

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

(Warrant Code: 774)



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 372)

- (1) PROPOSED CAPITAL REORGANISATION;
(2) CHANGE OF BOARD LOT SIZE;
(3) PROPOSED RIGHTS ISSUE ON
THE BASIS OF FIVE RIGHTS SHARES
FOR EVERY SHARE HELD ON
THE RECORD DATE;
(4) PROPOSED PLACING OF
CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;
(5) PROPOSED REPURCHASE OF NOTES;
(6) POSSIBLE CONNECTED TRANSACTION;
AND
(7) RESUMPTION OF TRADING**
- DISCLOSEABLE TRANSACTION**

Financial adviser to Wing On Travel (Holdings) Limited



英皇融資有限公司
Emperor Capital Limited

Underwriter to the Rights Issue and Placing Agent to the placing of the Convertible Bonds



英皇證券(香港)有限公司
Emperor Securities Limited

PROPOSED CAPITAL REORGANISATION

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

- (i) the consolidation of every 20 issued Existing Shares of HK\$0.01 each into 1 issued Consolidated Share of HK\$0.20 each;

- (ii) the reduction of issued share capital whereby the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01 by canceling HK\$0.19 of the paid-up capital on each issued Consolidated Share;
- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company; and
- (iv) the application of the contributed surplus account of the Company to offset part of the amount of the Accumulated Losses as permitted by the laws of Bermuda and the Bye-Laws.

The Capital Reorganisation is subject to the approval by the Shareholders on a vote taken by way of poll at the SGM.

It is expected that the Capital Reorganisation will become effective on Tuesday, 19 January 2010.

CHANGE OF BOARD LOT SIZE

The Board also proposes to change the board lot size for trading of the Adjusted Shares from 30,000 Existing Shares to 10,000 Adjusted Shares upon the Capital Reorganisation becoming effective.

PROPOSED RIGHTS ISSUE

Conditional upon the Capital Reorganisation becoming effective, the Company proposes to raise not less than approximately HK\$409 million but not more than approximately HK\$549 million, before expenses, by way of the Rights Issue of not less than 2,729,961,230 Rights Shares and not more than 3,657,929,510 Rights Shares at the Subscription Price of HK\$0.15 per Rights Share on the basis of five (5) Rights Shares for every one (1) Adjusted Share held on the Record Date and payable in full on acceptance.

The Rights Issue is fully underwritten by the Underwriter. The terms of the Rights Issue are agreed after arm's length negotiation between the Company and the Underwriter.

As at the date of this announcement, (i) CEL and certain CEL's subsidiaries, hold an aggregate of 1,170,208,488 Shares, representing approximately 10.72% of the issued share capital of the Company, a principal amount of HK\$63 million of the Notes convertible into 185,840,707 Shares upon exercise in full at the conversion price of HK\$0.339 per Share, and 233,511,481 warrants of the Company, conferring the right to subscribe for 233,511,481 Shares at an exercise price of HK\$0.091 per Share; and (ii) AWL holds 1,561,120,000 Shares, representing approximately 14.30% of the issued share capital of the Company, a principal amount of HK\$108.2 million of the Notes convertible into 319,174,041 Shares upon exercise in full at the conversion price of HK\$0.339 per Share, and 305,846,000 warrants of the Company, conferring the right to subscribe for 305,846,000 Shares at an exercise price of HK\$0.091 per Share.

On 3 December 2009, each of CEL, certain CEL's subsidiaries and AWL has irrevocably undertaken to the Company and the Underwriter to procure that the Shares beneficially owned by it will remain registered in its name or its nominee's name at the close of business on the Record Date as they were on 3 December 2009 and that it will subscribe or procure subscription in full for all the Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Adjusted Shares beneficially owned 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 and certain CEL's subsidiaries, in aggregate, not less than 292,552,120 Rights Shares and not more than 397,390,165 Rights Shares; and (b) in the case of AWL, not less than 390,280,000 Rights Shares and not more than 546,535,010 Rights Shares.

Pursuant to the Underwriting Agreement, the Underwritten Shares, being not less than 2,047,129,110 Rights Shares and not more than 2,714,004,335 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, holders of the Warrants and potential investors of the Company are drawn to the section headed "Warning of the risks of dealings in the Shares, the Adjusted Shares, the Warrants and the nil-paid Rights Shares" below.**

The last day of dealings in the Shares on a cum-rights basis is Wednesday, 6 January 2010. The Shares will be dealt with on an ex-rights basis from Thursday, 7 January 2010. The Rights Shares are expected to be dealt with in their nil-paid form from Thursday, 21 January 2010 to Thursday, 28 January 2010 (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 (together with the relevant share certificate(s)) or any subscription of the Warrants (together with the relevant warrant certificate(s)) must be lodged with the Company's branch share registrar in Hong Kong by 4:30 p.m. (Hong Kong time) on Friday, 8 January 2010. The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited at 26/F., 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 4:00 p.m. on Tuesday, 2 February 2010. 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.

PROPOSED PLACING OF CONVERTIBLE BONDS

On 3 December 2009, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis over a period from (and excluding) the date of the satisfaction of the conditions precedent to the Placing Agreement to (and including) the date falling on the 120th trading day thereafter, the Convertible Bonds up to an aggregate principal amount of HK\$300 million upon the Capital Reorganisation becoming effective. Pursuant to the Placing Agreement, the Convertible Bonds will be placed by the Placing Agent in up to 6 separate tranches of HK\$50 million each or an integral multiple thereof. The Placing Agreement is subject to certain conditions as stated in this announcement below.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Placing Agent and its holding company, Emperor Capital Group Limited (stock code: 717) are Independent Third Parties. Each Subscriber and its ultimate beneficial owners shall not be connected persons of the Company, and are third parties independent of the Company and connected persons of the Company.

The Convertible Bonds carry the right to convert into Conversion Shares at the Conversion Price of HK\$0.18 per Conversion Share (subject to adjustments). Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price, up to 1,666,666,666 Conversion Shares will fall to be issued to the Bondholders, representing approximately 15.26% of the issued capital of the Company as at the date of this announcement and approximately 27.52% of the adjusted issued share capital of the Company as enlarged by the issue of the Conversion Shares and Rights Issue after the Capital Reorganisation.

No application will be made for the listing of the Convertible Bonds. The Conversion Shares to be allotted and issued upon Conversion will be allotted and issued pursuant to a specific mandate to be sought from the Shareholders at SGM to be convened in accordance with the Listing Rules. The Placing is subject to terms and conditions detailed below in this announcement.

USE OF PROCEEDS

The maximum estimated net proceeds from the Rights Issue will be approximately HK\$535 million, which is intended to be used as to approximately (i) HK\$350 million for repurchase of Notes; (ii) HK\$100 million towards funding the construction cost of the Group's existing hotel development projects located in Hong Kong and the PRC and the Tangula luxury trains; (iii) HK\$50 million for further acquisitions of 4-star rated business hotels and budget hotels in the PRC (as and when appropriate targets for acquisition are identified in the future); and (iv) remaining amount for general working capital of the Group for its travel and hotel operations. The minimum estimated net proceeds from the Rights Issue will be approximately HK\$399 million, which is intended to be used as to approximately (i) HK\$350 million for repurchase of Notes (The Company will use its internal resources to fund the outstanding amount for the repurchase of Notes); and (ii) remaining amount for general working capital of the Group for its travel and hotel operations. The maximum estimated net proceeds from the Placing will be approximately HK\$289 million, which is intended to be used as to approximately (i) HK\$100 million for further acquisitions of 4-star rated business hotels and budget hotels in the PRC (as and when appropriate targets for acquisition are identified in the future); (ii) HK\$150 million towards funding the construction cost of the Group's existing hotel development projects located in Hong Kong and the PRC and the Tangula luxury trains; and (iii) remaining amount for general working capital of the Group for its travel and hotel operations.

Investors should note that the Placing is on a best-effort basis and there is no certainty as to the amount of funds (if any) that will in fact be raised or the timing of the availability of such funding.

PROPOSED REPURCHASE OF NOTES

The Board has resolved that the Company will make the Repurchase Offer to repurchase (subject to fulfillment of certain conditions precedent) the Notes at a price payable in cash equal to 80% of the outstanding principal amount of the Notes tendered on acceptance of the Repurchase Offer.

LISTING RULES IMPLICATIONS FOR THE COMPANY

The Capital Reorganisation and the Placing are subject to the approval by the Shareholders on a vote taken by way of poll at the SGM.

The Rights Issue and the Repurchase Offer are conditional upon, among other things, approval from the Independent Shareholders and the Capital Reorganisation becoming effective. The vote of Independent Shareholders for approving the Rights Issue and the Repurchase Offer will be taken at the SGM on a poll.

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, the Company has no controlling Shareholder and none of the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates holds any Share. As completion of the Rights Issue is one of the conditions precedent to the Repurchase Offer, each of AWL, CEL and certain CEL's subsidiaries, being one of the Noteholders, is regarded as having a material interest in the Rights Issue and therefore AWL, CEL and certain CEL's subsidiaries and their respective associates will be required to abstain from voting at the SGM in relation to the Rights Issue. Save as disclosed above, to the best of the Directors' knowledge, the other Noteholders are third parties independent of the Company and its connected persons. Other than AWL, CEL and certain CEL's subsidiaries and their respective associates, no Shareholder is required to abstain from voting for the Rights Issue at the SGM.

The Repurchase Offer constitutes an exempt share repurchase under the Repurchase Code. As AWL and CEL are Noteholders and are respectively holding approximately 14.30% and 10.72% of the existing issued share capital of the Company, the purchase of the Notes by the Company from either or both of AWL and CEL will (and assuming that all Notes held by them are tendered) also constitute a possible connected transaction of the Company under Chapter 14A of the Listing Rules. The Repurchase Offer is therefore subject to the approval of the Independent Shareholders. AWL, CEL and their respective associates shall abstain from voting on the resolution(s) to be proposed at the SGM in relation to the Repurchase Offer.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Rights Issue and the Repurchase Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Repurchase Offer and further announcement(s) will be made by the Company in this regard.

A circular containing, inter alia, (i) further information regarding the details of the Capital Reorganisation, the Rights Issue, the Placing and the Repurchase Offer; (ii) the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Repurchase Offer; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Repurchase Offer; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon passing of the necessary resolutions by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Capital Reorganisation and the Rights Issue, and after the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

LISTING RULES IMPLICATIONS FOR ITC

Over the 12 months period immediately preceding the date of AWL's Irrevocable Undertaking, ITC, through AWL, has acquired an aggregate of 31,890,000 Shares on the open market at a total consideration of approximately HK\$1.4 million (excluding stamp duty and related expenses). As the applicable percentage ratios in respect of the Participation itself, or when aggregated with such acquisitions, both exceed 5% but are less than 25%, the Participation constitutes a discloseable transaction for ITC under Chapter 14 of the Listing Rules.

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

Shareholders, holders of the Warrants and potential investors of the Company should note that (i) 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); (ii) the Placing is on a “best effort” basis and therefore there is no assurance that any Convertible Bond issued will be placed if at all; and (iii) the completion of the Repurchase Offer is subject to the fulfillment of certain conditions (a summary of which is set out in the sub-section headed “Conditions precedent to the Repurchase Offer” below). Accordingly, each of the Rights Issue, the Placing and the Repurchase Offer may or may not proceed.

Shareholders, holders of the Warrants and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, the Adjusted Shares, the Warrants 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 with on an ex-rights basis commencing from Thursday, 7 January 2010. The Rights Shares will be dealt in their nil-paid form from Thursday, 21 January 2010 to Thursday, 28 January 2010, 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, 5 February 2010), 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 Adjusted 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 advisers.

RESUMPTION OF TRADING

Trading in the Existing Shares on the Stock Exchange has been suspended from 2:30 p.m. on 3 December 2009 pending release of this announcement. Application has been made by the Company for the resumption of trading of the Existing Shares on the Stock Exchange with effect from 9:30 a.m. on 9 December 2009.

PROPOSED CAPITAL REORGANISATION

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

- (i) the consolidation of every 20 issued Existing Shares of HK\$0.01 each into 1 issued Consolidated Share of HK\$0.20 each;
- (ii) the reduction of issued share capital whereby the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01 by canceling HK\$0.19 of the paid-up capital on each issued Consolidated Share;
- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company; and
- (iv) the application of the contributed surplus account of the Company to offset part of the amount of the Accumulated Losses as permitted by the laws of Bermuda and the Bye-Laws.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Existing Shares of the Company is HK\$1,500,000,000 divided into 150,000,000,000 Existing Shares of HK\$0.01 each, of which 10,919,844,935 Existing Shares have been issued and are fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Adjusted Shares of the Company will become HK\$1,500,000,000 divided into 150,000,000,000 Shares of HK\$0.01 each, of which 545,992,246 Adjusted Shares will be in issue.

Based on 10,919,844,935 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$103,738,527 will arise as a result of the Capital Reduction and will be transferred to the contributed surplus account of the Company and applied to offset against part of the amount of the Accumulated Losses as permitted by the laws of Bermuda and the Bye-Laws.

For reference, as set out in the audited financial statements of the Company for the year ended 31 December 2008, the amount of the issued share capital of the Company, accumulated losses of the Company and contributed surplus account of the Company were approximately HK\$109,198,000, HK\$347,053,000 and HK\$780,549,000 respectively as at 31 December 2008. For illustration purposes, the effects of the Capital Reduction on the issued capital, contributed surplus and accumulated losses of the Company are summarised in the following table:

	Issued share capital <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated Losses <i>HK\$'000</i>
Before Capital Reduction	109,198	780,549	(347,053)
Capital Reduction	(103,738)	103,738	–
Offset Accumulated Losses	–	(103,738)	103,738
After Capital Reduction	<u>5,460</u>	<u>780,549</u>	<u>(243,315)</u>

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Reasons for the Capital Reorganisation

The Board considers that (i) the Capital Reorganisation will give greater flexibility to the Company to raise funds through the issue of new Adjusted Shares in the future since the Company is not permitted to issue new Shares below their nominal value under the laws of Bermuda and its Bye-Laws; (ii) the Share Consolidation will reduce the transaction costs for dealing in the Shares, including those fees which are charged with reference to the number of board lots; and (iii) the elimination of the Company's Accumulated Losses will allow greater flexibility for the Company to pay dividends in the future.

As such, the Board is of the view that the Capital Reorganisation is 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 the necessary resolution(s) on a vote taken by way of poll at the SGM to approve the Capital Reorganisation by the Shareholders;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue arising from the Capital Reorganisation; and
- (iii) the compliance with the relevant procedures and requirements under the Listing Rules and the requirements of section 46(2) of the Companies Act to effect the Capital Reorganisation, including (i) publication of a notice in relation to the Capital Reorganisation 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 Reorganisation is to take effect; and (ii) that on the date of 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.

Subject to the fulfillment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on Tuesday, 19 January 2010.

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 Adjusted Shares arising from the Capital Reorganisation.

The Adjusted 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 Adjusted Shares on the Stock Exchange, the Adjusted 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 Adjusted 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.

Fractional shares and odd lot trading arrangements

Fractional Adjusted Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Adjusted Shares will be aggregated and sold for the benefit of the Company.

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, a designated broker will be appointed to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Tuesday, 2 February 2010 to Wednesday, 24 February 2010 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders in relation to, inter alia, the Capital Reorganisation, the Rights Issue, the Placing and the Repurchase Offer.

Trading arrangement for the Adjusted Shares in new board lots

Subject to the Capital Reorganisation becoming effective, the arrangements proposed for dealings in the Adjusted Shares are expected to be as follows:

- (i) from Tuesday, 19 January 2010, the original counter for trading in the Existing Shares in board lots of 30,000 Existing Shares will be temporarily closed and a temporary counter for trading in the Adjusted Shares in board lots of 1,500 Adjusted Shares will be set up and opened;
- (ii) with effect from Tuesday, 2 February 2010, the original counter for trading in the Adjusted Shares will be re-opened for trading Adjusted Shares in board lots of 10,000 Adjusted Shares;
- (iii) during the period from Tuesday, 2 February 2010 to Wednesday, 24 February 2010 (both dates inclusive), there will be parallel trading at the above two counters; and

- (iv) the temporary counter for trading in the Adjusted Shares in board lots of 1,500 Adjusted Shares will be removed after the close of trading at 4:00 p.m. on Wednesday, 24 February 2010. Thereafter, trading will only be in board lots of 10,000 Adjusted Shares with new share certificates and the existing share certificates for the Existing Shares will cease to be marketable and will not be acceptable for dealing and settlement purposes. However, such certificates will remain effective as documents of title on the basis of 20 Existing Shares for 1 Adjusted Share.

Free exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for the Existing Shares in board lot of 30,000 Existing Shares, to the Registrar for exchange from Tuesday, 19 January 2010 to Friday, 26 February 2010 (both dates inclusive), at the expense of the Company for certificates of the Adjusted Shares in board lot of 10,000 Adjusted Shares. Thereafter, certificates for the Existing 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 of the Existing Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Wednesday, 24 February 2010, being the latest time for trading in board lot of 1,500 Adjusted Shares in the form of existing certificates (or such other date which may be announced by the Company) and will continue to be good evidence of legal title after the Capital Reorganisation has become effective and may be exchanged for certificates of the Adjusted Shares at any time in accordance with the foregoing.

CHANGE OF BOARD LOT SIZE

At present, Existing Shares are traded in board lots of 30,000. The Board proposes to change the board lot size for trading of the Adjusted Shares to 10,000 upon the Capital Reorganisation becoming effective.

Based on the closing price of Existing Shares of HK\$0.042 as at the Last Trading Day and the existing board lot size of 30,000 Existing Shares, the prevailing board lot value is HK\$1,260 (equivalent to HK\$25,200 upon the Capital Reorganisation becoming effective). On the basis of the aforesaid closing price and the new board lot size of 10,000 Adjusted Shares, the new board lot value would be HK\$8,400. The change in board lot size will result in Adjusted Shares being traded in a more reasonable board lot size and value.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place upon the Capital Reorganisation and change of board lot size becoming effective.

Issue statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every Adjusted Share held on the Record Date
Subscription Price	:	HK\$0.15 per Rights Share
Number of Existing Shares in issue as at the date of this announcement	:	10,919,844,935 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	Not less than 545,992,246 Adjusted Shares (assuming that no further Shares are issued or repurchased between the date of this announcement and the Record Date) and not more than 731,585,902 Adjusted Shares (assuming all rights attaching to the outstanding Warrants and Notes are exercised on or before the Record Date)
Number of Rights Shares	:	Not less than 2,729,961,230 Rights Shares and not more than 3,657,929,510 Rights Shares

As at the date of this announcement, there are outstanding Notes with principal amount of HK\$640 million convertible into 1,887,905,604 Shares upon exercise in full at the conversion price of HK\$0.339 per Share and outstanding Warrants granted which entitle the holders thereof to subscribe for 1,823,967,547 Shares in full at the subscription price of HK\$0.091 per Share.

Save for the outstanding Notes and Warrants, 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

The Company will offer the Rights Shares for subscription to the Qualifying Shareholders only.

The Prospectus will be sent to the Excluded Overseas Shareholders for information only.

A Qualifying Shareholder must at the close of business on the Record Date:

1. be registered as a member of the Company; and
2. not be an Excluded Overseas Shareholder.

In order to be registered as members of the Company on the Record Date and to qualify for the Rights Issue, Shareholders must lodge any transfer of the Shares (together with the relevant share certificates) or any subscription of the Warrants (together with the relevant warrant certificate(s)) with the Company's branch share registrar in Hong Kong by 4:30 p.m. on Friday, 8 January 2010.

The branch share registrar of the Company in Hong Kong is:

Tricor Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Closure of registers of members and Warrants holders

The registers of members and holders of the Warrants of the Company will be closed from Monday, 11 January 2010 to Monday, 18 January 2010 (both dates inclusive). No transfer of Shares or subscription of Warrants will be registered during this period.

Subscription Price

HK\$0.15 per Rights Share payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

1. a discount of approximately 82.14% to the adjusted closing price of HK\$0.84 per Adjusted Share based on the closing price of HK\$0.042 per Existing Share as quoted on the Stock Exchange on 3 December 2009, being the Last Trading Day pending the release of this announcement;
2. a discount of approximately 82.06% to the adjusted average closing price of approximately HK\$0.836 per Adjusted Share for the last five trading days up to and including the Last Trading Day; and
3. a discount of approximately 43.40% to the theoretical ex-rights price of HK\$0.265 per Adjusted Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day.

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 to maintain their shareholdings in the Company and participate in the future growth of the Group and the terms of the Rights Issue (including the terms of the Underwriting Agreement) are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

Basis of provisional allotments

Five (5) Rights Shares (in nil-paid form) for every Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Status of the Rights Shares

The Rights Shares will rank pari passu in all respects with the Adjusted Shares in issue on the date of allotment and issue of the fully-paid Rights Shares. Holders of the fully-paid Rights Shares (when allotted, issued and fully paid) will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

Certificates of the Rights Shares

Subject to the conditions of the Rights Issue being fulfilled, certificates for all fully-paid Rights Shares are expected to be posted by Thursday, 11 February 2010 to those Shareholders who have validly applied and paid for Rights Shares.

Offer to Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, based on legal opinions provided by the legal advisors to the Company, the Directors consider that, it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Directors will exercise their discretion given to them under the Bye-Laws to exclude such Overseas Shareholders from the Rights Issue. Summary on the legal opinions regarding the rights of the Overseas Shareholders will be disclosed in the Prospectus.

The Company will send the Prospectus to the Excluded Overseas Shareholders for their information only. The Company will not send the application forms for acceptance of Rights Shares and the excess Rights Shares to the Excluded Overseas Shareholders. The Excluded Overseas Shareholders will be entitled to attend and vote at the SGM.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares 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 will be made available for excess application.

Application for excess Rights Shares

The Qualifying Shareholders may apply by using forms of application for excess Rights Shares for any entitlement of the Excluded Overseas Shareholders and any Rights Shares not taken up by the Qualifying Shareholders.

The Company will allocate excess Rights Shares to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. the 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 the 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). However, no preference will be given to topping up odd lots to whole board lots.

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 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 Friday, 8 January 2010.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all Rights Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares on or before Thursday, 11 February 2010 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on Thursday, 11 February 2010 by ordinary post at their own risk.

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 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 on the Stock Exchange, Rights Shares in both nil-paid and fully-paid forms 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 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 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 Undertakings

As at the date of this announcement, (i) CEL and certain CEL's subsidiaries, hold an aggregate of 1,170,208,488 Shares, representing approximately 10.72% of the issued share capital of the Company, a principal amount of HK\$63 million of the Notes convertible into 185,840,707 Shares upon exercise in full at the conversion price of HK\$0.339 per Share, and 233,511,481 Warrants of the Company, conferring the right to subscribe for 233,511,481 Shares at an exercise price of HK\$0.091 per Share; and (ii) AWL holds 1,561,120,000 Shares, representing approximately 14.30% of the issued share capital of the Company, a principal amount of HK\$108.2 million of the Notes convertible into 319,174,041 Shares upon exercise in full at the conversion price of HK\$0.339 per Share, and 305,846,000 Warrants of the Company, conferring the right to subscribe for 305,846,000 Shares at an exercise price of HK\$0.091 per Share.

On 3 December 2009, each of CEL, certain CEL's subsidiaries and AWL has irrevocably undertaken to the Company and the Underwriter to procure that the Shares beneficially owned by it will remain registered in its name or its nominee's name at the close of business on the Record Date as they were on 3 December 2009 and that it will subscribe or procure subscription in full for all the Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Adjusted Shares beneficially owned 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 and certain CEL's subsidiaries, in aggregate, not less than 292,552,120 Rights Shares and not more than 397,390,165 Rights Shares; and (b) in the case of AWL, not less than 390,280,000 Rights Shares and not more than 546,535,010 Rights Shares.

UNDERWRITING AGREEMENT

Date : 3 December 2009

Underwriter : Emperor

Emperor is an Independent Third Party and is not a connected person (as defined in the Listing Rules) of the Company. Emperor does not have any beneficial interests in the Existing Shares.

Number of Rights Shares underwritten : The Underwriter has agreed to fully underwrite not less than 2,047,129,110 Rights Shares and not more than 2,714,004,335 Rights Shares not taken up by the Shareholders pursuant to the Underwriting Agreement.

Commission : 2% of the aggregate Subscription Price of the maximum number of Rights Shares underwritten by the Underwriter

The Rights Issue is fully underwritten. The executive Directors are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the parties of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:–

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or the occurrence of any local, national or international event or change (whether or not forming part of series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the USA) or other nature (whether or not ejusdem generis with any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting the local securities markets which may, in the reasonable 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
- (b) 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 thereof been publicly announced or published by the Company and which may, in the reasonable opinion of the Underwriter, be material to the Group as a whole and is likely to affect the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares offered to it; or
- (c) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out in Hong Kong which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole.

If, at or prior to 4:00 p.m. on the Settlement Date, there occurs/the Company:

- (a) any material breach of or omission to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on the business, financial or trading position of the Company; or

- (b) any such untrue representation or warranty thereunder represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (c) fails promptly to send out any announcement or circular (after the despatch of the circular or the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under Underwriting Agreement.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, the following conditions being fulfilled:

- (i) the passing of the necessary resolution(s) on a vote taken by way of poll at the SGM to approve (i) the Capital Reorganisation by the Shareholders; and (ii) the Rights Issue by the Independent Shareholders;
- (ii) the signing by or on behalf of all of the Directors on or before the Posting Date of two duly certified copies of each of the Prospectus Documents;
- (iii) the delivery to the Stock Exchange, filing and registration with the Registrars of Companies in Hong Kong on or prior to the Posting Date one duly certified copy of each of the Prospectus Documents in compliance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and filing of each of the Prospectus Documents with the Registrar of Companies in Bermuda on, prior to or as soon as reasonably practicable after, the Posting Date in accordance with the Companies Act and otherwise complying with the Listing Rules;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders on or before the Posting Date;

- (v) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (vi) the delivery by the Company to the Underwriter all the Irrevocable Undertakings;
- (vii) the delivery on or before the Posting Date of one duly certified copy of each of the Prospectus Documents to the Underwriter;
- (viii) the Capital Reorganisation having become effective; and
- (ix) compliance by the Company with all the obligations under relevant provisions in the Underwriting Agreement,

on or before the Settlement Date. If the above conditions have not been fulfilled on or before the Settlement Date, the Rights Issue will not proceed and none of the parties of the Underwriting Agreement shall have any claims against the other party, save for any antecedent breaches of the Underwriting Agreement.

POSSIBLE ADJUSTMENTS TO THE NOTES AND THE WARRANTS

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 Adjusted Shares (as the case may be) to be issued upon conversion of the Notes and exercise of the Warrants. The Company will notify by way of announcement the Noteholders and the holders of the Warrants regarding adjustments to be made (if any) pursuant to the terms of the Notes and the Warrants and such adjustments will be certified by an approved merchant bank (as and when appropriate).

EXPECTED TIMETABLE

Expected date of despatch of the circular in relation
to the Capital Reorganisation, the Rights Issue,
the Placing and the Repurchase Offer
to the Shareholders. Thursday, 24 December 2009

Last day of dealings in the Shares on
a cum-rights basis. Wednesday, 6 January 2010

Commencement of dealings in the Shares on an ex-rights basis.	Thursday, 7 January 2010
Latest time for lodging transfer of the Shares and subscription of Warrants in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 8 January 2010
Closure of registers of members and Warrant holders to determine the eligibility of the Rights Issue (both dates inclusive)	Monday, 11 January 2010 to Monday, 18 January 2010
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Saturday, 16 January 2010
Expected date of the SGM	10:00 a.m. on Monday, 18 January 2010
Announcement of the results of the SGM.	Monday, 18 January 2010
Record Date for the Rights Issue (<i>Note 2</i>)	Monday, 18 January 2010
Effective date of the Capital Reorganisation	Tuesday, 19 January 2010
Commencement of dealings in the Adjusted Shares	9:30 a.m. on Tuesday, 19 January 2010
Despatch of Prospectus Documents	Tuesday, 19 January 2010
Registers of members and Warrant holders re-open	Tuesday, 19 January 2010
Original counter for trading in Existing Shares in existing share certificates in board lots of 30,000 Existing Shares temporarily closes	9:30 a.m. on Tuesday, 19 January 2010

Temporary counter for trading in board lots of
1,500 Adjusted Shares (in the form of
existing share certificates) opens 9:30 a.m. on Tuesday,
19 January 2010

First day of free exchange of certificates
for Existing Shares into new certificates
for the Adjusted Shares Tuesday, 19 January 2010

First day of dealings in nil-paid Rights Shares. Thursday, 21 January 2010

Latest time for splitting in nil-paid Rights Shares 4:00 p.m. on Monday,
25 January 2010

Last day of dealing in nil-paid Rights Shares. Thursday, 28 January 2010

Original counter for trading in Adjusted Shares
in board lots of 10,000 Adjusted Shares
(only new certificates for the Adjusted Shares
can be traded at this counter) re-opens 9:30 a.m. on Tuesday,
2 February 2010

Parallel trading in the Adjusted Shares
(in the form of new and existing
certificates) commences 9:30 a.m. on Tuesday,
2 February 2010

Effective date of the change of board lot size. Tuesday, 2 February 2010

Designated broker starts to stand in the market
to provide matching services for the sale and
purchase of odd lots of Adjusted Shares. Tuesday, 2 February 2010

Latest time for acceptance of, and payment for,
the Rights Shares and application
for excess Rights Shares. 4:00 p.m. on Tuesday,
2 February 2010

Latest time for termination of
the Underwriting Agreement 4:00 p.m. on Friday,
5 February 2010

Announcement of results of the Rights Issue Tuesday, 9 February 2010

Refund cheques for wholly and partially
unsuccessful applications for excess Rights
Shares expected to be posted on or before Thursday, 11 February 2010

Certificates for the Rights Shares expected
to be despatched on or before. Thursday, 11 February 2010

Dealings in full-paid Rights Shares commence Wednesday, 17 February 2010

Temporary counter for trading in board lots of
1,500 Adjusted Shares (in the form of
existing share certificates) closes 4:00 p.m. on Wednesday,
24 February 2010

Parallel trading in the Adjusted Shares
(in the form of new and existing certificates) ends 4:00 p.m. on Wednesday,
24 February 2010

Designated broker ceases to stand in the market
to provide matching services for the sale and
purchase of odd lots of Adjusted Shares. Wednesday, 24 February 2010

Last day of free exchange of certificates
for Existing Shares into new certificates
for the Adjusted Shares Friday, 26 February 2010

Note: (1) All references to time in this announcement are references to Hong Kong time.

(2) Based on the timetable above, the Capital Reorganisation will (subject to the relevant conditions precedent being fulfilled) take effect after the Record Date. Accordingly, for the purposes of determining Shareholder's provisional allotment of Rights Shares, each Qualifying Shareholder's holding of Existing Shares as at the Record Date will be adjusted for the effect of the Capital Reorganisation.

Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by agreement between the Company and the Underwriter, and subject to the approval by the Stock Exchange of such amendments. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.

Effect of bad weather on the latest time for acceptance of and payment for the Rights Issue

If there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 2 February 2010, the latest time of acceptance of and payment for the Rights Shares will not take place at 4:00 p.m. on Tuesday, 2 February 2010, but will be extended to 5:00 p.m. on the same day instead; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 2 February 2010, the latest time of acceptance of and payment for the Rights Shares will not take place on Tuesday, 2 February 2010, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Tuesday, 2 February 2010, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

PROPOSED PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 3 December 2009, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, the Convertible Bonds up to an aggregate principal amount of HK\$300 million upon the Capital Reorganisation becoming effective.

THE PLACING AGREEMENT

Date

3 December 2009

Issuer

The Company

Placing Agent

Emperor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its holding company, Emperor Capital Group Limited (stock code: 717) are third parties independent of and not connected with the Company and its connected persons.

Placees

The Convertible Bonds shall be offered to not less than six Subscribers which are independent institutional or private investors procured by the Placing Agent. The Subscribers and whose ultimate beneficial owners shall be independent of, and not connected with, the Company and its connected persons.

Convertible Bonds to be placed

The Placing with principal amount of up to HK\$300 million, which will be placed by the Placing Agent in up to 6 separate tranches with principal amount of HK\$50 million each or an integral multiple thereof.

Placing Commission

2% of the aggregate principal amount of the Placing issued to the Subscribers under each tranche of the Placing.

Conditions of the Placing

Completion of the Placing Agreement is conditional upon:

- (i) the passing of the necessary resolution(s) on a vote taken by way of poll at the SGM to approve the issue of the Convertible Bonds and the Conversion Shares, and the Capital Reorganisation by the Shareholders; and
- (ii) the Capital Reorganisation becoming effective.

If the conditions precedent above are not fulfilled on or before 31 January 2010 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall lapse and become null and void and the parties thereto will be released from all obligations under the Placing Agreement, save for liabilities arising out of any antecedent breaches of the terms of the Placing Agreement.

In addition to the fulfillment of the conditions precedent to the Placing Agreement, completion of each tranche of the Placing shall be conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) the listing of, and permission to deal in, the Conversion Shares in respect of such tranche of the Placing;
- (ii) the Company not having received any objection from the Stock Exchange to the issue of such tranche of the Placing; and
- (iii) (except for the last tranche of the Placing) the aggregate principal amount of the Placing to be issued pursuant to such tranche is HK\$50 million or an integral multiple thereof.

If the conditions for each relevant tranche of the Placing above are not fulfilled within 14 days from the date of the notice to be given by the Company to the Placing Agent confirming that it has no objection to the issue of all or any part of that tranche to the Subscribers, then the obligations of respective parties in respect of the issue of that tranche of the Placing shall lapse.

Completion

Completion of the Placing will take place on the third Business Days following the day on which the conditions for such tranche of the Placing set out in the Placing Agreement are satisfied or such later date as may be agreed between the Company and the Placing Agent.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised as below:

- Principal amount : Up to an aggregate amount of HK\$300 million
- Denomination : HK\$50 million each
- Maturity date : The fifth anniversary from the date of issue of the Convertible Bonds
- Interest : The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 2.00% per annum.
- Conversion rights : Bondholders will have the right, at any time during the period commencing on and excluding the date of first issue of the Convertible Bonds up to and including the date which is seven days prior to the maturity date, to convert the whole or any part of the principal amount outstanding of the Convertible Bonds (in amounts of not less than a whole multiple of HK\$1 million on each conversion or integral multiples thereof unless the amount of the outstanding Convertible Bonds is less than HK\$1 million in which case the whole (but not part only) of that amount shall be convertible) into Conversion Shares at the Conversion Price (subject to the adjustments).

Bondholders intending to convert are required to provide written confirmation to the Company, among other things, (i) that it will comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to it of the Conversion Shares; and (ii) on the total number of the Shares the relevant Bondholders and its associate(s) will beneficially hold immediately after the issue of the Conversion Shares. The Company shall not be obligated to issue any Conversion Shares if such conversion shall render the Shares held in public hands being less than the minimum public float required under the Listing Rules.

- Conversion Price : The initial Conversion Price will be HK\$0.18 per Conversion Share, subject to customary adjustment provisions in accordance with the terms of the Convertible Bonds for such events as the subdivision or consolidation of Shares, bonus issues, rights issues, dividend payments and distributions and other usual dilutive events.
- Voting : Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only of them being the Bondholders.
- Transferability : The Convertible Bonds may be transferred by the Bondholders to any person except that prior written consent of the Company is required for any assignment or transfer to a connected person of the Company. Any transfer of the Convertible Bonds may be in respect of the whole or any part of the principal amount of the Convertible Bonds (which should be in at least HK\$1 million or in the integral multiples thereof). The Company or any of its subsidiaries may at any time and from time to time repurchase the Convertible Bonds at any prices as may be agreed between the Company or its subsidiaries and the relevant Bondholders.

- Repurchase : The Company or any of its subsidiaries may at any time and from time to time repurchase the Convertible Bonds at any prices as may be agreed between the Company or such subsidiary and the relevant Bondholders.
- Redemption : Upon presentation of the original of the Convertible Bonds during normal business hours, the Company shall, unless previously converted or purchased or redeemed, redeem at the redemption amount which is 100% of the outstanding principal amount of the Convertible Bonds then outstanding on the maturity date.
- Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other exchange. The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The Conversion Price of HK\$0.18 per Conversion Share represents:

1. a discount of approximately 78.57% to the adjusted closing price of HK\$0.84 per Adjusted Share based on the closing price of HK\$0.042 per Existing Share as quoted on the Stock Exchange on 3 December 2009, being the Last Trading Day pending the release of this announcement;
2. a discount of approximately 78.47% to the adjusted average closing price of approximately HK\$0.836 per Adjusted Share for the last five trading days up to and including the Last Trading Day; and
3. a discount of approximately 32.08% to the theoretical ex-rights price of HK\$0.265 per Adjusted Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day.

The Conversion Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Company and the Placing Agent took into account (i) the Group's business had been operating at a loss for the financial year of 2008; (ii) the need of new capital for the Group's business development; and (iii) after taking into account the effects of the Rights Issue, the relative discount to market price will be lower (at about 30% instead of around 78.5%) and therefore the Company and the Placing Agent came to the view that the Conversion Price is set at a level necessary to attract the interest of Subscribers. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable based on the current market conditions and in the best interests of the Company and the Shareholders as a whole.

The Convertible Bonds carry the right to convert into Conversion Shares at the Conversion Price of HK\$0.18 per Conversion Share (subject to adjustments). Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price, up to 1,666,666,666 Conversion Shares will fall to be issued to the Bondholders, representing approximately 15.26% of the issued capital of the Company as at the date of this announcement and approximately 27.52% of the adjusted issued share capital of the Company as enlarged by the issue of the Conversion Shares and Rights Shares after the Capital Reorganisation.

The Conversion Shares will be issued under the specific mandate proposed to be sought from the Shareholders by way of poll at the SGM. The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of conversion.

REASONS FOR THE RIGHTS ISSUE AND THE PLACING AND USE OF PROCEEDS

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 that fund raising through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. The Board has considered alternative fund raising methods including bank financings. Given the banks' current stringent lending policy, there was a lack of positive response from financial institutions. The placing of the Convertible Bonds, which provides the lowest cost of funding and certainty of repayment schedule, is the best alternative to the Company in the current capital market situation and the terms of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum estimated net proceeds from the Rights Issue will be approximately HK\$535 million, which is intended to be used as to approximately (i) HK\$350 million for repurchase of Notes; (ii) HK\$100 million towards funding the construction cost of the Group's existing hotel development projects located in Hong Kong and the PRC and the Tangula luxury trains; (iii) HK\$50 million for further acquisitions of 4-star rated business hotels and budget hotels in the PRC (as and when appropriate targets for acquisition are identified in the future); and (iv) remaining amount for general working capital of the Group for its travel and hotel operations. The minimum estimated net proceeds from the Rights Issue will be approximately HK\$399 million, which is intended to be used as to approximately (i) HK\$350 million for repurchase of Notes (The Company will use its internal resources to fund the outstanding amount for the repurchase of Notes); and (ii) remaining amount for general working capital of the Group for its travel and hotel operations. The maximum estimated net proceeds from the Placing will be approximately HK\$289 million, which is intended to be used as to approximately (i) HK\$100 million for further acquisitions of 4-star rated business hotels and budget hotels in the PRC (as and when appropriate targets for acquisition are identified in the future); (ii) HK\$150 million towards funding the construction cost of the Group's existing hotel development projects located in Hong Kong and the PRC and the Tangula luxury trains; and (iii) remaining amount for general working capital of the Group for its travel and hotel operations.

The net proceeds per Rights Share is expected to be approximately HK\$0.146.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in the business of providing package tours, travel and other related services, hotel operation in Hong Kong and the PRC and trading of securities.

The following audited financial information is extracted from the annual report of the Company for the financial year ended 31 December 2008:

	For the financial year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2,216,897	2,266,163
Gross profit	423,698	416,635
Loss before taxation	(825,748)	(42,143)
Net loss attributable to Shareholders	(688,918)	(16,199)

	As at 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity attributable to Shareholders	1,836,344	2,044,482

PARTICIPATION OF ITC IN THE RIGHTS ISSUE

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, through its indirect wholly-owned subsidiary (i.e. AWL), holds 1,561,120,000 Shares, representing approximately 14.30% of the issued share capital of the Company. Pursuant to the Irrevocable Undertaking executed by AWL, AWL will subscribe, or procure the subscription, in full of not less than 390,280,000 Rights Shares and not more than 546,535,010 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 Notes and Warrants, ITC's indirect interest in the Company (through AWL) will remain approximately 14.30%.

In addition to ITC's indirect interest in the Company through AWL as mentioned above, ITC, through an associated company (the "Associated Company") which is indirectly held as to approximately 42.77% by ITC, is interested in over 20% in CEL. As a result, ITC, through CEL and certain of its subsidiaries is also indirectly interested in approximately 10.72% in the Company. The Company is recognized as an associated company in ITC's books.

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

Reasons for the Participation

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. Based on the unaudited financial information of the Company for the six months ended 30 June 2009 as disclosed in the Interim Report 2009 of the Company, the half year's net loss attributable to the Shareholders had significantly reduced to approximately HK\$115 million as compared with the full year's net loss of approximately HK\$689 million for the year ended 31 December 2008. As further disclosed in the Interim Report 2009 of the Company, the Group has already equipped itself to get its share in the flourishing PRC market and is confident that its PRC section will be fruitful in the coming years and provide enormous contributions to 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\$58.5 million, which will be financed by internal resources of ITC.

Listing Rules implication for ITC

Over the 12 months period immediately preceding the date of AWL's Irrevocable Undertaking, ITC, through AWL, has acquired an aggregate of 31,890,000 Shares on the open market at a total consideration of approximately HK\$1.4 million (excluding stamp duty and related expenses). As the applicable percentage ratios in respect of the Participation itself, or when aggregated with such acquisitions, both exceed 5% but are less than 25%, the Participation constitutes a discloseable transaction for ITC under Chapter 14 of the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the Rights Issue and the Placing (assuming no changes to the share capital of the Company or its shareholding structure in the interim period specified) is as follows:

- (i) assuming no exercise of the outstanding Warrants and Notes before the Record Date.

	As at the date of this announcement		Immediately after Capital Reorganisation		Immediately after the completion of the Rights Issue (assuming all Shareholders have fully subscribed for their entitlements under the Rights Issue)		Immediately after the completion of the Rights Issue (assuming no Shareholders subscribed for their entitlements under the Rights Issue except those undertaken by AWL, CEL and certain CEL's subsidiaries pursuant to the Irrevocable Undertakings)		Immediately after the completion of the Rights Issue and full Conversion of the Convertible Bonds (assuming no Shareholders subscribed for their entitlements under the Rights Issue except those undertaken by AWL, CEL and certain CEL's subsidiaries pursuant to the Irrevocable Undertakings)	
	Number of Existing Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%
AWL (Note 1)	1,561,120,000	14.30%	78,056,000	14.30%	468,336,000	14.30%	468,336,000	14.30%	468,336,000	9.48%
CEL and certain of its subsidiaries (Note 2)	1,170,208,488	10.72%	58,510,424	10.72%	351,062,544	10.72%	351,062,544	10.72%	351,062,544	7.10%
Mr. Kwok Ka Lap, Alva (Note 3)	150,000	-	7,500	-	45,000	-	7,500	-	7,500	-
Underwriter (Note 4)	-	-	-	-	-	-	2,047,129,110	62.49%	2,047,129,110	41.42%
Public:										
Bondholders	-	-	-	-	-	-	-	-	1,666,666,666	33.72%
Other Notes holders (excluding those held by AWL, CEL and certain of its subsidiaries)	-	-	-	-	-	-	-	-	-	-
Other Warrants holders (excluding those held by AWL and CEL and its subsidiaries)	-	-	-	-	-	-	-	-	-	-
Public Shareholders (Note 4)	8,188,366,447	74.98%	409,418,322	74.98%	2,456,509,932	74.98%	409,418,322	12.49%	409,418,322	8.28%
Total	10,919,844,935	100.00%	545,992,246	100.00%	3,275,953,476	100.00%	3,275,953,476	100.00%	4,942,620,142	100.00%

Notes:

- AWL holds 1,561,120,000 Existing Shares and is also interested in Warrants conferring rights for it to subscribe for 305,846,000 Existing Shares and subscribed the Notes in the principal amount of HK\$108.2 million convertible into a maximum of 319,174,041 Existing Shares. AWL is indirectly wholly owned by ITC.
- Million Good Limited, Cosmos Regent Ltd. and Cyber Generation Limited hold 106,697,405 Shares, 866,511,083 Shares and 192,000,000 Shares respectively and are wholly-owned subsidiaries of CEL which also holds 5,000,000 Shares. CEL and certain CEL's subsidiaries are also interested in Warrants conferring rights for it to subscribe for 233,511,481 Existing Shares and subscribed the Notes in the principal amount of HK\$63 million convertible into a maximum of 185,840,707 Existing Shares.

3. Mr. Kwok Ka Lap, Alva is an independent non-executive Director.
4. The Underwriter has informed the Company that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of the Underwriter and the sub-underwriters together with their respective parties acting in concert (as defined in the Takeovers Code) with any of them will not own 30% or more voting rights in the Company immediately after completion of the Rights Issue. The Underwriter has further confirmed to the Company that none of the Underwriter or the sub-underwriters and their respective ultimate beneficial owners is a connected person of the Company. The Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with. The Directors confirm that the Company will ensure compliance with the public float requirement under Rule 8.08 of the Hong Kong Listing Rules upon completion of the Rights Issue.
5. All the Convertible Bonds are assumed to convert at the conversion price of HK\$0.18 per Adjusted Share.
6. The shareholding structure of the Company as at the date of this announcement is based on the SFO register maintained by the Company.

(ii) assuming the exercise of the outstanding Warrants and Notes in full before the Record Date.

	As at the date of this announcement		Immediately after Capital Reorganisation (assuming the exercise of the outstanding Warrants and Notes in full before the Record Date)		Immediately after the completion of the Rights Issue (assuming all Shareholders have fully subscribed for their entitlements under the Rights Issue)		Immediately after the completion of the Rights Issue (assuming no Shareholders subscribed for their entitlements under the Rights Issue except those undertaken by AWL, CEL and certain CEL's subsidiaries pursuant to the Irrevocable Undertakings)		Immediately after the completion of the Rights Issue and full Conversion of the Convertible Bonds (assuming no Shareholders subscribed for their entitlements under the Rights Issue except those undertaken by AWL, CEL and certain CEL's subsidiaries pursuant to the Irrevocable Undertakings) (Note 7)	
	Number of Existing Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%	Number of Adjusted Shares	%
AWL (Note 1)	1,561,120,000	14.30%	109,307,002	14.94%	655,842,012	14.94%	655,842,012	14.94%	655,842,012	10.83%
CEL and certain of its subsidiaries (Note 2)	1,170,208,488	10.72%	79,478,033	10.86%	476,868,198	10.86%	476,868,198	10.86%	476,868,198	7.87%
Mr. Kwok Ka Lap, Alva (Note 3)	150,000	-	7,500	-	45,000	-	7,500	-	7,500	-
Underwriter (Note 4)	-	-	-	-	-	-	2,714,004,335	61.83%	2,714,004,335	44.82%
Public:										
Bondholders	-	-	-	-	-	-	-	-	1,666,666,666	27.52%
Other Notes holders (excluding those held by AWL, CEL and certain of its subsidiaries) (Note 5)	-	-	69,144,542	9.45%	414,867,252	9.45%	69,144,542	1.58%	69,144,542	1.14%
Other Warrants holders (excluding those held by AWL and CEL and its subsidiaries) (Note 6)	-	-	64,230,503	8.78%	385,383,018	8.78%	64,230,503	1.46%	64,230,503	1.06%
Public Shareholders (Note 4)	8,188,366,447	74.98%	409,418,322	55.97%	2,456,509,932	55.97%	409,418,322	9.33%	409,418,322	6.76%
Total	10,919,844,935	100.00%	731,585,902	100.00%	4,389,515,412	100.00%	4,389,515,412	100.00%	6,056,182,078	100.00%

Notes:

1. AWL holds 1,561,120,000 Existing Shares and is also interested in Warrants conferring rights for it to subscribe for 305,846,000 Existing Shares and subscribed the Notes in the principal amount of HK\$108.2 million convertible into a maximum of 319,174,041 Existing Shares. AWL is indirectly wholly owned by ITC.
2. Million Good Limited, Cosmos Regent Ltd. and Cyber Generation Limited hold 106,697,405 Shares, 866,511,083 Shares and 192,000,000 Shares respectively and are wholly-owned subsidiaries of CEL which also holds 5,000,000 Shares. CEL and certain CEL's subsidiaries are also interested in Warrants conferring rights for it to subscribe for 233,511,481 Existing Shares and subscribed the Notes in the principal amount of HK\$63 million convertible into a maximum of 185,840,707 Existing Shares.
3. Mr. Kwok Ka Lap, Alva is an independent non-executive Director.

4. The Underwriter has informed the Company that it has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of the Underwriter and the sub-underwriters together with their respective parties acting in concert (as defined in the Takeovers Code) with any of them will not own 30% or more voting rights in the Company immediately after completion of the Rights Issue. The Underwriter has further confirmed to the Company that none of the Underwriter or the sub-underwriters and their respective ultimate beneficial owners is a connected person of the Company. The Underwriter shall and shall cause the sub-underwriters to procure independent places to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with. The Directors confirm that the Company will ensure compliance with the public float requirement under Rule 8.08 of the Hong Kong Listing Rules upon completion of the Rights Issue.
5. Other Noteholders which are Independent Third Parties subscribed the Notes in the principal amount of HK\$468.8 million convertible into a maximum of 1,382,890,856 Existing Shares.
6. Other Warrants holders which are Independent Third Parties are interested in Warrants conferring rights for them to subscribe for 1,284,610,066 Existing Shares.
7. All the Convertible Bonds are assumed to convert at the conversion price of HK\$0.18 per Adjusted Share.
8. The shareholding structure of the Company as at the date of this announcement is based on the SFO register maintained by the Company.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
17 July 2009	Placing of 1,800,000,000 Shares	approximately HK\$61 million	to be used as general working capital of the Group for its travel and hotel operations	Used as intended

PROPOSED REPURCHASE OF NOTES

The Board has resolved that the Company will make a Repurchase Offer (subject to certain conditions precedent) to repurchase the Notes at a price payable in cash equal to 80% of the outstanding principal amount of the Notes. Certain details of the Repurchase Offer are set out below.

The Notes

On 27 March 2006, the Company announced that it had entered into eight conditional subscription agreements in relation to the issue by the Company of the Notes. The Notes bear interest at 2% per annum, convertible into new Shares at the initial conversion price of HK\$0.79 per Share (subject to adjustments), and mature on the fifth anniversary from the date of the issue of the Notes. Unless previously converted or lapsed or redeemed by the Company, the Company must redeem the Notes on the maturity date at the redemption amount which is 110% of the principal amount of the Notes outstanding. The Notes are also, subject to certain restrictions, exchangeable into new shares of any company which is an affiliated company or subsidiary of the Company that is to be listed on a stock exchange through an initial public offering. The subscription was completed on 8 June 2006 and the Notes in a total principal amount of HK\$1,000 million were issued. Details of the Notes are set out in the Company's announcement and circular dated 27 March 2006 and 21 April 2006 respectively.

On 24 July 2009, the Company made a repurchase offer to the Notes at their face value by the issue of the Shares at HK\$0.035 per Share. On 16 November 2009, the Company announced that the repurchase offer was lapsed since certain conditions precedent to the repurchase offer had not been fulfilled.

As at the date of this announcement, the outstanding principal amount of the Notes is HK\$640 million in aggregate and the Notes will mature on 7 June 2011. Pursuant to the terms of the Notes, 1,887,905,604 new Shares will fall to be issued upon full conversion of the Notes at the prevailing conversion price of HK\$0.339 per Share (subject to adjustments). Subject to completion of the Rights Issue, adjustments to the conversion price of the Notes may be required. Further announcement(s) will be made by the Company in this regard.

Based on the register of Noteholders as at the date of this announcement, AWL, a wholly-owned subsidiary of ITC, holds Notes in principal amount of HK\$108.2 million. AWL is also interested in 1,561,120,000 Shares, representing approximately 14.30% of the existing issued share capital of the Company as at the date of this announcement. CEL holds Notes in principal amount of HK\$63 million. CEL and its wholly-owned subsidiaries together hold 1,170,208,488 Shares, representing approximately 10.72% of the existing issued share capital of the Company as at the date of this announcement. Save as disclosed above, to the best of the Directors' knowledge, the other Noteholders are third parties independent of the Company and its connected persons.

As at the date of this announcement, AWL has not yet received, and therefore has not given any consideration as to whether or not to accept, the Repurchase Offer. However, ITC will comply with the Listing Rules requirements where appropriate.

Terms of the Repurchase Offer

The Company will make the Repurchase Offer (subject to the fulfillment of certain conditions precedent described below) to repurchase the Notes at a price payable in cash equal to 80% of the outstanding principal amount of the Notes which is HK\$512 million in aggregate. Partial acceptance of the Repurchase Offer (in HK\$1 million or integral multiples thereof) by a Noteholder will be permitted. The outstanding principal amount, the conversion Shares to be entitled and the amount of cash payable to the major Noteholders are as follows:

Major Noteholders	Principal Amount Outstanding (HK\$)	As at the date of this announcement, the total number of conversion Shares to be entitled	The amount of cash payable to the Noteholders under the Repurchase Offer (HK\$)
Major Noteholder 1 AWL	200,000,000	589,970,501	160,000,000
Major Noteholder 2	108,200,000	319,174,041	86,560,000
Major Noteholder 3 CEL	67,000,000	197,640,117	53,600,000
	66,000,000	194,690,265	52,800,000
	63,000,000	185,840,707	50,400,000
Other 7 Noteholders	<u>135,800,000</u>	<u>400,589,973</u>	<u>108,640,000</u>
Total	<u><u>640,000,000</u></u>	<u><u>1,887,905,604</u></u>	<u><u>512,000,000</u></u>

The Company will send an offer letter in relation to the Repurchase Offer to the Noteholders within three Business Days from the date of this announcement. The Repurchase Offer will be open for acceptance on or before 4:00 p.m. on the fourteenth day of the date of the said offer letter and the Company will send written notification to the Noteholders within five Business Days after the fulfillment of the conditions precedent referred to below. On the condition that the Registrar receives no later than 4:00 p.m. on the second Business Day immediately preceding the tenth Business Day after the date of such notification the original Notes for cancellation, the Company shall transfer the principal amount of the Notes which is the subject at acceptance of the Notes to such Noteholders.

The Notes tendered for acceptance under the Repurchase Offer will be cancelled.

Overseas Noteholders

The making of the Repurchase Offer to the Noteholders not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. The Noteholders not resident in Hong Kong must inform themselves about and observe any applicable legal requirements. It is the responsibility of a Noteholder outside Hong Kong wishing to accept the Repurchase Offer to satisfy himself as to the full observance of the laws for the relevant territory in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with necessary formalities.

Taxation

The Noteholders should consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Repurchase Offer. It is emphasized that none of the Company or any of the Directors or any other person involved in the Repurchase Offer accepts any responsibility for any tax effects on, or liabilities of, any Noteholders as a result of their acceptances of the Repurchase Offer.

Conditions precedent to the Repurchase Offer

The Repurchase Offer will be conditional upon:

- (i) the passing of the necessary resolution(s) on a vote taken by way of poll at the SGM to approve the Repurchase Offer by the Independent Shareholders; and
- (ii) the completion of the Rights Issue.

If the conditions precedent above are not satisfied on or before 20 February 2010, the Repurchase Offer will lapse.

Reasons for the Repurchase Offer

The Group recorded an audited net profit of approximately HK\$4.5 million for the year ended 31 December 2007 and an audited loss of approximately HK\$832.9 million for the year ended 31 December 2008. As at 31 December 2008, the audited net assets of the Group amounted to approximately HK\$2,251.5 million, and the gearing ratio as at 31 December 2008, expressed as a percentage of total borrowings to equity attributable to the Shareholders, was 72.2%.

In view of the deteriorating financial results of the Group as a result of the global financial crisis since late 2008 and the impact of the recent outbreak of swine flu on the travel industry, the Company has been actively seeking ways to enhance the financial position and prospects of the Group, including acquiring hotel and travel related assets and businesses with a view to improving the return to the Group as well as conducting fund raising exercises to raise additional capital for the Group's working capital and future investment opportunities. As the coupon interest and imputed interest associated with the Notes amounts to tens of million in aggregate per annum (approximately HK\$51.8 million for the year ended 31 December 2008), the Repurchase Offer, if completed, would lower the Group's gearing ratio and reduce substantially the finance cost of the Group upon cancellation of the Notes. In addition, the Notes have been "out-of-the-money" for most of the period since their issue. Taking into account the size of the Notes and that the Notes are redeemable at 110% of their face value at maturity, the impact on the Group's cashflow would be substantial if the Company were to repay all the outstanding Notes at maturity. The Directors consider the Repurchase Offer is a means to alleviate the pressure posed by the redemption of the Notes on the future cashflow of the Group and at the same time improve the financial position of the Group.

Taking into account the above, the Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) consider that the terms of the Repurchase Offer are fair and reasonable and the Repurchase Offer is in the interests of the Company and the Shareholders as a whole.

Repurchase Code

The Repurchase Offer is made in accordance with the terms and conditions of the instrument constituting the Notes and constitutes an exempt share repurchase by the Company under the Repurchase Code.

LISTING RULES REQUIREMENTS

SGM

A SGM will be convened for the purpose of approving the Capital Reorganisation, Rights Issue, the Placing and the Repurchase Offer.

Capital Reorganisation

Capital Reorganisation will be subject to the Shareholders' approval by way of poll.

Right Issue

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, the Company has no controlling Shareholder and none of the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates holds any Share. The vote of Shareholders taken at the SGM to be convened for approving the Rights Issue will be taken on a poll.

As completion of the Rights Issue is one of the conditions precedent to the Repurchase Offer, each of AWL, CEL and certain CEL's subsidiaries, being one of the Noteholders, is regarded as having a material interest in the Rights Issue and therefore AWL, CEL and certain CEL's subsidiaries and their respective associates will be required to abstain from voting at the SGM in relation to the Rights Issue. Save as disclosed above, to the best of the Directors' knowledge, the other Noteholders are third parties independent of the Company and its connected persons. Other than AWL, CEL and certain CEL's subsidiaries and their respective associates, no Shareholder is required to abstain from voting for the Rights Issue at the SGM.

Placing of Convertible Bonds

The Placing will be subject to the Shareholders' approval by way of poll.

Repurchase of Notes

AWL, a wholly-owned subsidiary of ITC, currently holds Notes in principal amount of HK\$108.2 million. Mr. Cheung Hon Kit, an executive Director, is also an executive director of ITC. CEL currently holds Notes in principal amount of HK\$63 million. Dr. Yap, Allan and Ms. Chan Ling, Eva, executive Directors, are also directors of CEL. As at the date of this announcement, AWL and CEL are interested in approximately 14.30% and 10.72% of the issued share capital of the Company respectively. Save as disclosed above, to the best of the Directors' knowledge, AWL, CEL and certain CEL's subsidiaries and their respective associates do not have any other relationship with the Company. The purchase of the Notes by the Company from either or both of AWL and CEL will (and assuming that all Notes held by them are tendered) constitute a possible connected transaction of the Company under Chapter 14A of the Listing Rules and, is subject to the Independent Shareholders' approval. AWL, CEL and their respective associates will abstain from voting at the SGM.

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

Shareholders, holders of the Warrants and potential investors of the Company should note that (i) 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); (ii) the Placing is on a “best effort” basis and therefore there is no assurance that any Convertible Bond issued will be placed if at all; and (iii) the completion of the Repurchase Offer is subject to the fulfillment of certain conditions (a summary of which is set out in the sub-section headed “Conditions precedent to the Repurchase Offer” above). Accordingly, the Rights Issue, the Placing and the Repurchase Offer may or may not proceed.

Shareholders, holders of the Warrants and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, the Adjusted Shares, the Warrants 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.

GENERAL

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

A circular containing, inter alia, (i) further information regarding the details of the Capital Reorganisation, the Rights Issue, the Placing and the Repurchase Offer; (ii) the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Repurchase Offer; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Repurchase Offer; and (iv) a 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 (where applicable, the Independent 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 Tuesday, 19 January 2010 and the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

RESUMPTION OF TRADING

Trading in the Existing Shares on the Stock Exchange has been suspended from 2:30 p.m. on 3 December 2009 pending release of this announcement. Application has been made by the Company for the resumption of trading of the Existing Shares on the Stock Exchange with effect from 9:30 a.m. on 9 December 2009.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the meanings set out below:

“AWL”	Asia Will Limited, an indirect wholly-owned subsidiary of ITC
“Accumulated Losses”	the accumulated losses of the Company on the date of the Capital Reorganisation becoming effective
“Adjusted Shares”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	a day (other than a Saturday, Sunday, public holidays) on which banks are open for general banking business in Hong Kong

“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposal for the reduction of the par value of the issued Consolidated Shares from HK\$0.20 each to HK\$0.01 each by canceling HK\$0.19 of the paid-up capital on each issued Consolidated Share
“Capital Reorganisation”	the Share Consolidation and the Capital Reduction
“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 in the over-the-counter securities market in the USA
“Company”	Wing On Travel (Holdings) Limited (stock code: 1189), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“Companies Act”	The Companies Act 1981 of Bermuda
“Completion Date”	a date falling on or before the third business day following the conditions in the Placing Agreement being fulfilled or on such other date as the Company and the Placing Agent shall agree
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the issued share capital of the Company immediately after the Share Consolidation becoming effective
“Conversion”	conversion of the Convertible Bonds in accordance with its terms and conditions
“Conversion Price”	HK\$0.18 per Conversion Share (subject to adjustments)

“Conversion Share(s)”	means those Adjusted Shares to be issued by the Company upon Conversion of the Convertible Bonds, namely, up to 1,666,666,666 Adjusted Shares falling to be issued at the Conversion Price in full (subject to adjustments) and pursuant to the terms and conditions of the Convertible Bonds
“Convertible Bonds”	convertible bonds with aggregate principal amount of up to HK\$300 million to be placed by the Placing Agent under the Placing
“Director(s)”	director(s) of the Company
“Emperor”	Emperor Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and 4 (advising on securities) regulated activities as defined in Schedule 5 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Excess Application Form(s)” or “EAF(s)”	the form of application for excess Rights Shares
“Excluded Overseas Shareholders”	the Overseas Shareholder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it necessary or expedient on account either of the 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
“Existing Share(s)”	the ordinary share(s) of HK\$0.01 each in the existing issued share capital of the Company, before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors, namely Mr. Kwok Ka Lap, Alva, Mr. Poon Kwok Hing, Albert and Mr. Sin Chi Fai, established for the purpose of giving a recommendation to the Independent Shareholders on the Rights Issue and Repurchase Offer
“Independent Shareholders”	Shareholders other than AWL and CEL and their respective associates
“Independent Third Party(ies)”	independent third party(ies) who is (are) not connected person(s) of the Company as defined in the Listing Rules and is(are) independent of the Company and connected persons of the Company
“Irrevocable Undertaking(s)”	an irrevocable undertaking dated 3 December 2009 under which each of CEL, certain CEL’s subsidiaries and AWL has irrevocably undertaken, among other things, to subscribe or procure the subscription of the provisional allotment of its full entitlements pursuant to the Rights Issue
“ITC”	ITC Corporation Limited (stock code: 372), a company incorporated in Bermuda with limited liability and the issued securities of which are listed on the Main Board of the Stock Exchange
“Last Trading Day”	3 December 2009, being the last trading day for the Existing Shares on the Stock Exchange before the release of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Noteholder(s)”	holder(s) of the Notes
“Notes”	the 2% convertible exchangeable notes due 7 June 2011 issued by the Company with an aggregate outstanding principal amount of HK\$640 million as at the date of this announcement
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of the business on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Placing Agent”	Emperor
“Placing Agreement”	the conditional placing agreement dated 3 December 2009 entered into between the Company and the Placing Agent in relation to the Placing
“Participation”	the proposed acceptance or procured acceptance by AWL, the provisional allotment of not less than 390,280,000 Rights Shares and not more than 546,535,010 Rights Shares, being its pro-rata entitlement under the Rights Issue, pursuant to the Irrevocable Undertaking executed by AWL
“Placing”	the best effort placing of up to an aggregate amount of HK\$300 million Convertible Bonds convertible into Shares at the Conversion Price under a specific mandate
“Posting Date”	Tuesday, 19 January 2010, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and despatch of the Prospectus to the Excluded Overseas Shareholders for information only
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue

“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”	Shareholders other than the Excluded Overseas Shareholders
“Record Date”	Monday, 18 January 2010, the record date of which entitlements to the Rights Issue will be determined
“Registrar”	Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Company’s Hong Kong branch share registrar
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Repurchase Offer”	an offer being made by the Company to repurchase the Notes at a price payable in cash equal to 80% of the outstanding principal amount of the Notes
“Rights Issue”	the proposed issue by way of rights of Rights Shares at a price of HK\$0.15 per Rights Share on the basis of five Rights Shares for every Adjusted Share then held on the Record Date
“Rights Share(s)”	not less than 2,729,961,230 Adjusted Shares but not more than 3,657,929,510 Adjusted Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of five Rights Shares for every Adjusted Share held on the Record Date pursuant to the Rights Issue
“Settlement Date”	Friday, 5 February 2010, being the last date for termination of the Underwriting Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

“SGM”	the special general meeting of the Company for approving, inter alia, the Capital Reorganisation, Rights Issue, Placing and Repurchase Offer
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.20 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	an independent institutional, professional and/or individual investor who is not party acting in concert (as defined under the Takeovers Code) with ITC and/or CEL, and such investor and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and connected persons of the Company under the Placing
“Subscription Price”	the subscription price for the Rights Shares, being HK\$0.15 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Emperor
“Underwriting Agreement”	the underwriting agreement dated 3 December 2009 in relation to the Rights Issue entered into between the Company and the Underwriter
“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 each of CEL, certain CEL’s subsidiaries and AWL pursuant to the Irrevocable Undertakings, being not less than 2,047,129,110 Rights Shares but not more than 2,714,004,335 Rights Shares

“USA”	United States of America
“Warrants”	1,823,967,547 warrants of the Company as at the date of this announcement, conferring the right in its registered form to the holders thereof to subscribe for a total of 1,823,967,547 Existing Shares at an exercise price of HK\$0.091 per Existing Share
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Wing On Travel (Holdings) Limited
Chan Ling, Eva
Managing Director

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

Hong Kong, 8 December 2009

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

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)
Ms. Chan Ling, Eva (*Managing Director*)
Dr. Yap, Allan
Mr. Chan Pak Cheung, Natalis

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 board of directors of ITC comprises:

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
Mr. Chan Yiu Lun, Alan

Independent Non-executive Directors:

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