



WING ON TRAVEL (HOLDINGS) LIMITED

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

Discloseable transaction Proposed acquisition of a 34.24% attributable interest in Kingsway Hotel Limited

The Purchaser, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire from the Vendor an 80% equity interest in Triumph which will, at Completion, hold indirectly a 42.8% attributable interest in Kingsway, for a cash consideration of HK\$157,504,000. The principal asset of Kingsway is its interest in the Hotel.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular will be despatched as soon as practicable to the Shareholders and will contain, among other things, further details of the Agreement.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:00 a.m. on Thursday, 18th November, 2004 pending the 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 Thursday, 25th November, 2004.

Reference is made to the announcement of the Company dated 16th November, 2004 (the “Announcement”) regarding the negotiation between the Company and an Independent Third Party in connection with the possible acquisition of a controlling stake in a company that has a substantial interest in a hotel. As the terms of the acquisition have not been finalised at the time of the Announcement, the Company indicated in the Announcement that the acquisition may constitute a major transaction for the Company under the Listing Rules for prudence sake.

The Board is pleased to announce that on 20th November, 2004, a conditional sale and purchase agreement was entered into between the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to acquire an 80% equity interest in Triumph for a total consideration of approximately HK\$157.5 million. Triumph will, at Completion, hold indirectly a 42.8% attributable interest in Kingsway. The principal asset of Kingsway is its interest in the Hotel. Based on the terms of the Agreement, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Set out below are the principal terms of the Agreement.

THE AGREEMENT DATED 20TH NOVEMBER, 2004

(i) Parties to the Agreement

Vendor: Mr. Chan Chak Mo, an Independent Third Party

Purchaser: Harvest Metro Corporation, a wholly-owned subsidiary of the Company incorporated in the BVI with limited liability

(ii) Subject of the sale and purchase

Pursuant to the Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell, as the legal and beneficial owner of, the Sale Shares free from any encumbrances, liens, charges, equities or third party rights. The Sale Shares shall represent 80% of the issued share capital of Triumph at Completion. Triumph is a company incorporated in the BVI and is beneficially and wholly-owned by the Vendor. The Vendor will continue to hold the remaining 20% equity interest in Triumph. Triumph has not commenced business since its incorporation on 21st April, 2004 and does not have any assets (save for its nominal issued share capital of 1 share of US\$1.00) or liabilities as at the date of this announcement. For the purpose of the Agreement, the Vendor will effect the Reorganisation (as detailed below) before Completion such that Triumph will hold 85.6% of the entire issued share capital of Xin Son which will, directly and indirectly, hold an attributable 50% interest in Kingsway. Kingsway is the owner and operator of the Hotel.

(iii) Reorganisation

Pursuant to the Agreement, the Vendor has undertaken to the Purchaser to use his reasonable endeavours to effect a reorganisation or transfer of capital and/or business structure of Triumph before Completion such that Triumph shall become the legal and beneficial owner of 85.6% of the entire issued share capital of Xin Son (together with the shareholder loan, if any) (the “Reorganisation”). As at the date of this announcement, the Vendor owns 8% of the equity interest of Xin Son and as part of the Reorganisation, he will, through Triumph, acquire a further 77.6% of equity interest of Xin Son from an Independent Third Party at a consideration of HK\$178,480,000.

Xin Son is a company incorporated with limited liability in Macau on 23rd September, 1992. As at the date of this announcement, it is held as to 8% by the Vendor and as to the remaining 92% by three Independent Third Parties. Xin Son is an investment holding company whose sole asset and principal business are the holding of a 50% equity interest in Xin Wei and a 25% equity interest in Kingsway.

Xin Wei is a company incorporated with limited liability in Macau on 14th May, 1992. As at the date of this announcement, it is held as to 50% by Xin Son and as to the remaining 50% by two Independent Third Parties. Xin Wei is an investment holding company whose sole asset and principal business are the holding of a 50% equity interest in Kingsway.

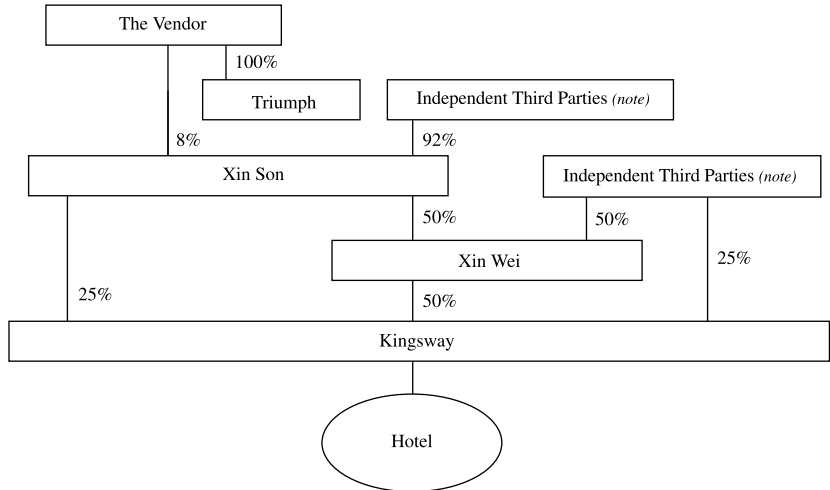
Kingsway is a company incorporated with limited liability in Macau on 26th July, 1990. It is the owner and operator of the Hotel.

Further information of Kingsway and the Hotel are set out in the paragraph headed “Information of Kingsway and the Hotel” below.

To the best knowledge of the Directors having made all reasonable enquiries, following Completion, the remaining 14.4% equity interest in Xin Son not then owned by Triumph, the remaining 50% equity interest in Xin Wei not then owned by Xin Son and the remaining 25% equity interest in Kingsway not then owned by Xin Son and Xin Wei are, and will continue to be, owned by Independent Third Parties.

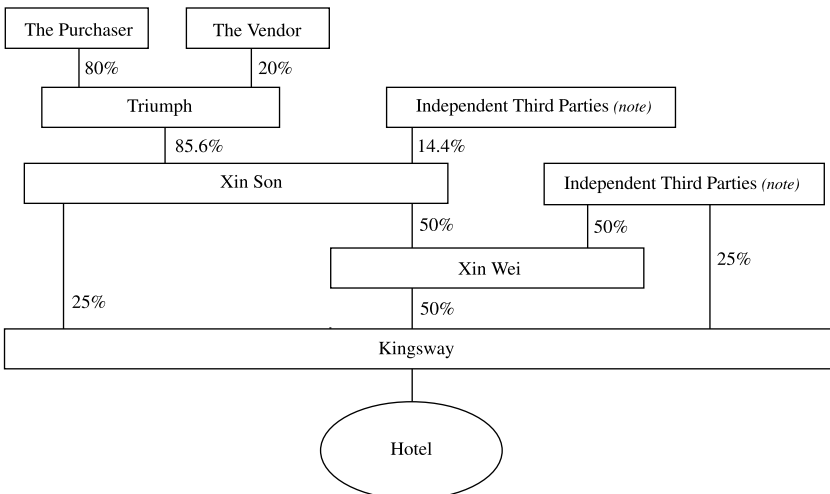
The Reorganisation is one of the conditions precedent to Completion. After the Reorganisation and Completion, the Purchaser will be interested in an attributable interest of 34.24% in the Hotel.

Set out below is the shareholding structure of Xin Son and its group companies before the Reorganisation:



Note: The Independent Third Parties holding 92% equity interest in Xin Son are different from the Independent Third Parties holding 50% equity interest in Xin Wei and 25% equity interest in Kingsway.

Set out below is the shareholding structure of the Triumph Group upon Completion:



Note: The Independent Third Parties holding 14.4% equity interest in Xin Son are different from the Independent Third Parties holding 50% equity interest in Xin Wei and 25% equity interest in Kingsway.

(iv) The Consideration

The consideration for the Sale Shares of HK\$157,504,000 was agreed between the parties based on arm's length negotiations by reference to the valuation of the Hotel performed by A.G. Wilkinson, an independent professional valuer. Based on such valuation, the Hotel is valued at an open market basis at approximately HK\$466.0 million, a 34.24% attributable interest of which amounts to approximately HK\$159.6 million.

The Consideration will be satisfied as follows:

- HK\$5,000,000, being the initial deposit which was paid in cash upon signing of the Agreement (“Initial Deposit”);
- HK\$15,750,400, being a further deposit (“Further Deposit”) which will be paid in cash to the Vendor's solicitors as an escrow agent upon the Purchaser being satisfied with the result of the Due Diligence Review as defined below on the Due Diligence Long Stop Date; and
- HK\$136,753,600, being the balance of the Consideration which shall be paid in cash on Completion.

The Initial Deposit and/or Further Deposit may be refundable under certain circumstances which are set out in sub-section headed “Conditions of the Agreement and Completion” below.

The Group intends that the Consideration will be financed as to approximately HK\$50 million by internal resources of the Group and as to the balance of HK\$107.5 million by bank borrowings. The Group may consider other debt financing and/or equity funding should these funding arrangements offer terms which are more favourable to the Group than bank borrowings. Further announcement(s) will be made by the Company in compliance with the Listing Rules should there be any changes in the aforesaid intended source of funding for the Acquisition.

(v) Conditions of the Agreement and Completion

Completion shall be conditional upon:-

- (if required under the Listing Rules) the passing of the necessary resolution(s) by the Shareholders (other than those Shareholders (if any) who are required to abstain from voting under the Listing Rules) at a general meeting to approve and ratify the Purchaser's entry into and performance of the Agreement and the transactions contemplated thereunder;
- completion of the Reorganisation in a manner to the satisfaction of the Purchaser;
- the Purchaser being satisfied with the due diligence review on Triumph, Xin Son, Xin Wei, Kingsway and the Hotel including but not limited to the financial, legal, commercial, insurance, taxation and other aspects of these companies (the “Due Diligence Review”) in the manner therein provided;
- the Purchaser being satisfied with the title of Kingsway to the Hotel;
- the warranties stipulated in the Agreement remaining true and accurate and not misleading in any material respect at all times until Completion; and
- all necessary statutory governmental and regulatory obligations having been complied with and all necessary regulatory authority in Hong Kong or in Macau, governmental and third party consents (including those person entitled to any pre-emption rights) and waivers for the purposes of the transactions under the Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the Purchaser).

The Purchaser may waive any of the above conditions except condition (a).

If any of the above conditions (a), (d), (e) and (f) shall not be fulfilled (or waived, if applicable) before Completion, the Purchaser may rescind the Agreement whereupon the rights and obligations of the parties under the Agreement shall cease immediately without any further liability provided that the Vendor is entitled to retain the Initial Deposit and the Vendor shall procure that the Further Deposit (together with any interest earned thereon) be refunded to the Purchaser.

If the condition (b) shall not be fulfilled before Completion, the Agreement shall automatically lapse and the Vendor shall procure that the Initial Deposit and the Further Deposit (together with any interest earned thereon) already paid by the Purchaser be refunded to the Purchaser in full. The rights and obligations of the parties under the Agreement shall also cease immediately upon such lapse without any further liability.

If the condition (c) is not fulfilled (or waived) on or before the Due Diligence Long Stop Date, the Agreement shall terminate whereupon the rights and obligations of the parties under the Agreement shall cease immediately without any further liability provided that the Vendor is entitled to retain the Initial Deposit for reimbursement of his costs incurred.

Completion is scheduled to take place on or before 17th February, 2005 (or such other date as the parties to the Agreement may agree in writing), subject to the fulfillment or waiver (if applicable) of all the conditions referred to above.

Further announcement will be made by the Company upon Completion. Fulfillment and/or waiver of any of the above conditions will be set out in that announcement.

(vi) Information of Kingsway and the Hotel

The principal activity of Kingsway is the ownership and operation of the hotel known as “Kingsway Hotel”. The Hotel is a three star hotel opened in 1992 and located at Rua De Luis Gonzaga Gomes No.176-230, Rua De Nagasaki No.64-A-82, Rua De Xiamen No.37-A-59, Macau with the total floor area of approximately 31,500 square metres. The Hotel has a total of 383 guests rooms with ancillary facilities. The Hotel is situated at the central area of Macau with convenient transportation to many of the landmarks and tourist attractions in Macau. Kingsway operates and manages the hotel room letting and provision of food and beverages services in the Hotel, but leases out portions of the Hotel for rental to Independent Third Parties which currently operate a casino, health club, night club and retail shops in the Hotel subject to lease terms ranging from one to eight years. To the best knowledge of the Vendor, information and belief having made all reasonable enquiry, Kingsway does not hold any licence to operate casino at the Hotel and the operators of the aforesaid facilities in the Hotel have obtained all relevant licences which are necessary for their respective operation. As part of the Due Diligence Review, the Purchaser would review all those licences or such other documents as affecting the management, control and operation of the Hotel. For the year ended 31st December, 2003, the Hotel achieved an average occupancy rate of about 77%, which grew to about 90% for the nine months ended 30th September, 2004.

(vii) Financial information on Kingsway

According to the audited financial statements of Kingsway prepared using generally accepted accounting principles in Macau for the two years ended 31st December, 2003, Kingsway recorded a turnover of approximately MOP49.4 million (equivalent to approximately HK\$48.0 million) and MOP47.3 million (equivalent to approximately HK\$45.9 million) for 2002 and 2003 respectively and profits (both before and after taxation and extraordinary items) of approximately MOP7.3 million (equivalent to approximately HK\$7.1 million) and MOP6.7 million (equivalent to approximately HK\$6.5 million) for 2002 and 2003 respectively. As at 31st December, 2003, the total assets of Kingsway were approximately MOP177.9 million (equivalent to approximately HK\$172.7 million), its total liabilities were approximately MOP189.4 million (equivalent to approximately HK\$183.9 million) and its net liabilities were approximately MOP11.5 million (equivalent to approximately HK\$11.2 million). Based on the unaudited management accounts of Kingsway, its unaudited gross profit for the year ended 31st December, 2003 was approximately MOP30.1 million (equivalent to approximately HK\$29.2 million). According to the unaudited management accounts of Kingsway for the nine months ended 30th September, 2004, Kingsway recorded a turnover of approximately MOP47.5 million (equivalent to approximately HK\$46.1 million) and profits (both before and after taxation and extraordinary items) of approximately MOP15.0 million (equivalent to approximately HK\$14.6 million). As at 30th September, 2004, the total assets of Kingsway were approximately MOP186.9 million (equivalent to approximately HK\$181.5 million), its total liabilities were approximately MOP178.8 million (equivalent to approximately HK\$173.6 million) and its net assets were approximately MOP8.1 million (equivalent to approximately HK\$7.9 million).

Based on the audited net profits of Kingsway for the year ended 31st December, 2003 as disclosed above, the Consideration represents a price-earnings multiple of 70.6 times. The principal asset of Kingsway is its interest in the Hotel, which is valued at an open market basis at approximately HK\$466.0 million as at 23rd November, 2004. A 34.24% attributable interest of such valuation amounts to approximately HK\$159.6 million.

As Xin Son and Xin Wei are special purpose vehicles and have no other assets other than their respective direct/indirect holdings in Kingsway, no financial statements have been prepared for Xin Son and Xin Wei since their incorporation and made available to the Company as at the date of this announcement. The Company is in the process of gathering the financial information of Xin Son and Xin Wei and further announcement(s) will be made by the Company as soon as practicable after receipt of the same.

(viii) Effects of the Acquisition on the Group

Upon Completion, Xin Wei and Kingsway will become associated companies of the Company and they will be equity accounted for in the Group's accounts, while Xin Son and Triumph will become subsidiaries of the Company whose accounts will be consolidated into the Group's financial statements. According to the annual report of the Company, the Group recorded an audited consolidated net loss of approximately HK\$371.0 million for the year ended 31st December, 2003. According to the unaudited interim report of the Company for the six months ended 30th June, 2004, the Group has turned around to record an unaudited net profit of approximately HK\$33.0 million due to the positive consumer sentiment driven by the recovering economy after the outbreak of severe acute respiratory syndrome in the first half year of 2003. Given profitable track record of Kingsway and the prospects of the tourism industry in Macau, the Directors consider that the Acquisition would benefit the results of the Group in future.

REASONS FOR THE AGREEMENT

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 with branches in Hong Kong, Macau, Canada and the United Kingdom, and hotel operation in Hong Kong and the PRC.

Given (i) the Macau government's determination in promoting tourism industry in Macau; (ii) the relaxation of the restrictions concerning mainland individuals visiting Hong Kong and Macau; and (iii) the implementation of the Closer Economic Partnership Agreement which stimulates business travel around the region, the economy of Macau has robusted recently. In view of the above, the Directors are confident that there will be significant growth potential for hotel industry in Macau.

The Acquisition will enable the Group to expand its network of hotel operations into Macau. With Macau being a popular destination of many travelers from Asia, in particular, the PRC, the Directors believe there exists tremendous business synergy between the Group and the proposed new investment. The Group would benefit from a stable supply of guests rooms by the Hotel to serve the customers traveling on group tours conducted by the Group, and the Hotel would achieve a higher occupancy rate with travelers from such group tours. The Hotel is situated at a prime strategic location in Macau, with the Macau Port, the Lisboa Hotel, the Sands Macau and other entertainment facilities in its proximity. The Acquisition will provide an attractive opportunity for the Group to make a foray into the hospitality industry in Macau which the Directors believe would benefit from the growing tourist industry.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement, including the Consideration, are fair and reasonable and the transactions contemplated under the Agreement are in the interests of the Company and the Shareholders as a whole.

THE LISTING RULES

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular will be despatched as soon as practicable to the Shareholders and will contain, among other things, further details of the Agreement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:00 a.m. on Thursday, 18th November, 2004 pending the 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 Thursday, 25th November, 2004.

DEFINED TERMS

“Acquisition”	the proposed acquisition of an 80% interest in Triumph by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 20th November, 2004 made between the Purchaser and the Vendor in relation to the sale and purchase of Sale Shares
“associate(s)”	has the meaning given to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Agreement
“connected persons”	has the meaning given to it in the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Shares pursuant to the Agreement, being HK\$157,504,000 in total
“Directors”	directors of the Company
“Due Diligence Long Stop Date”	2nd December, 2004 (or such other date as the parties to the Agreement may agree in writing)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	“Kingsway Hotel”, a three star hotel with a total of 383 guests rooms located at Rua De Luis Gonzaga Gomes No.176-230, Rua De Nagasaki No.64-A-82, Rua De Xiamen No.37-A-59, Macau
“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its connected persons
“Kingsway”	Kingsway Hotel Limited, a company incorporated in Macau with limited liability, the owner and operator of the Hotel
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MOP”	Macau Pataca, the lawful currency of Macau
“PRC”	The People's Republic of China, which shall for the purpose of this announcement exclude Hong Kong and Macau
“Purchaser”	Harvest Metro Corporation, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Sale Shares”	such number of fully paid shares of Triumph as representing 80% of the entire issued share capital of Triumph to be acquired by the Purchaser pursuant to the Agreement
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph”	Triumph Up Investments Limited, a company incorporated in the BVI with limited liability
“Triumph Group”	Triumph together with Xin Son, Xin Wei and Kingsway upon completion of the Reorganisation
“Vendor”	Mr. Chan Chak Mo, an Independent Third Party
“Xin Son”	Xin Son Investment Limited, a company incorporated in Macau with limited liability
“Xin Wei”	Xin Wei Property Investment Company Limited, a company incorporated in Macau with limited liability

Amounts denominated in MOP in this announcement has been converted into HK\$ at a rate of MOP1.03=HK\$1.0 for illustration purposes.

As at the date of this announcement, the Board comprises:-

Executive Directors:
Mr. Yu Kam Kee, Lawrence, M.B.E., J.P. (Chairman)
Mr. Cheung Hon Kit (Managing Director)
Dr. Chan Kwok Keung, Charles
Dr. Yap, Allan
Mr. Chan Pak Cheung, Natalis
Mr. Lui Siu Tsuen, Richard
Ms. Luk Yee Lin, Ellen

Non-Executive Directors:
Mr. Chan Yeuk Wai (Honorary Chairman)
Mr. Fok Kin-ning, Canning
Ms. Shih, Edith
(alternate to: Mr. Fok Kin-ning, Canning)

Independent Non-Executive Directors:
Mr. Kwok Ka Lap, Alva
Mr. Sin Chi Fai
Mr. Wong King Lam, Joseph

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

Hong Kong, 24th November, 2004