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WING ON TRAVEL (HOLDINGS) LIMITED

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

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING OF SHARES

Pursuant to the Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares which represent approximately 56.91% of the issued share capital of Triumph Up for a consideration of HK\$252,789,344.97. Triumph Up indirectly holds approximately 55.75% of the issued share capital of Kingsway whose principal asset is the Hotel. Accordingly, the Group's entire approximately 31.73% effective interest in the Hotel will be disposed of.

The net proceeds from the Disposal to be received by the Vendor after deducting the related expenses are estimated to be approximately HK\$250.8 million. The Company intends to apply the net proceeds for the purpose of repayment of its borrowings and general working capital of the Group.

The Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As the Purchaser is a third party independent of the Company and its connected persons (as defined under the Listing Rules) and no Shareholder has a material interest in the Disposal which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal at the SGM.

A circular containing, among other things, the details of the Agreement, the financial information of the Group and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:31 p.m. on Tuesday, 13 June 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Thursday, 15 June 2006.

Reference is made to the announcement of the Company dated 7 June 2006 whereby the Company announced that it had on 2 June 2006 entered into a non-legally binding letter of intent with an independent third party for a possible disposal of the Group's entire approximately 31.73% effective interests in a hotel in Macau.

The Board is pleased to announce that the Vendor and the Purchaser have on 13 June 2006 entered into the Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell its entire approximately 56.91% interests in the issued share capital of Triumph Up for a consideration of HK\$252,789,344.97. Triumph Up indirectly holds approximately 55.75% of the issued share capital of Kingsway whose principal asset is the Hotel. Details of the Agreement are set out below.

THE AGREEMENT

Date: 13 June 2006

Parties:

Vendor : Harvest Metro Corporation, a wholly-owned subsidiary of the Company

Purchaser : China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

Guarantor : the Company

As at the date of this announcement, the Vendor is a wholly-owned subsidiary of the Company. Triumph Up is owned as to approximately 56.91% by the Vendor and as to the remaining approximately 43.09% by two independent third parties.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules). The Purchaser is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, and the provision of post-production services.

Assets to be disposed of:

350 shares of US\$1.00 each in the issued share capital of Triumph Up, representing approximately 56.91% of the issued share capital of Triumph Up and the entire interests in Triumph Up held by the Vendor as at the date of the Agreement. Triumph Up indirectly holds approximately 55.75% of the issued share capital of Kingsway whose principal asset is the Hotel. Accordingly, an effective interest of approximately 31.73% of the Hotel is to be disposed of by the Company. No connected persons (as defined under the Listing Rules) of the Company is interested in Kingsway or the Hotel, save for their indirect interests through the Company.

The Hotel is a three-star hotel named Kingsway Hotel held by Kingsway and is 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. The Hotel opened in 1992 and has a total of 383 guest rooms with ancillary facilities including, among others, a casino, a health spa, a night club and retails shops. For the year ended 31 December 2005, the average occupancy rate of the Hotel was about 83%.

For the year ended 31 December 2005, the unaudited consolidated turnover of Triumph Up is nil. For the year ended 31 December 2005, Triumph Up recorded the same amount of unaudited profit before taxation and profit after taxation of approximately HK\$69.3 million. Such profit mainly comprised a share of results of associates of approximately HK\$8.4 million and a discount on acquisition of subsidiaries of HK\$60.9 million. Such discount on acquisition of subsidiaries is a one-off profit and represents the difference between the cost of investments of the Group and the fair value of the assets

and liabilities held by Triumph Up and its subsidiaries and associates when the Group acquired Triumph Up in February 2005. The principal assets of Triumph Up in February 2005 were its attributable interests in Kingsway whose principal asset is the Hotel. The unaudited net asset value of Triumph Up amounted to approximately HK\$311.8 million as at 31 December 2005.

Triumph Up has not commenced business since its incorporation on 21 April 2004 until February 2005. Accordingly, it did not have any assets (save for its nominal issued share capital of 1 share of US\$1.00) or liabilities as at 31 December 2004. Other than incorporation expenses of an immaterial amount, no other expenses or income were recorded by Triumph Up during the period since its incorporation to 31 December 2004.

According to the audited financial statements of Kingsway prepared using generally accepted accounting principles in Macau for the two years ended 31 December 2005, Kingsway recorded a turnover of approximately MOP68.2 million (equivalent to approximately HK\$66.2 million) and MOP67.3 million (equivalent to approximately HK\$65.3 million) for 2004 and 2005 respectively, and a net profit after taxation of approximately MOP22.8 million (equivalent to approximately HK\$22.1 million) and MOP18.4 million (equivalent to approximately HK\$17.9 million) for 2004 and 2005 respectively.

Consideration:

The consideration for the Sale Shares is HK\$252,789,344.97, which has been/shall be paid in the following manner:—

- an initial refundable deposit in the sum of HK\$10,317,932.45 was paid by the Purchaser to the Vendor's solicitors as stakeholder upon the signing of the Agreement; and
- HK\$242,471,412.52, being the balance of the Consideration, shall be paid by the Purchaser to the Vendor on Completion.

The Consideration was determined after arm's length negotiations and with reference to an indicative valuation conducted on the Hotel by an independent third party valuer valuing the Hotel at approximately HK\$810,000,000 as at 8 June 2006. On the basis of the net profit (excluding the one-off profit of discount on acquisition of subsidiaries of HK\$60.9 million) of Triumph Up for the year ended 31 December 2005 of approximately HK\$8.4 million (representing its share of results of associates), the Consideration represents a price to earning ratio of approximately 30.1 times.

Conditions Precedent:

Completion is conditional upon the fulfilment or waiver of the following conditions:

- the passing of the necessary resolution(s) by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Company to approve and ratify the Vendor's entry into of the Agreement and the performance of the transactions contemplated thereunder;
- the passing of the necessary resolution(s) by the shareholders of the Purchaser (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Purchaser to approve and ratify the Purchaser's entry into of the Agreement and the performance of the transactions contemplated thereunder;
- the Purchaser successfully obtaining financing from third party for the purpose of satisfying the balance of the Consideration on Completion;
- the relevant warranties of the Vendor contained in the Agreement remaining true and accurate in all material respects and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the Agreement and Completion;

- (e)

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 and approvals (including those person entitled to any pre-emption rights) and waivers for the purposes of the transactions contemplated under the Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the parties to the Agreement); and
- (f)

the Other Agreements becoming unconditional in all respects, other than the condition therein requiring the Agreement to become unconditional.

The Purchaser may waive condition (d) above in whole or in part at its sole discretion.

The Purchaser shall ensure that condition (c) be fulfilled within 30 days from the date of the Agreement. In the event condition (c) cannot be fulfilled within 30 days from the date of the Agreement, the Purchaser shall reimburse the Vendor for all costs and expenses incurred and to be incurred as a result of the non-fulfilment of such condition subject to a maximum amount of HK\$500,000.

If any of the conditions has not been fulfilled (or waived as appropriate) on or before 30 November 2006 (save for condition (c) to be fulfilled within 30 days from the date of the Agreement as mentioned above), either the Vendor or the Purchaser shall be entitled to rescind the Agreement whereupon the Vendor’s solicitors shall release the Deposit (together with interest accrued thereon) to the Purchaser and the provisions of the Agreement shall from such date have no further force and effect and no party to the Agreement shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

Completion

Completion shall take place on the third business day after fulfilment or waiver (if applicable) of all the conditions precedent to the Agreement or such other date as the parties to the Agreement may agree in writing.

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE DISPOSAL

The net proceeds from the Disposal to be received by the Vendor on Completion after deducting the related expenses are estimated to be approximately HK\$250.8 million. The Company intends to apply the net proceeds for the purpose of repayment of its borrowings and general working capital for the Group. As at the date of this announcement, the Company has yet to decide on the apportionment of the aforesaid application of proceeds.

Upon Completion, the Group will cease to have any interests in Triumph Up and Triumph Up will also cease to be a subsidiary of the Company. Based on the consideration for the Sale Shares and the unaudited net assets of Triumph Up as at 31 December 2005, the Group is expected to record a gain of approximately HK\$75 million from the Disposal.

REASONS FOR THE DISPOSAL

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.

In light of the concession by the United Nations Educational, Scientific and Cultural Organisation to add Macau into the list of World Heritage Sites, the opening of the new theme park and the Fisherman’s Wharf, the Board is optimistic about the economy and tourism industry of Macau. The Group acquired its interests in Triumph Up in February 2005 at a consideration of approximately HK\$166.8 million. As mentioned above, the Consideration represents a historical price to earnings ratio of approximately 30.1 times and it is expected that the Group would record a gain of approximately HK\$75 million from the Disposal, representing a return on investments of approximately 45.0%. In light of the expected gain and satisfactory return, the Board considers the Disposal an excellent opportunity for the Group to realise a substantial return on its investment. After Completion, the Remaining Group will not have interests in any other hotels in Macau and will concentrate on the businesses of providing package tours, travel and other related services, and hotel operation business. The Group will actively explore other investment opportunities in the region including Macau and other areas. With the completion of the issue of HK\$1,000 million convertible exchangeable notes in June 2006, the Directors believe the Group’s financial capacity has been strengthened and the Group is well positioned to enlarge its market share through expansion in its branch network and expand its leisure business and hotel network.

The Board understands that the principal terms of the Agreement (including the basis of the Consideration and payment terms) are substantially the same as those of the Other Agreements with were entered into by independent third parties with the Purchaser. In light of this and the reasons and benefits of the Disposal as discussed above, the Directors consider that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As the Purchaser is a third party independent of the Company and its connected persons (as defined under the Listing Rules) and no Shareholder has a material interest in the Disposal which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal at the SGM.

A circular containing, among other things, the details of the Agreement, the financial information of the Group and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:31 p.m. on Tuesday, 13 June 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Thursday, 15 June 2006.

DEFINITIONS

“Agreement”

the conditional sale and purchase agreement dated 13 June 2006 and entered into among the Vendor, the Purchaser and the Company in relation to the Disposal

“Board”	the board of Directors
“Completion”	completion of the Agreement
“Company”	Wing On Travel (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
“Consideration”	HK\$252,789,344.97, being the consideration for the Sale Shares
“Deposit”	an initial refundable deposit in the sum of HK\$10,317,932.45 which was paid by the Purchaser to the Vendor’s solicitors as stakeholder upon the signing of the Agreement
“Directors”	directors of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser in accordance with the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	Kingsway Hotel, a three-star hotel with a total 383 guest 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
“Kingsway”	Kingsway Hotel Limited, a company incorporated in Macau with limited liability and 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 People’s Republic of China
“Other Agreements”	the sale and purchase agreements entered or to be entered into by: (i) all the other shareholders of Triumph Up as vendors and the Purchaser as purchaser in respect of the sale of their respective interests in Triumph Up to the Purchaser; and (ii) the shareholder of Great Chain Limited as vendor and the Purchaser as purchaser in respect of the sale of the entire issued share capital of Great Chain Limited, which holds a 5.75% effective interest in the Hotel, to the Purchaser
“Purchaser”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Remaining Group”	the Group after Completion
“Sale Shares”	350 shares of US\$1.00 each, representing approximately 56.91% of the entire issued share capital of Triumph Up
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph Up”	Triumph Up Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor”	Harvest Metro Corporation, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Pataca, the lawful currency of Macau

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

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

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

By Order of the Board

Wing On Travel (Holdings) Limited

Lui Siu Tsuen, Richard

Executive Director

Hong Kong, 14 June 2006