



WING ON TRAVEL (HOLDINGS) LIMITED

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

SIGNING OF SUPPLEMENTAL AGREEMENT
AND
COMPLETION OF ACQUISITION OF INTEREST IN
KINGSWAY HOTEL LIMITED

Further to the Agreement dated 20th November, 2004, the parties entered into the Supplemental Agreement on 17th February, 2005 to amend the terms of the Acquisition that the attributable interest in Kingsway acquired by the Purchaser was increased from approximately 34.24% to 36.26% and the Consideration was proportionally adjusted from approximately HK\$157.5 million to HK\$166.8 million which has been settled in cash.

The Directors are pleased to announce that the completion of the Agreement (as amended by the Supplemental Agreement) took place on 17th February, 2005.

Reference is made to the announcement of the Company dated 24th November, 2004 (the “Announcement”) and the circular of the Company dated 16th December, 2004 (the “Circular”) in relation to the Group’s acquisition of an 80% equity interest in Triumph which in turn holds a 42.8% attributable interest in Kingsway. Capitalised terms used in this announcement have the same meanings as those defined in the Circular unless otherwise specified.

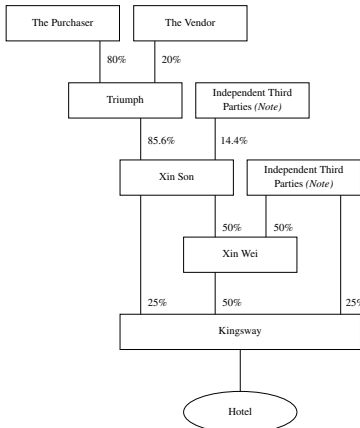
THE SUPPLEMENTAL AGREEMENT

Further to the Agreement dated 20th November, 2004, the parties entered into a supplemental agreement (the “Supplemental Agreement”) on 17th February, 2005 to amend the terms of the Acquisition.

Reasons for the Supplemental Agreement

As set out in the Announcement and the Circular, for the purpose of the Acquisition, the Vendor has effected the Reorganisation such that Triumph holds 85.6% of the entire issued share capital of Xin Son which in turn, directly and indirectly, holds a 50% attributable interest in Kingsway prior to Completion. A 42.8% attributable interest in Kingsway is thus held by Triumph.

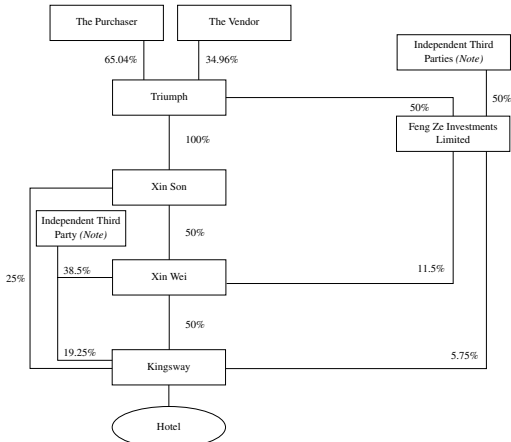
Set out below is the shareholding structure of the Triumph Group upon completion of the Reorganisation but before accounting for the effect of the Supplemental Agreement, which was also contained in the Circular:



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.

Since the Agreement, the Vendor, through his two wholly-owned companies (the “Acquirors”), has in effect further acquired from Independent Third Parties (i) all the remaining 14.4% of both the shareholding interests of and the shareholders’ loans owing from Xin Son at a cash consideration of approximately HK\$33.1 million; and (ii) 50% equity interest in Feng Ze Investments Limited which directly holds 11.5% equity interest in Xin Wei and 5.75% equity interest in Kingsway, together with the same proportionate share of shareholders’ loans due from Xin Wei and Kingsway at an aggregate cash consideration of approximately HK\$26.5 million (together, the “Transactions”). On 17th February, 2005, the Vendor transferred to Triumph such additional direct and indirect interests in Xin Son, Xin Wei and Kingsway together with all the shareholders’ loans extended by the Vendor to the Acquirors for the Transactions (the “Transfer”) in exchange for the same amount of new shares in Triumph under the Supplemental Agreement.

Set out below is the simplified chart showing direct and indirect shareholding in Kingsway after the Reorganisation, the Transactions and the Transfer and upon Completion:



Note: The Independent Third Party holding 38.5% equity interest in Xin Wei and 19.25% equity interest in Kingsway is different from the Independent Third Parties holding 50% equity interest in Feng Ze Investments Limited.

As shown in the above chart, the attributable interest held by Triumph in Kingsway has been increased from 42.8% to 55.75% after the Transactions and the Transfer. The parties therefore agreed to enter into the Supplemental Agreement to amend the terms of the Agreement taking into account the changes in the shareholding structure of Kingsway above.

Terms of the Supplemental Agreement

The principal amendments to the Agreement as stipulated in the Supplemental Agreement are as follows:

(i) Subject of the sale and purchase

Pursuant to the Supplemental Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell, approximately 65.04% of the issued share capital of Triumph, instead of 80% as previously agreed in the Agreement. Accordingly, the attributable interest in Kingsway being acquired by the Purchaser was increased from approximately 34.24% to 36.26%.

The Vendor remained as the holder of the approximately 34.96% equity interest in Triumph at Completion.

(ii) The Consideration

As a result of the above change in the attributable percentage interest in Kingsway being acquired, the Consideration was proportionally adjusted from approximately HK\$157.5 million to HK\$166.8 million under the Supplemental Agreement.

As the total amount of deposits of approximately HK\$20.8 million has been paid by the Purchaser to the Vendor, the balance of the Consideration payable on Completion was revised to approximately HK\$146.0 million.

The additional Consideration of approximately HK\$9.3 million payable by the Purchaser pursuant to the Supplemental Agreement was financed by the internal resources of the Group.

Save for the above, there have been no other material amendments to the Agreement.

EFFECT OF THE SUPPLEMENTAL AGREEMENT

Upon Completion, Kingsway became an associated company of Xin Wei and Xin Son, and Xin Son became a subsidiary of Triumph which in turn became a subsidiary of the Company. The accounts of Kingsway will therefore be equity accounted for in the accounts of Xin Wei and Xin Son, and the accounts of Xin Son and Triumph will be consolidated into the accounts of Triumph and the Group respectively.

The aforesaid accounting treatments have not been changed by reason of the additional equity interest being acquired by the Purchaser under the Supplemental Agreement, and the Supplemental Agreement has no material impact on the Group’s principal activities and risk exposures.

Pursuant to the Agreement as amended by the Supplemental Agreement, the Vendor has procured the appointment of directors to the Acquirors and Xin Son as nominated by the Purchaser. The Vendor will also use his best endeavours to procure the appointment of one person as the Purchaser may nominate as a director of each of Kingsway and Xin Wei.

COMPLETION

The Directors are pleased to announce that all the conditions precedent to completion of the Agreement (as amended by the Supplemental Agreement) have been fulfilled and completion thereof took place on 17th February, 2005.

GENERAL

Copies of this announcement will be sent to the Shareholders for information purposes.

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

Hong Kong, 22nd February, 2005

As at the date hereof, the Board comprises of:–

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

Non-Executive Director:
Mr. Chan Yeuk Wai
(Honorary Chairman)

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