basis.

Placees:

Not less than six professional, institutional and/or individual investors procured by the Placing Agent under the Placing Agreement. Each of the placees and their respective ultimate beneficial owners will be an Independent Third Party. The board of Wing On Travel does not expect any placee will become a substantial shareholder of Wing On Travel (as defined in the Listing Rules) as a result of the Placing.

Placing Price:

HK\$0.022 per Placing Share. The Placing Price represents (i) a discount of approximately 8.33% to the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on the Last Dealing Date (being the last day of trading in the Shares on the Stock Exchange prior to the release of this Announcement); (ii) a discount of approximately 15.38% to the average closing price of HK\$0.026 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Dealing Date and (iii) a discount of approximately 18.22% to the average closing price of HK\$0.0269 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Dealing Date.

Conditions of the Placing:

Placing under Placing Agreement is unconditional.

Completion of the Placing:

The Placing is unconditional and completion of the Placing is expected to take place on 15 February 2005.

B. In respect of the Subscription

Subscriber:

CEL, which owns through its wholly-owned subsidiary, Million Good Limited, 8,650 million Shares as at the date of this Announcement.

Number of new Shares to be subscribed for:

Equal to the number of Placing Shares actually placed under the Placing, being up to 6,400 million new Shares representing (i) approximately 18.51% of Wing On Travel's existing issued share capital and (ii) approximately 15.62% of Wing On Travel's issued share capital as enlarged by the Subscription (assuming that all the 6,400 million new Shares were placed by the Placing Agent).

Subscription price:

HK\$0.022 per Subscription Share, being the same as the Placing Price.

Conditions of the Subscription:

The issue of Subscription Shares pursuant to the Placing Agreement is conditional upon (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares which fall to be issued under that agreement and (ii) completion of the placing of the Placing Shares under that agreement having taken place. Completion of the issue of Subscription Shares pursuant to the Placing Agreement will take place upon the fulfillment of all conditions of the Subscription as set out above. That Subscription must be completed on or before 18 February 2005, being 14 days from the date of the Placing Agreement. If the Subscription under the Placing Agreement were to be completed thereafter, it would constitute a connected transaction of Wing On Travel under the Listing Rules which would require the approval of the Independent Shareholders.

AUTHORITY TO ISSUE THE SUBSCRIPTION SHARES

The 6,400 million Subscription Shares under the Placing Agreement are to be issued by Wing On Travel under the General Mandate (which as at the date of this Announcement, allows Wing On Travel to issue or deal with up to 6,445,346,554 new Shares).

RANKING OF SUBSCRIPTION SHARES

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

CHANGES IN SHAREHOLDING OF WING ON TRAVEL AS A RESULT OF THE PLACING AND SUBSCRIPTION

The changes of the shareholding of Wing On Travel as a result of the Placing and the Subscription are illustrated in the table as follows:

	No. of existing shares held as at the date of this Announcement	%	No. of shares held after completion of the Placing but before completion of the Subscription	%	No. of shares held after completion of Placing and Subscription under the Placing Agreement	%	No. of shares held after completion of Placing and Subscription under the Placing Agreement assuming full conversion of the outstanding Convertible Notes	%
CEL	8,650,000,000	25.02	2,250,000,000	6.51	8,650,000,000	21.11	11,400,000,000	26.08
Director of Wing On Travel								
Chan Yeuk Wai (note 2)	2,067,844,440	5.98	2,067,844,440	5.98	2,067,844,440	5.05	2,067,844,440	4.73
Public								
Existing Public Shareholders	23,848,888,330	69.00	23,848,888,330	69.00	23,848,888,330	58.22	23,848,888,330	54.55
Placees	-	0.00	6,400,000,000	18.51	6,400,000,000	15.62	6,400,000,000	14.64
	<u>34,566,732,770</u>	<u>100.00</u>	<u>34,566,732,770</u>	<u>100.00</u>	<u>40,966,732,770</u>	<u>100.00</u>	<u>43,716,732,770</u>	<u>100.00</u>
TOTAL								

Notes:

- The above table assumes that there are no changes to the shareholding in Wing On Travel of the parties named above, other than as a result of the Placing and the Subscription.
- Based on the latest notice dated 1 February 2005 filed by Mr. Chan Yeuk Wai with Wing On Travel pursuant to the SFO, Mr. Chan Yeuk Wai had 50% control of Hounslow Limited and he is deemed to be interested in 2,067,844,440 Shares by virtue of his interests in Hounslow Limited.

The board of directors of Wing On Travel does not expect any placee will become a substantial shareholder of Wing On Travel (as defined in the Listing Rules) as a result of the Placing.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

Wing On Travel is an investment holding company. The Wing On Travel 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 in Hong Kong and the PRC.

The Placing Price and the Subscription Price were determined after arm’s length negotiations between Wing On Travel, CEL, and the Placing Agent. The board of Wing On Travel including its independent non-executive directors consider the Placing Price and the Subscription Price to be fair and reasonable.

The Placing and the Subscription (as a whole) facilitates fund raising by Wing On Travel and would help strengthen its financial position.

Wing On Travel has made the equity issues in the 12 months preceding the date of the Placing Agreement as set out below.

- (a) The issue of HK\$260 million Convertible Notes to CEL (as to HK\$155 million) and Hutchison International Limited (as to HK\$105 million) on 14 June 2004 (which on issue were convertible into 13,000 million conversion shares at the then conversion price of HK\$0.02, subject to adjustments) in order to replace HK\$370 million convertible notes which had then matured (for which issue Wing On Travel did not receive new money) as described in Wing On Travel’s announcements dated 17 March 2004, 7 April 2004, 4 May 2004, 10 May 2004, 24 May 2004 and 8 June 2004 and the circular of Wing On Travel dated 24 May 2004 and the issue of Shares on conversion of the Convertible Notes. The issue of the Convertible Notes and the Shares on conversion of the Convertible Notes were approved at the special general meeting held on 8 June 2004.
- (b) The issue of an aggregate 6,000 million Shares pursuant to the Previous Placing Agreements dated 30 November 2004 as described in Wing On Travel’s announcement dated 30 November 2004 and in the circular of Wing On Travel dated 22 December 2004. Out of the aggregate 6,000 million Shares issued pursuant to the Previous Placing Agreements, 3,660 million Shares were issued pursuant to the general mandate granted by the shareholders of Wing on Travel at its annual general meeting held on 25 May 2004 and the remaining 2,340 million Shares were issued pursuant to the shareholders’ approval at the special general meeting held on 11 January 2005. As stated in the circular of Wing On Travel dated 22 December 2004, Wing On Travel intended to apply the net proceeds from the Previous Placing Agreements (which amounted to approximately HK\$160.6 million) principally towards payment of HK\$107.5 million of the consideration for the proposed acquisition by Wing On Travel Group of a 34.24% attributable interest in Kingsway Hotel Limited (as described in the Kingsway Transaction Announcement). The proposed acquisition of the interest in Kingsway Hotel Limited has not been completed as at the date of this Announcement. Accordingly, the proceeds allocated for payment of the consideration has not been utilised by Wing On Travel yet. The balance of the net proceeds of approximately HK\$53.10 million was to be utilised as general working capital. As at the date of this Announcement, approximately HK\$30 million has been utilised as general working capital and the remaining HK\$20 million will continue to be utilised as general working capital.

If the outstanding Convertible Notes (of HK\$55,000,000) held by CEL are converted in full at the existing conversion price of HK\$0.02 per Share, 2,750,000,000 Shares will fall to be issued, representing approximately 7.96% of the existing issued share capital of Wing On Travel.

The directors (including the independent non-executive directors) of Wing On Travel consider the Placing and the Subscription as a whole is desirable as it will enlarge the shareholder base and the capital base of Wing On Travel and will strengthen the financial position of Wing On Travel Group. They believe that the Placing and the Subscription are in the interests of Wing On Travel. Wing On Travel intends to apply the net proceeds of the Subscription which would amount to approximately HK\$137 million of which HK\$50 million is to be used principally for financing the refurbishment, renovation and upgrading of Kingsway Hotel in Macau, so as to enhance its competitiveness. The details of Wing On Travel’s acquisition of the 34.24% attributable interest in Kingsway Hotel Limited are set out in the Kingsway Transaction Announcement. The remaining HK\$87 million of the proceeds of the Subscription will be used for future investment opportunities related to existing businesses. As at the date of this Announcement, the Company has not identified any suitable investment yet.

SHARE CONSOLIDATION

It is proposed that, subject to the conditions set out below, every one hundred (100) Shares in the issued and unissued ordinary share capital of Wing On Travel will be consolidated into one (1) Consolidated Share of HK\$1.00.

As at the date of this Announcement, there were 34,566,732,770 Shares in issue. On the basis of such issued share capital and taking into account the issue of new Shares under the Placing Agreement, there will be 409,667,327 Consolidated Shares in issue following the Share Consolidation (assuming that there are no changes in the share capital of Wing On Travel except for the issue of the Subscription Shares, from the date of this Announcement and up to the effective date of the Share Consolidation).

Conditions of the Share Consolidation

The Share Consolidation will be conditional upon:–

- (i) the passing at the SGM of an ordinary resolution approving the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal, in the Consolidated Shares in issue and the Consolidated Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Notes.

REASONS FOR THE SHARE CONSOLIDATION

The board of Wing On Travel believes that the Share Consolidation is beneficial to Wing On Travel and its shareholders as a whole as the proposed Share Consolidation will reduce the number of board lots in the market and as a result, the handling costs and transaction charges will be reduced.

ODD LOTS ARRANGEMENT

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares, a securities house will be appointed by Wing On Travel to provide a matching service to those shareholders who wish to acquire odd lots of Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of Consolidated Shares. Details of the odd lots arrangement will be stated in the circular to be issued by Wing On Travel.

CHANGE OF BOARD LOT SIZE

Upon the Share Consolidation becoming unconditional and effective, the board lot of the Shares will be changed from 10,000 Shares to 1,000 Consolidated Shares. Based on the latest closing price of HK\$0.024 per Share as quoted on the Stock Exchange on the Last Dealing Date, the value of a board lot of 10,000 Shares is approximately HK\$240. After the completion of the Share Consolidation, based on the latest closing price of HK\$0.024 per Share as quoted on the Stock Exchange on the Last Dealing Date, the theoretical price of a Consolidated Share is approximately HK\$2.4 and the theoretical market value of a board lot of 1,000 Consolidated Shares is approximately HK\$2,400.

Any fraction of Consolidated Shares that arises from the Share Consolidation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of Wing On Travel.

The Consolidated Shares will rank pari passu in all respects with each other.

REASON FOR CHANGE OF BOARD LOT SIZE

The proposed change in board lot size could facilitate trading after the Share Consolidation, as the transaction costs per board lot of Consolidated Shares and the incidence of odd lots after the Share Consolidation could both be reduced.

TIMETABLE FOR THE SHARE CONSOLIDATION

The expected timetable is as follows:–

	2005
Despatch of circular in respect of the SGM convened to approve the Share Consolidation	24 February
Latest time for lodging forms of proxy for the SGM	10:00 a.m. on 12 March
SGM	10:00 a.m. on 14 March
Effective date of the Share Consolidation	15 March
Existing counter for trading in the Shares in board lots of 10,000 Shares closes	9:30 a.m. on 15 March
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. on 15 March
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	15 March
Existing counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of new share certificates) reopens	9:30 a.m. on 31 March
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:30 a.m. on 31 March
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on 22 April
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m. on 22 April
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:00 p.m. on 28 April

FREE EXCHANGE OF CERTIFICATES FOR SHARES AND TRADING ARRANGEMENT

Subject to the Share Consolidation becoming effective, shareholders may, during business hours from 15 March 2005 to 28 April 2005 (both dates inclusive), submit their certificates for the Shares to the Company’s branch registrar in Hong Kong, Secretaries Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, in exchange for certificates for the Consolidated Shares (on the basis of every one hundred (100) Shares for one (1) Consolidated Share) free of charge. Thereafter, existing share certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Consolidated Shares or each old share certificate submitted.

Dealings in the Shares represented by existing certificates in board lots of 10,000 Shares will cease after 9:30 a.m. on 15 March 2005. Existing share certificates will only be valid for delivery and settlement in respect of dealings for the period up to 22 April 2005 and thereafter will not be acceptable for dealing purposes. However, existing certificates for Shares in board lots of 10,000 Shares will continue to be evidence of title to the shares held in Wing On Travel on the basis of one hundred (100) Shares for one (1) Consolidated Share.

ADJUSTMENTS IN RELATION TO THE CONVERTIBLE NOTES

The Share Consolidation may lead to adjustment(s) to the conversion price and/or the number of Consolidated Shares to be issued upon exercise of the Convertible Notes in accordance with their respective terms. Wing On Travel will consult an independent merchant bank in compliance with the terms of the Convertible Notes for the required adjustments and further announcement of the required adjustments (if any) will be made as soon as practicable.

APPLICATION FOR LISTING

Wing On Travel will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and the Consolidated Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Notes.

UNUSUAL MOVEMENTS IN THE TRADING VOLUME OF THE SHARES OF WING ON TRAVEL

The directors of Wing On Travel have noted the increase in the trading volume of the Shares on the Last Dealing Date and wish to state that they are not aware of any reasons for such unusual movements.

Save for the transactions disclosed in this Announcement, the Kingsway Transaction Announcement and several investment proposals referred to in the announcement of Wing On Travel dated 6 January 2005, the directors of Wing On Travel confirm that there are no negotiations or agreements relating to the intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the board of directors of Wing On Travel aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The above statement is made by the order of the board of directors of Wing On Travel, the directors of Wing On Travel individually and jointly accept responsibility for the accuracy of the foregoing statement.

GENERAL

Approval from the shareholders of Wing On Travel will be required for the Share Consolidation. A circular containing, among other things, details of the Share Consolidation and the notice of SGM will be despatched to the shareholders as soon as practicable.

Trading of the shares of Wing On Travel on the Stock Exchange were suspended at 9:30 a.m. on 2 February 2005. Application has been made to the Stock Exchange for the resumption of trading of the shares of Wing On Travel, with effect from 9:30 a.m. on 7 February 2005.

As at the date of this Announcement, the directors of Wing On Travel are as follows:–

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

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

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“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 Group”	CEL and its subsidiaries
“Consolidated Share(s)”	share(s) of HK\$1.00 each in the capital of Wing On Travel immediately following and arising from the Share Consolidation
“Convertible Notes”	HK\$260 million convertible notes issued by Wing On Travel on 14 June 2004, of which a principal amount of HK\$55,000,000 is outstanding as at the date of this Announcement, and currently convertible into Shares at HK\$0.02 per Share (subject to adjustments)
“CSH”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“General Mandate”	the general mandate granted by the shareholders of Wing On Travel at its special general meeting held on 11 January 2005 to issue or deal with up to 6,445,346,554 new Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	shareholders of Wing On Travel (other than CEL and its associates)
“Independent Third Parties”	a party who to the best of the knowledge, information and belief of directors of Wing On Travel having made all reasonable enquiry is a third party independent of Wing On Travel and connected persons (as defined in the Listing Rules) of Wing On Travel
“Kingsway Transaction Announcement”	the announcement dated 24 November 2004 issued by Wing On Travel in respect of the proposed acquisition of 34.24% attributable interest in Kingsway Hotel Limited
“Last Dealing Date”	1 February 2005, being the last trading day for the Shares prior to the suspension of dealings of the Shares on the Stock Exchange, pending the issue of this Announcement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“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 placement of up to 6,400 million existing Shares by the Placing Agent to the Placees at the Placing Price under the Placing Agreement
“Placing Agent” or “Tai Fook”	Tai Fook Securities Company Limited, a wholly-owned subsidiary of Tai Fook Securities Group Limited of which Chow Tai Fook Enterprises Limited is its substantial shareholder
“Placing Agreement”	the placing agreement dated 4 February 2005
“Placing Price”	the placing price of HK\$0.022 per Placing Share under the Placing, which is the same as the Subscription Price
“Placing Share(s)”	up to 6,400 million existing Shares to be placed under the Placing
“Previous Placing Agreements”	the two placing agreements dated 30 November 2004 in respect of the placing and subscription of an aggregate of 6,000 million Shares
“SFO”	Securities Futures Ordinance
“Share(s)”	share(s) of a nominal value of HK\$0.01 each in the capital of Wing On Travel
“SGM”	the special general meeting of Wing On Travel to be convened to consider and approve, inter alia, the Share Consolidation
“Share Consolidation”	the consolidation of every one hundred (100) Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of up to 6,400 million new Shares by CEL (or its nominees) under the Placing Agreement
“Subscription Price”	the subscription price of HK\$0.022 per Subscription Share under the Subscription, which is the same as the Placing Price
“Subscription Share(s)”	up to 6,400 million new Shares to be subscribed by CEL under the Placing Agreement which is equivalent to the number of Placing Shares placed by the Placing Agent
“Wing On Travel”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Wing On Travel Group”	Wing On Travel and its subsidiaries
“%”	per cent.

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