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WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR RIGHTS SHARES (WITH BONUS WARRANTS IN THE PROPORTION OF ONE BONUS WARRANT FOR EVERY FOUR RIGHTS SHARES SUBSCRIBED) FOR EVERY SHARE HELD ON THE RECORD DATE;**
- (2) PROPOSED CAPITAL REORGANISATION;**
- (3) CHANGE IN BOARD LOT SIZE AND**
- (4) RESUMPTION OF TRADING**
- DISCLOSEABLE TRANSACTION**

Financial adviser to Wing On Travel (Holdings) Limited



KINGSTON CORPORATE FINANCE LIMITED

Underwriter to the Rights Issue



KINGSTON SECURITIES LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$437 million but not more than approximately HK\$623 million before expenses, by way of the Rights Issue of not less than 7,283,034,080 Rights Shares (with Bonus Warrants) but not more than 10,386,893,068 Rights Shares (with Bonus Warrants) at the Subscription Price of HK\$0.06 per Rights Share on the basis of four Rights Shares for every Share held on the Record Date, with Bonus Warrants to subscribe for New Shares in the proportion of one Bonus Warrant for every four Rights Shares subscribed.

As at the date of this announcement, there are outstanding 2011 Notes with principal amount of HK\$640 million convertible into 810,126,582 Shares upon exercise in full at the conversion price of HK\$0.79 per Share and outstanding Share Options granted under the Share Option Scheme which entitle the holders thereof to subscribe for 45,585,000 Shares.

The estimated net proceeds raised from the Rights Issue will be not less than approximately HK\$424 million (assuming no rights attaching to the outstanding 2011 Notes and Share Options are exercised on or before the Record Date) but not more than approximately HK\$606 million (depending on the extent of exercise of rights attaching to the outstanding 2011 Notes and Share Options before the Record Date). The net proceeds are intended to be used for (i) the expansion of the Group's travel and related business in the PRC of approximately HK\$200 million; (ii) investment opportunities in the hotel and/or leisure resort related properties both in Hong Kong and in the PRC of approximately HK\$200 million; (iii) the general working capital of the Group of approximately HK\$24 million; and (iv) repayment of the certain bank and other borrowings of approximately HK\$182 million (at the maximum number of Rights Shares being subscribed) so as to reduce the gearing level of the Group.

As at the date of this announcement, (i) CEL, through its subsidiaries, holds an aggregate of 233,511,481 Shares, representing approximately 12.82% of the issued share capital of the Company, and a principal amount of HK\$63 million of the 2011 Notes convertible into 79,746,835 Shares upon exercise in full at the conversion price of HK\$0.79 per Share; and (ii) ITC, through its indirect wholly-owned subsidiary, holds 258,846,000 Shares, representing approximately 14.22% of the issued share capital of the Company. Each of CEL and ITC has irrevocably undertaken to the Company that the Shares beneficially owned by it and/or its subsidiary(ies) will not be disposed of from the date of the Irrevocable Undertaking to the Record Date (both days inclusive) and that it will accept and subscribe or procure its subsidiary(ies) to accept and subscribe in full for all the Rights Shares in which it is entitled under the Rights Issue or the provisional allotment of Rights Shares to it in respect of the Shares held by it as at the close of business on the Record Date on and subject to the terms and conditions of the Rights Issue, representing (a) in the case of CEL, 934,045,924 Rights Shares; and (b) in the case of ITC, 1,035,384,000 Rights Shares. CEL further undertakes to the Company that CEL and its subsidiaries will not exercise any of the conversion rights

attaching to the 2011 Notes during the period from the date of Irrevocable Undertaking to the Record Date (both dates inclusive). Pursuant to the Underwriting Agreement, the Underwritten Shares, being not less than 5,313,604,156 Rights Shares and not more than 8,417,463,144 Rights Shares will be fully underwritten by the Underwriter, on the terms and subject to the conditions set out in the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement (see sub-section headed “Termination of the Underwriting Agreement” below) or the conditions of the Rights Issue (see sub-section headed “Conditions of the Rights Issue and the Underwriting Agreement” below) are not satisfied or waived in whole or in part by the Underwriter, the Rights Issue will not proceed. **Shareholders and potential investors of the Company are drawn to the section headed “Warning of the risks of dealing in the Shares, the New Shares and the nil-paid Rights Shares” below.**

The last day of dealings in the Shares on a cum-rights basis is Monday, 23 June 2008. The Shares will be dealt with on an ex-rights basis from Tuesday, 24 June 2008. The Rights Shares are expected to be dealt with in their nil-paid form from Wednesday, 9 July 2008 to Thursday, 17 July 2008 (both dates inclusive).

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as a member of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company’s branch share registrars in Hong Kong by 4:30 p.m. (Hong Kong time) on Wednesday, 25 June 2008. The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.

The latest time for acceptance and payment for the Rights Shares is expected to be on Tuesday, 22 July 2008. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and the Bonus Warrant Shares to be allotted and issued pursuant to the Rights Issue.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES, THE NEW SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” below). Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, the New Share, or the Rights Shares in their nil-paid form, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Tuesday, 24 June 2008. The Rights Shares will be dealt in their nil-paid form from Wednesday, 9 July 2008 to Thursday, 17 July 2008, both dates inclusive. Shareholders should note that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be Friday, 25 July 2008), and dealing in the Rights Shares in their nil-paid form, will accordingly bear the risk that the Rights Issue will not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or New Shares (as the case may be) or the Rights Shares in their nil-paid form, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

PROPOSED CAPITAL REORGANISATION

The Company intended to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involve:

- (i) Capital Reduction: the reduction of the nominal value of each Share in issue from HK\$0.10 to HK\$0.01 by cancelling paid up capital to the extent of HK\$0.09 on each issued Share of the Company on the date which the Capital Reorganisation becomes effective such that the issued share capital of the Company shall be reduced by the sum of HK\$163,868,266.80 from HK\$182,075,852 to HK\$18,207,585.20; and
- (ii) Share Subdivision: the authorized share capital of the Company be subdivided from 15,000,000,000 shares of HK\$0.10 per Share into 150,000,000,000 shares of HK\$0.01 per New Share on the date which the Capital Reorganisation becomes effective.

CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 1,000 Shares each. In order to raise the board lot value, the Company announces that the board lot size of the New Shares for trading on the Stock Exchange will be changed from 1,000 Shares to 30,000 New Shares upon the Capital Reorganisation becoming effective.

GENERAL

As the applicable percentage ratio in respect of the Participation exceeds 5% but is less than 25%, the Participation will constitute a discloseable transaction for ITC under Chapter 14 of the Listing Rules. A circular containing, among other things, further details of the Participation will be despatched by ITC to its shareholders in accordance with the requirements of the Listing Rules.

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional upon the approval of the Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour. As at the date of this announcement, Mr. Kwok Ka Lap, Alva, a Director, is interested in 150,000 Shares of the Company. Mr. Kwok Ka Lap, Alva is required to abstain from voting in favour of the resolution approving the Rights Issue at the SGM. The vote of Shareholders for approving the Rights Issue will be taken at the SGM on a poll.

An independent board committee of the Company comprising the independent non-executive Directors will be established to make recommendations to the Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Shareholders in this regard.

A circular containing, among other things, (i) further details about the Rights Issue, the terms and conditions of Bonus Warrants, the Capital Reorganisation and Change in Board Lot Size; (ii) a letter of recommendation from the independent board committee of the Company to the Shareholders in respects of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Shareholders on the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon passing of the resolutions approving the Rights Issue and the Capital Reorganisation by the Shareholders at the SGM and the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on or around Monday, 7 July 2008 and the Prospectus will be despatched to the Excluded Shareholders for information only.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 15 May 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 21 May 2008.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place after the Capital Reorganisation and Change in Board Lot Size becoming effective.

Issue statistics

Basis of the Rights Issue	:	Four Rights Shares for every Share held on the Record Date, and in addition, the Rights Shares shall entitle their respective first registered holders the right to receive the Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up under the Rights Issue.
Subscription Price	:	HK\$0.06 per Rights Share
Number of Shares in issue as at the date of this announcement	:	1,820,758,520 Shares
Number of Shares in issue as at the Record Date	:	1,820,758,520 Shares (assuming no rights attaching to the outstanding 2011 Notes and Share Options are exercised on or before the Record Date) or 2,596,723,267 Shares (assuming all rights attaching to the outstanding 2011 Notes (except those held by CEL and its subsidiaries and Share Options are exercised on or before the Record Date)
Number of Rights Shares	:	Not less than 7,283,034,080 Rights Shares but not more than 10,386,893,068 Rights Shares
Number of Bonus Warrant Shares	:	Not less than 1,820,758,520 Bonus Warrants but not more than 2,596,723,267 Bonus Warrants

Maximum number of Bonus Warrant Shares to be issued upon exercise of Bonus Warrants	:	2,596,723,267 Bonus Warrant Shares at the exercise price of HK\$0.091 per Bonus Warrant Share (subject to adjustment under certain circumstances, including consolidation or subdivision of New Shares, capitalisation of profits or reserves or capital distribution)
Total Number of New Shares in issue upon completion of the Rights Issue	:	Not less than 9,103,792,600 New Shares but not more than 12,983,616,335 New Shares

The Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents four times of the Company's existing issued share capital and 80% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

As at the date of this announcement, there are outstanding 2011 Notes with principal amount of HK\$640 million convertible into 810,126,582 Shares upon exercise in full at the conversion price of HK\$0.79 per Share and outstanding Share Options granted under the Share Option Scheme which entitle the holders thereof to subscribe for 45,585,000 Shares.

Save for the outstanding 2011 Notes and Share Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrars in Hong Kong by 4:30 p.m. (Hong Kong time) on Wednesday, 25 June 2008. The branch share registrar of the Company in Hong Kong is:

Tricor Secretaries Limited
26th Floor, Tesbury Centre,
28 Queen's Road East, Wanchai, Hong Kong

The Company will send the Prospectus Documents to the Qualifying Shareholders and will send the Prospectus (without the Provisional Allotment Letters and Excess Application Forms) to the Excluded Shareholders on Monday, 7 July 2008 for information only.

The Company will ascertain whether there is any Overseas Shareholders on the Record Date. In determining whether there will be Excluded Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relation to the Company's offering of the Rights Shares to the Excluded Shareholders in compliance with the Listing Rules.

Closure of register of members

The register of members of the Company will be closed from Thursday, 26 June 2008 to Wednesday, 2 July 2008, both dates inclusive. No transfer of Shares will be registered during this period.

Subscription Price

HK\$0.06 per Rights Share payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares (with Bonus Warrants) under the Rights Issue or application for excess Rights Shares (with Bonus Warrants) or when a renouncee of any provisional allotment of the Rights Shares (with Bonus Warrants) or a transferee of nil-paid Rights Shares (with Bonus Warrants) applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 71.8% to the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 71.7% to the average closing price of HK\$0.212 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 71.3% to the average closing price of HK\$0.209 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 33.8% to the theoretical ex-rights price of HK\$0.0906 based on the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 95.7% to the audited consolidated net assets value per Share as at 31 December 2007 of approximately HK\$1.41 per Share.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Directors (excluding the independent non-executive Directors who will give their views on the Rights Issue after taking into account the advice of the independent financial adviser) consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue (including the rate of commission) to be fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

Basis of provisional allotments

Four Rights Shares (in nil-paid form) for every Share held by Qualifying Shareholders as at the close of business on the Record Date, and in addition, the Rights Shares shall entitle their respective first registered holders the right to receive the Bonus Warrants on the basis of one Bonus Warrant for every four Rights Shares taken up under the Rights Issue.

Terms of the Bonus Warrants

The exercise price for the Bonus Warrant Shares is HK\$0.091 per Bonus Warrants Share (subject to adjustment), which represents:

- (i) a discount of approximately 57.3% to the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 57.1% to the average closing price of HK\$0.212 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

- (iii) a discount of approximately 56.5% to the average closing price of HK\$0.209 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 0.4% over the theoretical ex-rights price of HK\$0.0906 based on the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 93.5% to the audited consolidated net assets value per Share as at 31 December 2007 of approximately HK\$1.41 per Share.

The exercise price for the Bonus Warrant Shares was determined with reference to the current market price of the Shares. The Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue after taking into account the advice of the independent financial adviser) consider the terms of the Bonus Warrants, including the exercise price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The exercise price for the Bonus Warrants is subject to anti-dilutive adjustments under certain circumstances, including consolidation or subdivision of New Shares, capitalisation of profits or reserves or capital distribution. The adjustment to the exercise price for the Bonus Warrants will be verified by auditors of the Company pursuant to the terms of the Bonus Warrants and an announcement on such adjustment will be made as and when appropriate.

The subscription rights attaching to the Bonus Warrants may be exercised in whole or in part(s) during the Exercise Period. Based on the maximum number of Bonus Warrants that may be issued under the Rights Issue, a maximum of 2,596,723,267 Bonus Warrant Shares may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants, representing approximately 142.62% of the existing issued share capital of the Company and approximately 20% of the issued share capital of the Company as enlarged by the issue of a maximum number of 10,386,893,068 Rights Shares. Any subscription rights attaching to the Bonus Warrants which have not been exercised on or before the last day of the Exercise Period will lapse following such date and the Bonus Warrants will cease to be valid for all purpose. The Bonus Warrants are freely transferable and will be traded in board lot of 30,000.

The New Shares proposed to be issued upon full exercise of the subscription rights attaching to the Bonus Warrants, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, will not exceed 20% of the total issued share capital of the Company at the time the Bonus Warrants are issued. The Exercise Period for the Bonus Warrants is 18 months from the date of issue of the Bonus Warrants (which is expected to be from Friday, 1 August 2008 to Friday, 29 January 2010, both dates inclusive) and the expected market capitalisation of the Bonus Warrants will be approximately HK\$22.5 million. (The calculation of the expected market capitalisation is based on, among others, the premium determined by the Directors with reference to the common market practice.) Accordingly, the proposed issue of the Bonus Warrants complies with Rules 8.09(4) and 15.02 of the Listing Rules. The Company also confirms that the issue of Bonus Warrants is in conformity with the laws of Hong Kong and the Bye-Laws pursuant to Rule 8.14 of the Listing Rules.

Cost of subscription of Rights Shares (with Bonus Warrants)

The Bonus Warrants will be issued to the first registered holders of the Rights Shares by way of bonus issue. On the basis that one Bonus Warrant will be issued for every four Rights Shares subscribed for, and the Subscription Price of HK\$0.06 per Rights Share and the exercise price of HK\$0.091 per Bonus Warrant Share (subject to adjustment), the aggregate of the subscription money payable by the Qualifying Shareholders for 10,386,893,068 Rights Shares and 2,596,723,267 Bonus Warrant Shares (upon exercise of the subscription rights attaching to the 2,596,723,267 Bonus Warrants) would be HK\$859,515,401, or an average of approximately HK\$0.0662 per Share, which represents:

- (i) a discount of approximately 68.9% to the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 68.8% to the average closing price of HK\$0.212 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 68.3% to the average closing price of HK\$0.209 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 26.9% to the theoretical ex-rights price of HK\$0.0906 based on the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day.

Status of the Rights Shares and Bonus Warrant Shares

The Rights Shares and Bonus Warrant Shares (when allotted, issued and fully paid) will rank pari passu with the New Shares in issue on the date of issue of the fully-paid Rights Shares and Bonus Warrant Shares in all respects. Holders of fully-paid Rights Shares and Bonus Warrants Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares and Bonus Warrants Shares as the case may be.

Certificates for the Rights Shares

Subject to the fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares and Bonus Warrants are expected to be posted on or before Wednesday, 30 July 2008 to those Qualifying Shareholders who have paid for and have accepted the Rights Shares (with Bonus Warrants), at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (with Bonus Warrants) are also expected to be posted on or before Wednesday, 30 July 2008 at such Shareholders' own risk.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares (with Bonus Warrants) in nil-paid form. All fractions of Rights Shares (with Bonus Warrants) will be aggregated and all nil-paid Rights Shares (with Bonus Warrants) arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares (with Bonus Warrants) will be made available for excess application.

Application for excess Rights Shares (with Bonus Warrants)

Qualifying Shareholders shall be entitled to apply for, any unsold Rights Shares (with Bonus Warrants) provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the Excess Application Form and lodging the same with a separate remittance for the excess Rights Shares (with Bonus Warrants) being applied for. The Board will allocate the excess Rights Shares (with Bonus Warrants), at their discretion, but on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive higher number of Rights Shares).

The Qualifying Shareholders whose Shares are held by a nominee company should note that for the purposes of the principles above, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Qualifying Shareholders whose Shares are registered in the name of the nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares (with Bonus Warrants) will not be extended to beneficial owners individually.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Wednesday, 25 June 2008.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and the Bonus Warrant Shares to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and the Bonus Warrants Shares on the Stock Exchange, Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and the Bonus Warrants Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and Bonus Warrants Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both nil-paid and fully-paid forms, the Bonus Warrants and the Bonus Warrant Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Irrevocable Undertaking

As at the date of this announcement, (i) CEL, through its subsidiaries, holds an aggregate of 233,511,481 Shares, representing approximately 12.82% of the issued share capital of the Company, and principal amount HK\$63 million of the 2011 Notes convertible into 79,746,835 Shares upon exercise in full at the conversion price of HK\$0.79 per Share; and (ii) ITC, through its indirect wholly-owned subsidiary, holds 258,846,000 Shares, representing approximately 14.22% of the issued share capital of the Company.

On 15 May 2008, each of CEL and ITC has entered into the Irrevocable Undertaking whereby each of them has irrevocably undertaken to the Company that the Shares beneficially owned by it and/or its subsidiary(ies) will not be disposed of from the date of the Irrevocable Undertaking to the Record Date (both days inclusive) and that it will accept and subscribe or procure its subsidiary(ies) to accept and subscribe in full for all the Rights Shares in which it is entitled under the Rights Issue or the provisional allotment of Rights Shares to it in respect of the Shares held by it as at the close of business on the Record Date on and subject to the terms and conditions of the Rights Issue, representing (a) in the case of CEL, 934,045,924 Rights Shares; (b) in the case of ITC, 1,035,384,000 Rights Shares.

CEL further undertakes to the Company that CEL and its subsidiaries will not exercise any of the conversion rights attached to the 2011 Notes during the period from the date of the Irrevocable Undertaking to the Record Date (both days inclusive).

Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the Underwriting Agreement are conditional upon the following:

- (a) the Company despatching the circular to the Shareholders containing, among other matters, details of the Capital Reorganisation, the Rights Issue, the terms and conditions of the Bonus Warrants and Change in Board Lot Size together with proxy form and notice of SGM;
- (b) the passing by the Independent Shareholders (or, where appropriate, Shareholders) at the SGM of relevant resolutions to approve the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Excluded Shareholders), the creation of the Bonus Warrants and the issue of the Bonus Warrant Shares, the Underwriting Agreement and the transactions contemplated hereunder and the Capital Reorganisation by no later than the Posting Date;

- (c) the Capital Reorganisation becoming unconditional in all respects on or before the Record Date;
- (d) the clearance in principle by the Stock Exchange of an announcement to be issued by the Company (in the form approved by the Stock Exchange and (if applicable) the SFC) confirming fulfilment of all conditions precedent to completion of the Capital Reorganisation and the date on which resumption of trading of the securities of the Company on the Stock Exchange will occur which shall not be later than two Business Days after publication of such announcement;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the New Shares, all the Rights Shares (in their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares by no later than the Posting Date;
- (f) (if required) the Bermuda Monetary Authority granting consent to the issue of the Rights Shares, the creation of the Bonus Warrants and the issue of the Bonus Warrant Shares by no later than the Posting Date;
- (g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (h) the filing and registration of all relevant documents with the Registrars of Companies in Hong Kong and in Bermuda.

In the event that the above conditions (other than conditions (a) to (f) (both inclusive) and (h) which cannot be waived) have not been satisfied and/or waived in whole or in part by the Underwriter on or before the Latest Time for Termination or the respective time stipulated therein (or in each case, such later date as the Company and Underwriter may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company, and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

- Date : 15 May 2008
- Underwriter : Kingston Securities. To the best of the Directors' knowledge and information, Kingston Securities and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons
- Total number of Rights Shares being underwritten by the Underwriter : The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the balance of the Rights Shares (excluding the number of the Rights Shares agreed to be taken up by CEL and ITC pursuant to the Irrevocable Undertaking) not subscribed by the Shareholders on a fully underwritten basis, (i) being 5,313,604,156 Rights Shares in the event that none of the 2011 Notes and Share Options has been exercised before the Record Date; or (ii) being 8,417,463,144 Rights Shares in the event that all 2011 Notes (excluding those held by CEL and its subsidiaries) and Share Options have been exercised in full before the Record Date, subject to the terms and conditions of the Underwriting Agreement
- Commission : 2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

Termination of the Underwriting Agreement

If prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, financial, economic, currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (vi) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or

- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the circular or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any event occurring or matter arising after the Underwriting Agreement but before the Settlement Date which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties in the Underwriting Agreement untrue or incorrect.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company arising from the Rights Issue, subject to the Underwriter not rescinding the Underwriting Agreement prior to the Latest Time for Termination, are as follows:

(i) assuming no exercise of the 2011 Notes and the Share Options between the date of this announcement and the Record Date

	As at the date of this announcement		Immediately after the Capital Reorganisation and Change in Board Lot Size becoming effective but before completion of Rights Issue		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (assuming no Rights Shares are subscribed for by the Qualifying Shareholders except those undertaken by CEL and ITC pursuant to the Irrevocable Undertaking)	
	Shares	Approximate %	New Shares	Approximate %	New Shares	Approximate %	New Shares	Approximate %
CEL and its subsidiaries (<i>Note 1</i>)	233,511,481	12.82%	233,511,481	12.82%	1,167,557,405	12.82%	1,167,557,405	12.82%
ITC and its subsidiary (<i>Note 1</i>)	258,846,000	14.22%	258,846,000	14.22%	1,294,230,000	14.22%	1,294,230,000	14.22%
Mr. Kwok Ka Lap, Alva (<i>Note 2</i>)	150,000	0.01%	150,000	0.01%	750,000	0.01%	150,000	0.00%
Underwriter:								
Kingston Securities (<i>Note 3</i>)	-	-	-	-	-	-	5,313,604,156	58.37%
Public:								
2011 Notes holders (excluding those held by CEL and its subsidiaries)	-	-	-	-	-	-	-	-
Share Options holders	-	-	-	-	-	-	-	-
Other public Shareholders	1,328,251,039	72.95%	1,328,251,039	72.95%	6,641,255,195	72.95%	1,328,251,039	14.59%
Total	<u>1,820,758,520</u>	<u>100.00%</u>	<u>1,820,758,520</u>	<u>100.00%</u>	<u>9,103,792,600</u>	<u>100.00%</u>	<u>9,103,792,600</u>	<u>100.00%</u>

(ii) assuming the exercise of the outstanding 2011 Notes (excluding those held by CEL and its subsidiaries) and the Shares Options between the date of this announcement and the Record Date

	As at the date of this announcement		Immediately after the Capital Reorganisation and Change in Board Lot Size becoming effective but before completion of Rights Issue		Immediately after the completion of the Rights Issue (assuming all Rights Shares are subscribed for by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (assuming no Rights Shares are subscribed for by the Qualifying Shareholders except those undertaken by CEL and ITC pursuant to the Irrevocable Undertaking)	
	Shares	Approximate %	New Shares	Approximate %	New Shares	Approximate %	New Shares	Approximate %
CEL and its subsidiaries (<i>Note 1</i>)	233,511,481	12.82%	233,511,481	8.99%	1,167,557,405	8.99%	1,167,557,405	8.99%
ITC and its subsidiary (<i>Note 1</i>)	258,846,000	14.22%	258,846,000	9.97%	1,294,230,000	9.97%	1,294,230,000	9.97%
Mr. Kwok Ka Lap, Alva (<i>Note 2</i>)	150,000	0.01%	400,000	0.01%	2,000,000	0.01%	400,000	0.00%
Underwriter:								
Kingston Securities (<i>Note 3</i>)	-	-	-	-	-	-	8,417,463,144	64.83%
Public:								
2011 Notes holders (excluding those held by CEL and its subsidiaries)	-	-	730,379,747	28.13%	3,651,898,735	28.13%	730,379,747	5.63%
Share Options holders	-	-	45,335,000	1.75%	226,675,000	1.75%	45,335,000	0.35%
Public Shareholders	1,328,251,039	72.95%	1,328,251,039	51.15%	6,641,255,195	51.15%	1,328,251,039	10.23%
Total	<u>1,820,758,520</u>	<u>100.00%</u>	<u>2,596,723,267</u>	<u>100.00%</u>	<u>12,983,616,335</u>	<u>100.00%</u>	<u>12,983,616,335</u>	<u>100.00%</u>

Notes:

- 1) Million Good Limited, Cosmos Regent Ltd. and Cyber Generation Limited hold 21,339,481 Shares, 172,772,000 Shares and 38,400,000 Shares respectively and are wholly-owned subsidiaries of CEL which also holds 1,000,000 Shares.

Asia Will Limited holds 258,846,000 Shares and is a wholly-owned subsidiary of Leaptop Investments Limited which in turn is a wholly-owned subsidiary of ITC Investment Holdings Limited. ITC Investment Holdings Limited is a wholly-owned subsidiary of ITC. Dr. Chan Kwok Keung, Charles (“Dr. Chan”) directly holds approximately 4.69% of the issued share capital of ITC and indirectly holds approximately 30.08% of the issued share capital of ITC through his indirect wholly-owned company, Galaxyway Investments Limited. Dr. Chan also holds 4,529,800 Shares. Ms. Ng Yuen Lan, Macy, the spouse of Dr. Chan, is also deemed to be interested in the above 263,375,800 Shares held by Asia Will Limited and Dr. Chan under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

- 2) Mr. Kwok Ka Lap, Alva is a Director.
- 3) Kingston Securities is the Underwriter of the Rights Issue. Pursuant to the Underwriting Agreement, Kingston Securities has agreed to underwrite not less than 5,313,604,156 Rights Shares but not more than 8,417,463,144 Rights Shares.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of package tours, travel, hotel operation and other related services.

The Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position for future strategic investments as and when opportunities arise. The Board is of the view that the Rights Issue will allow the Qualifying Shareholders to maintain their shareholding in the Company and considers fund raising through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Rights Issue will be not less than approximately HK\$437 million but not more than approximately HK\$623 million. The estimated net proceeds from the Rights Issue (with Bonus Warrants) will be not less than approximately HK\$424 million but not more than approximately HK\$606 million and are intended to be used for (i) the expansion of the Group's travel and related business in the PRC of approximately HK\$200 million; (ii) investment opportunities in the hotel and/or leisure resort related properties both in Hong Kong and in the PRC of approximately HK\$200 million; (iii) the general working capital of the Group of approximately HK\$24 million, and (iv) repayment of the certain bank and other borrowings of approximately HK\$182 million (at the maximum number of Rights Shares being subscribed) so as to reduce the gearing level of the Group.

Upon full exercise of the maximum number of 2,596,723,267 Bonus Warrants, the Company will receive approximately HK\$236 million before expenses (assuming that the exercise price per Bonus Warrant is not adjusted). The Company intends to apply the proceeds raised from the exercise of Bonus Warrants to improve profitability, sustain its growth momentum and broaden the revenue stream of the Group.

The following table sets out a summary of the audited consolidated financial results of the Company:

	For the year ended 31 December 2007 (audited) HK\$'000	For the year ended 31 December 2006 (audited) HK\$'000
Turnover	2,266,163	1,992,354
Loss before tax	(42,143)	(81,295)
Profit (loss) after tax	4,488	(79,404)
	As at 31 December 2007 (audited) HK\$'000	As at 31 December 2006 (audited) HK\$'000
Total assets	4,813,625	3,834,882
Total liabilities	2,251,098	2,148,095
Net assets	2,562,527	1,686,787

PARTICIPATION OF ITC IN THE RIGHTS ISSUE

As at the date of this announcement, ITC, through its indirect wholly-owned subsidiary, holds 258,846,000 Shares, representing approximately 14.22% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking executed by ITC, ITC will accept, or procure the acceptance, in full of 1,035,384,000 Rights Shares, being its pro-rata entitlement under the Rights Issue subject to the terms and conditions of the Rights Issue. Immediately after the completion of the Rights Issue and assuming no exercise of the 2011 Notes and the Share Options, ITC's indirect interest in the Company will be approximately 14.22%. The Subscription Price of HK\$0.06 per Rights Share to be acquired by ITC represents:

- (i) a discount of approximately 71.8% to the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 71.7% to the average closing price of HK\$0.212 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 71.3% to the average closing price of HK\$0.209 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

To the best of the knowledge, information and belief of the directors of ITC having made all reasonable enquiries, the Company is a third party independent of ITC and not connected with the connected persons of ITC.

Reasons for the Participation

ITC is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of ITC and its subsidiaries comprise investment holding, the provision of finance, property investment and treasury investment. As at the date of this announcement, ITC is interested in approximately 14.22% of the issued share capital of the Company.

ITC, through an associated company (the “Associated Company”), which is indirectly held as to approximately 49.9% by ITC, is interested in over 20% interest in CEL. The investment in CEL is recorded as an associated company of the Associated Company in ITC’s books.

ITC is interested in approximately 14.22% in the Company and through CEL, is interested in approximately 12.82% in the Company. The investment in the Company is recorded as an associated company in ITC’s books.

The directors of ITC consider that the Participation will enable ITC and its subsidiaries to maintain its shareholding in the Company and share the benefit from the growth of the Group. Accordingly, the directors of ITC believe that the Participation is in the interests of ITC and its shareholders as a whole.

The directors of ITC further consider that the Rights Issue is on normal commercial terms and the Subscription Price is fair and reasonable and in the interests of ITC and its shareholders as a whole. The aggregate Subscription Price payable by ITC in respect of the Participation will be approximately HK\$62 million, which will be financed by internal resources of ITC.

POSSIBLE ADJUSTMENT TO THE 2011 NOTES AND THE SHARE OPTIONS

The completion of the Capital Reorganisation and the Rights Issue may lead to adjustments to the exercise price and/or the number of Shares or New Shares (as the case may be) to be issued upon conversion of the 2011 Notes and exercise of the Share Options. The Company will notify by way of announcement the holders of the 2011 Notes and the holders of the Share Options regarding adjustments to be made (if any) pursuant to the terms of the 2011 Notes and the Share Option Scheme and such adjustment will be certified by an approved merchant bank (as and when appropriate).

PREVIOUS FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
14 May 2007	Tranche I placing of 120,000,000 Shares	HK\$93 million	<p>The Directors intended to apply approximately HK\$69.4 million to partially finance the acquisition of the 72% interest in Tangula Group Limited as disclosed in the announcement of the Company dated 1 June 2007.</p> <p>The remaining balance of approximately HK\$23.6 million intended to be used for the general working capital of the Group</p>	<ul style="list-style-type: none"> - Approximately HK\$32 million were used as deposit for the acquisition of the 72% interest in Tangula Group as intended - HK\$48 million were used for the acquisition of Asia Times Limited (as disclosed in the announcement of the Company dated 16 April 2007) completed in August 2007 - The balance of approximately HK\$13 million were used as general working capital of the Group as intended

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
14 May 2007	Tranche II placing of 200,000,000 Shares	HK\$156 million	To be used to fund the acquisition of the entire issued share capital in Shenyang Limited which holds an effective interest of 87.4% in the Time Plaza Shenyang Hotel for an aggregate consideration of HK\$178,000,000 as disclosed in the announcement of the Company dated 21 May 2007	<ul style="list-style-type: none"> – HK\$50 million were paid in August 2007 on completion of the acquisition of the entire issued share capital of Shenyang Limited as intended – Approximately HK\$60 million were utilised to repay loans due to certain related companies of the Group – Approximately HK\$16 million were utilized to fund the procurement of an exclusive management and operation contract in respect of a budget hotel in Macau – Approximately HK\$30 million were utilised as the Group's general working capital
27 June 2007	The placing of 130,000,000 Shares	HK\$101 million	The Directors intended that net proceeds of the placing be used to further expand existing business and enhance the general working capital of the Group	<ul style="list-style-type: none"> – HK\$10 million were utilized as the final payment for the acquisition of Asia Times Limited (as disclosed in the announcement of the Company dated 16 April 2007) completed in August 2007 – Approximately HK\$60 million were utilized by the Group to finance the acquisition of a few domestic travel agents and budget hotels in the PRC and each of which is below the disclosure threshold under the Listing Rules 14.06(2) – Approximately HK\$31 million were utilized as the Group's general working capital

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
14 November 2007	The placing of 300,000,000 Shares	HK\$116.90 million	The Director intended to allocate HK\$78 million of the net proceeds for the expansion of its existing hotel business and branch network and HK\$38.90 million of the net proceeds for the general working capital of the Group which will be involved in advertising and promotion of the Group's existing hotel business and luxury train business in the PRC.	<ul style="list-style-type: none"> - Approximately HK\$10 million were utilized on renovation and refurbishment of the Group's existing hotels in the PRC - Approximately HK\$84.5 million were utilized to finance the acquisition of the properties located at nos. 84-86 Tai Kok Tsui Road as disclosed in the announcement of the Company dated 4 January 2008 - Approximately HK\$22.4 million were utilized as general working capital of the Group

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE NEW SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" above). Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, the New Shares or the Rights Shares in their nil-paid form, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Tuesday, 24 June 2008. The Rights Shares will be dealt in their nil-paid form from Wednesday, 9 July 2008 to Thursday, 17 July 2008, both dates inclusive. Shareholders should note that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be Friday, 25 July 2008), and dealing in the Rights Shares in their nil-paid form, will accordingly bear the risk that the Rights Issue will not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares or New Shares (as the case may be) the Rights Shares in their nil-paid form, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

EXPECTED TIMETABLE

2008

Last day of dealings in the Shares on a cum-rights basis	Monday, 23 June
First day of dealings in the Shares on an ex-rights basis	Tuesday, 24 June
Latest time for lodging transfers of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Wednesday, 25 June
Closure of register of members	Thursday, 26 June to Wednesday, 2 July (both dates inclusive)
SGM	Wednesday, 2 July
Record Date	Wednesday, 2 July
Effective date of the Capital Reorganisation	Thursday, 3 July
Effective date of the Change in Board Lot Size	Thursday, 3 July
First day of free exchange of certificates for Shares into new certificates for New Shares	Thursday, 3 July

Commencement in dealings in New Shares	Thursday, 3 July
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	9:30 a.m. on Thursday, 3 July
Register of members re-opens	Thursday, 3 July
Despatch of the Prospectus Documents	Monday, 7 July
First day of dealings in nil-paid Rights Shares	Wednesday, 9 July
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Monday, 14 July
Last day of dealing in nil-paid Rights Shares	Thursday, 17 July
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Tuesday, 22 July
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	4:00 p.m., on Thursday, 24 July
Latest time for termination of the Underwriting Agreement	4:00 p.m. on Friday, 25 July
Last day of free exchange of certificates for shares into new certificates for New Shares	Monday, 28 July
Announcement of results of the Rights Issue	Monday, 28 July
Refund cheques in respect of wholly or partially unsuccessful applications for excess Right Shares expected to be posted on or before	Wednesday, 30 July

Certificates for the Rights Shares and
certificates for the Bonus Warrants expected
to be despatched on or before Wednesday, 30 July

Dealings in fully-paid Rights Shares and
Bonus Warrants commence on Friday, 1 August

Note: All references to time in this announcement are references to Hong Kong time.

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

PROPOSED CAPITAL REORGANISATION

The Company intended to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involves:

- (i) Capital Reduction: the reduction of the nominal value of each Share in issue from HK\$0.10 to HK\$0.01 by cancelling paid up capital to the extent of HK\$0.09 on each issued Share of the Company on the date which the Capital Reorganisation becoming effective such that the issued share capital of the Company shall be reduced by the sum of HK\$163,868,266.80 from HK\$182,075,852 to HK\$18,207,585.20; and
- (ii) Share Subdivision: the number of authorized share capital of the Company be subdivided from 15,000,000,000 shares of HK\$0.1 per Share into 150,000,000,000 of HK\$0.01 per New Share on the date which the Capital Reorganisation becoming effective.

As at the date of this announcement, the authorized share capital of the Company is HK\$1,500,000,000 divided into 15,000,000,000 Shares of HK\$0.10 each, of which 1,820,758,520 Shares have been issued and are fully paid. On the assumption that no further Shares will be issued after this announcement, a credit of HK\$163,868,266.80 will arise as a result of the Capital Reorganisation. The credit will be transferred to the contributed surplus account of the Company and be set off against the accumulated losses of the Company. The Share Subdivision only relates to unissued Shares.

Effects of the Capital Reorganisation

Upon the Capital Reorganisation becoming effective, and assuming no further Shares are issued in the meantime, the authorized share capital of the Company will be HK\$1,500,000,000 divided into 150,000,000,000 New Shares, of which 1,820,758,520 New Share of nominal value being HK\$0.01 each will be in issue and credited as fully paid up, and the issued share capital of the Company of HK\$182,075,852 shall be reduced by HK\$163,868,266.80 to HK\$18,207,585.20 whereas the authorized share capital subdivided from 15,000,000,000 shares of HK\$0.10 per share into 150,000,000,000 share of HK\$0.01 per share. The effects of the Capital Reduction on the issued capital, share premium, contributed surplus and accumulated loss are summarized in the following table:

	Issued capital		Share premium	Contributed surplus	Accumulated loss
	<i>No. of shares</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Before Capital Reduction	1,820,758,520	182.1	828.5	774.5	(158.1)
Capital Reduction	–	(163.9)	–	5.8	158.1
After Capital Reduction	<u>1,820,758,520</u>	<u>18.2</u>	<u>828.5</u>	<u>780.3</u>	<u>–</u>

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the Company and its subsidiaries and the Board believes that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Reasons for the Capital Reorganisation

The Company recorded an audited accumulated deficit of approximately HK\$158 million as at 31 December 2007. In view of the accumulated losses of approximately HK\$158 million, the Company's capital represented by its share capital had been lost and it would be in the Company's interest to reduce its capital in order to eliminate such accumulated deficits and would be likely to improve the prospects of the Company and to declare dividends in the future.

The Company is prohibited from issuing new shares below their par value under the Bye-Laws and the Companies Act. The reduced par value of the New Shares will give the Company greater flexibility in pricing any future issue of shares and to facilitate the proposed Rights Issue and the Bonus Warrants. The Company believes that the Share Subdivision may facilitate trading and improve the liquidity of the New Shares, thereby enabling the Company to attract more investors and broaden its shareholder base. Therefore, the Directors consider that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (i) the passing of a special resolution by the Shareholders to approve the Capital Reduction and an ordinary resolution to approve the Share Subdivision at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the New Shares in issue arising from the Capital Reorganisation; and
- (iii) the compliance with the requirements of section 46(2) of the Companies Act, including (a) the publication of a notice in relation to the Capital Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reduction is to take effect; and (b) that on the date of the Capital Reduction is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction, unable to pay its liabilities as they become due.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the next business day following the date of passing the relevant resolution to approve the Capital Reorganisation. The legal advisers to the Company as to Bermuda laws have confirmed that, subject to the passing of the requisite resolutions at the SGM approving the Capital Reduction and the Share Subdivision, the Capital Reorganisation complies with the Companies Act.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 1,000 Shares each. In order to raise the board lot value, the Company is pleased to announce that the board lot size of the New Shares for trading on the Stock Exchange will be changed from 1,000 Shares to 30,000 New Shares upon the Capital Reorganisation becoming effective. The board lot size of the Rights Shares in their nil-paid form for trading on the Stock Exchange will be changed from 1,000 Rights Shares to 30,000 Rights Shares.

Assuming the Change in Board Lot Size becomes effective, the New Shares will be traded in board lots of 30,000 New Shares and the estimated market value per board lot of the New Shares will be HK\$2,718, based on the theoretical ex-right price after completion of the Rights Issue of HK\$0.0906 per New Share (based on the closing price of HK\$0.213 per Share as quoted on the Stock Exchange on the Last Trading Day).

Free exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for the Shares in board lot of 1,000 Shares to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for exchange from Thursday, 3 July 2008 to Monday, 28 July 2008 (both dates inclusive), at the expense of the Company for certificates for New Shares in board lot of 30,000 New Shares. Thereafter, certificates for the 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 allowed by the Stock Exchange) for each share certificate for the Shares cancelled or each new share certificate issued for the New Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for the Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for certificates for the New Shares at any time in accordance with the foregoing.

GENERAL

As the applicable percentage ratio in respect of the Participation exceeds 5% but is less than 25%, the Participation will constitute a discloseable transaction for ITC under Chapter 14 of the Listing Rules. A circular containing, among other things, further details of the Participation will be despatched by ITC to its shareholders in accordance with the requirements of the Listing Rules.

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of this announcement, Mr. Kwok Ka Lap, Alva, a Director is interested in 150,000 Shares of the Company. Mr. Kwok Ka Lap, Alva is required to abstain from voting in favour of the Rights Issue at the SGM. The vote of Shareholders taken at the SGM to be convened for approving the Rights Issue will be taken on a poll.

An independent board committee of the Company comprising the independent non-executive Directors will be appointed to make recommendations to the Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Shareholders in this regard.

A circular containing, among other things, (i) further details about the Rights Issue, the terms and conditions of Bonus Warrants, the Capital Reorganisation and Change in Board Lot Size; (ii) a letter of recommendation from the independent board committee of the Company to the Shareholders in respects of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Shareholders on the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon passing of the resolutions approving the Rights Issue and Capital Reorganisation by the Shareholders at the SGM and the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on or around Monday, 7 July 2008 and the Prospectus will be despatched to the Excluded Shareholders for information only.

In the view that the trading price of the New Shares, after completion of the Rights Issue, will approach the extremity of HK\$0.01, the Company may consider the implementation of a consolidation of the New Shares. Further announcement will be made by the Company as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 15 May 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 21 May 2008.

DEFINITIONS

“2011 Notes”	the HK\$1,000 million 2% convertible notes due 2011 issued by the Company on 8 June 2006, of which a principal amount of HK\$640 million remains outstanding
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonus Warrant(s)”	up to 2,596,723,267 bonus warrants of the Company represented by certificates, each conferring the right in its registered form to the holder thereof to subscribe for up to a total of 2,596,723,267 Bonus Warrant Shares at an initial exercise price of HK\$0.091 per Bonus Warrant Share (subject to adjustment under certain circumstances, including consolidation or subdivision of the New Shares, capitalisation of profits or reserves or capital distribution) at any time during the Exercise Period
“Bonus Warrant Share(s)”	New Share(s) falling to be issued by the Company upon exercise of the subscription rights attaching to the Bonus Warrant(s)
“Business Day”	a day, other than Saturday, on which banks in Hong Kong are open for business
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposal for the reduction of the nominal value of the Shares by cancelling the paid up capital to the extent of HK\$0.09 on each of the issued Shares
“Capital Reorganisation”	the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“CEL”	China Enterprises Limited, a company incorporated in Bermuda with limited liability with its shares traded on the OTC Bulletin Board in the USA
“Change in Board Lot Size”	the board lot size of the New Shares for trading on the Stock Exchange will be changed from 1,000 Shares to 30,000 New Shares upon the Capital Reorganisation becoming effective
“Company”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Excess Application Form(s)” or “EAF(s)”	the form of application for excess Rights Shares
“Excluded Shareholders”	the Overseas Shareholders on the Record Date where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholders
“Exercise Period”	a period of 18 months from the date of the issue of the Bonus Warrants, which is expected to be from Friday, 1 August 2008 to Friday, 29 January 2010, both dates inclusive
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Irrevocable Undertaking”	the irrevocable undertaking dated 15 May 2008 under which each of CEL and ITC has irrevocably undertaken, among other things, to accept or procure the acceptance of the provisional allotment of its full entitlements pursuant to the Rights Issue
“ITC”	ITC Corporation Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 372)
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	14 May 2008, being the last trading day for the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Termination”	4:00 p.m. on Friday, 25 July 2008, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Overseas Shareholders”	the Shareholders whose addresses on the register of member of the Company are outside Hong Kong
“Participation”	the proposed acceptance by ITC, through its indirect wholly-owned subsidiary, the provisional allotment of 1,035,384,000 Rights Shares, being its pro-rata entitlement under the Rights Issue, pursuant to the Irrevocable Undertaking executed by ITC

“Posting Date”	Monday, 7 July 2008, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and despatch of the Prospectus to the Excluded Shareholders for information only
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PALs and the EAFs
“Provisional Allotment Letter(s)” or “PAL(s)”	the provisional allotment letter(s) for the Rights Shares
“Qualifying Shareholders”	the Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Wednesday, 2 July 2008, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Company’s Hong Kong branch share registrar
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue on the basis of four Rights Shares (with Bonus Warrants in the proportion of one Bonus Warrant for every four Rights Shares subscribed) for every Share held on Record Date to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarized herein

“Rights Share(s)”	not less than 7,283,034,080 New Shares but not more than 10,386,893,068 New Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of four Rights Shares for every Share held on the Record Date pursuant to the Rights Issue
“Settlement Date”	Friday, 25 July 2008, being the last date for termination of the Underwriting Agreement
“SFC”	Securities and Futures Commission
“SGM”	the special general meeting of the Company to be held on Wednesday, 2 July 2008 to consider and, if thought fit, approve the proposed Capital Reorganisation and the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares or New Shares (as the case may be)
“Share Option(s)”	the options granted by the Company to subscribe for Shares pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by a resolution of the Shareholders on 3 May 2002 (as amended on 27 May 2005)
“Share Subdivision”	the subdivision of 15,000,000,000 shares of HK\$0.10 per Share in the authorised share capital of the Company into 150,000,000,000 of HK\$0.01 per New Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.06 per Rights Share
“Underwriter”	Kingston Securities
“Underwriting Agreement”	the underwriting agreement dated 15 May 2008 entered into between the Company and the Underwriter in relation to the Rights Issue

“Underwritten Shares”	the total number of Rights Shares to which holders of Shares are entitled pursuant to the Rights Issue less such number of Rights Shares agreed to be taken up by CEL and ITC pursuant to the Irrevocable Undertaking, being not less than 5,313,604,156 Rights Shares but not more than 8,417,463,144 Rights Shares
“USA”	United States of America
“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

By Order of the board of directors
ITC Corporation Limited
Lee Hon Chiu
Company Secretary

Hong Kong, 20 May 2008

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

Executive Directors:

Mr. Cheung Hon Kit (*Managing Director*)
Dr. Yap, Allan
Mr. Chan Pak Cheung, Natalis
Mr. Lui Siu Tsuen, Richard

Independent Non-Executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai

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

Executive directors:

Dr. Chan Kwok Keung, Charles (*Chairman*)
Ms. Chau Mei Wah, Rosanna
(*Deputy Chairman and Managing Director*)
Mr. Chan Kwok Chuen, Augustine
Mr. Chan Fut Yan
Mr. Cheung Hon Kit

Independent non-executive directors:

Mr. Chuck, Winston Calptor
Mr. Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*