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WING ON TRAVEL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1189



CHINA STRATEGIC HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 235

PLACING OF 6,000 MILLION EXISTING SHARES AND SUBSCRIPTION OF 6,000 MILLION NEW SHARES (INVOLVING DISCLOSEABLE TRANSACTIONS OF CSH IN RESPECT OF THE DISPOSAL AND SUBSCRIPTION OF 2,340 MILLION SHARES, AND A CONNECTED TRANSACTION OF WING ON TRAVEL IN RESPECT OF THE ISSUE OF 2,340 MILLION SHARES UNDER THE SUBSCRIPTION)

On 30 November 2004, Wing On Travel entered into two placing and subscription agreements with CEL, a subsidiary of CSH and a substantial shareholder of Wing On Travel, and the Placing Agent pursuant to which the Placing Agent agreed to place, 6,000 million Shares at the price of HK\$0.028 per Placing Share to no less than six Placees who are Independent Third Parties procured by the Placing Agent and CEL would subscribe for up to 6,000 million new Shares at the same price of HK\$0.028 per Subscription Share. CEL's obligation to subscribe for Subscription Shares in excess of 3,660 million, and Wing On Travel's obligation to issue those Subscription Shares, are conditional upon Independent Shareholders approval of such issue being obtained. The Subscription Shares represent approximately (i) 21.0% of Wing On Travel's existing issued share capital; and (ii) 17.4% of Wing On Travel's issued share capital as enlarged by the Subscription (assuming the maximum of 6,000 million Subscription Shares are issued).

The Placing is fully underwritten by the Placing Agent. The Placing is subject to termination on the occurrence of certain events, set out in greater detail below, at any time before completion of the Placing. Completion of the subscription is subject to the satisfaction of certain conditions as described below. If these conditions are not fulfilled, the Subscription will not proceed.

As the General Mandate will have been largely utilized by the issue of Subscription Shares pursuant to the First Placing Agreement, further issues of Subscription Shares under the Second Placing Agreement requires the approval of shareholders of Wing On Travel. As a result, the Second Placing Agreement falls outside the ambit of Rule 14A.31(3) of the Listing Rules, and constitute a connected transaction of Wing On Travel which requires Independent Shareholders approval under the Listing Rules.

Wing On Travel will as soon as practicable issue a circular to its shareholders in respect of the Second Placing Agreement, which circular will also contain a letter from an independent board committee of Wing On Travel, a letter from an independent financial adviser to be retained by Wing On Travel to advise its independent board committee and the Independent Shareholders and also a notice convening a special general meeting of Wing On Travel for the purpose of seeking shareholders approval for the issue of Subscription Shares under the Second Placing Agreement. CEL and its associates will abstain from voting on the resolution to approve the issue of Subscription Shares under the Second Placing Agreement at that special general meeting. Voting on that resolution will be taken by poll.

The sale of 2,340 million existing Shares and the subscription of 2,340 million new Shares by CSH under the Second Placing Agreement also constitutes a discloseable transaction of CSH under the Listing Rules as the consideration ratio in respect of each such transaction exceeds 5% but is less than 25%. A circular containing, amongst other things, information in respect of the disposal and subscription of 2,340 million Shares will be dispatched by CSH to the shareholder of CSH as soon as practicable.

Trading of the shares of Wing On Travel and the shares of CSH on the Stock Exchange were suspended at 9:30am on 26 November 2004 pending the issue of the announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares of Wing On Travel and CSH respectively, with effect from 9:30am on 1 December 2004.

PLACING AGREEMENTS DATED 30 NOVEMBER 2004

Pursuant to the Placing Agreements, the Placing Agent agreed to place on a fully underwritten basis 6,000 million existing Shares at a price of HK\$0.028 per Placing Share on behalf of CEL and CEL would subscribe for 6,000 million new Shares equivalent to the number of Placing Shares placed. The First Placing Agreement relates to the sale and the conditional subscription of 3,660 million Shares. The Second Placing Agreement relates to the sale and the conditional subscription of up to 2,340 million Shares. The terms of both Placing Agreements are substantially the same (save to the extent disclosed below). The performance of neither Placing Agreements is conditional upon the other. The terms of the Placing Agreements are set out below:

A. In respect of the Placing

Vendor:

CEL, which owns through its wholly-owned subsidiary 8,650 million Shares as at the date of this announcement, representing approximately 30.3% of the existing issued share capital of Wing On Travel, which comprises approximately 28,567 million Shares.

Placing Agent:

Deutsche Bank AG, Hong Kong Branch, an Independent Third Party. The Placing Agent is entitled to receive a commission equal to 3.6% of the aggregate placing price of the Placing Shares.

Number of Shares to be placed:

6,000 million existing Shares held by CEL Group. 3,660 million Placing Shares and 2,340 million Placing Shares represent (i) approximately 12.8% and 8.2% respectively of Wing On Travel's existing issued share capital; and (ii) approximately 10.6% and 6.8% respectively of Wing On Travel's issued share capital as enlarged by the Subscription (assuming the maximum of 6,000 million Subscription Shares are issued). The 6,000 million Placing Shares represents (i) 21% of Wing On Travel's existing issued share capital; and (ii) approximately 17.4% of Wing On Travel's issued share capital as enlarged by the Subscription (assuming the maximum of 6,000 million Subscription Shares are issued).

The Placing is fully underwritten by the Placing Agent subject to the termination rights of the Placing Agreement described below. Completion of the Subscription is subject to the satisfaction of certain conditions as described below. If these conditions are not fulfilled, the Subscription will not proceed.

Placees:

Not less than six professional, institutional and/or individual investors procured by the Placing Agent for each of the Placing Agreements. Each of the placees and their respective ultimate beneficial owners will be an Independent Third Party. The board of Wing On Travel does not expect any placee will become a substantial shareholder of Wing On Travel (as defined in the Listing Rules) as a result of the Placing.

Placing Price:

HK\$0.028 per Placing Share. The Placing Price represents (i) the same closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the Last Dealing Date (being the last day of trading in the Shares on the Stock Exchange prior to the release of this announcement); (ii) a discount of approximately 17.2% to the average closing price of HK\$0.0338 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Dealing Date and (iii) a discount of approximately 2.1% to the average closing price of HK\$0.0286 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Dealing Date.

Conditions of the Placing:

Placing under both Placing Agreements is unconditional.

Completion of the Placing:

Apart from the Placing Agent's termination right referred to below, the Placing is unconditional and completion of the Placing is expected to take place on 3 December 2004.

Termination:

The Placing is subject to termination on the occurrence of certain events prior to completion of the Placing, including:

- (a) any material breach of the warranties given by Wing On Travel and CEL under the Placing and Subscription Agreement; and
- (b) certain events of force majeure which might adversely effect the Placing including the introduction or amendment of any laws which may effect the Group; any event which might adversely effect political, economic or stock market conditions; imposition of any moratorium, suspension or material restriction on trading in securities on the Stock Exchange due to exceptional financial circumstances; a change or development in taxation in Hong Kong or the People's Republic of China or implementation of exchange control which shall or might materially and adversely affect the Company and its shareholders or any deterioration in the conditions of local or international securities markets.

The directors of Wing On Travel are not aware of the occurrence of any of such events as at the date of this announcement.

Other terms:

Each of CEL and Wing On Travel has agreed that it will not, before the expiry of 90 days following the day of completion of the Placing, offer, issue, allot, sell or otherwise dispose of any other Shares or any securities convertible into or exchangeable or carrying rights to acquire other Shares, or enter into any derivative transaction that has the economic effect of such sale, transfer or disposition, whether settled in cash or otherwise, without the prior written consent of the Placing Agent, provided that none of the foregoing shall prevent the Company from issuing any rights, options or Shares pursuant to the share option scheme of the Company or pursuant to the exercise of the conversion rights under the Convertible Note.

B. In respect of the Subscription**Subscriber:**

CEL, the controlling shareholder of Wing On Travel and therefore a connected person of Wing On Travel.

Number of new Shares to be subscribed for:

Equal to the number of Placing Shares actually placed under the Placing, being up to 6,000 million new Shares. 3,660 million Subscription Shares and 2,340 million Subscription Shares represent (i) approximately 12.8% and 8.2% respectively of Wing On Travel's existing issued share capital; and (ii) approximately 10.6% and 6.8% respectively of Wing On Travel's issued share capital as enlarged by the Subscription (assuming the maximum of 6,000 million Subscription Shares are issued). The 6,000 million Placing Shares represents (i) 21% of Wing On Travel's existing issued share capital; and (ii) approximately 17.4% of Wing On Travel's issued share capital as enlarged by the Subscription (assuming the maximum of 6,000 million Subscription Shares are issued).

Subscription price:

HK\$0.028 per Subscription Share, being the same as the Placing Price.

Conditions of the Subscription:

The issue of Subscription Shares pursuant to the First Placing Agreement is conditional upon (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares which fall to be issued under that agreement and (ii) completion of the placing of the Placing Shares under that agreement having taken place. Completion of the issue of Subscription Shares pursuant to the First Placing Agreement will take place upon the fulfillment of all conditions of the Subscription as set out above. That Subscription must be completed on or before 14 December 2004, being 14 days from the date of the Placing Agreement. If the Subscription under the First Placing Agreement were to be completed thereafter, it would constitute a connected transaction of Wing On Travel under the Listing Rules which would require the approval of the Independent Shareholders.

The issue of Subscription Shares pursuant to the Second Placing Agreement is conditional upon (i) the Listing Committee granting listing of and permission to deal in the Subscription Shares which fall to be issued under that agreement; (ii) completion of the placing of the Placing Shares under that agreement having taken place; and (iii) the approval of such issue by Independent Shareholders having been obtained. Completion of the subscription of Subscription Shares under the Second Placing Agreement will take place on the third business day after the fulfillment of all such conditions. If such conditions (including the obtaining of Independent Shareholders' approval of the issue of new Shares under the Second Placing Agreement) are not fulfilled on or before 31 January 2005 or such later date as Wing On Travel and CEL may agree in writing, the subscription of new Shares under the Second Placing Agreement will not proceed. Further announcement will be made by Wing On Travel as and when appropriate in relation to the fulfillment of the conditions of the Second Placing Agreement.

AUTHORITY TO ISSUE THE SUBSCRIPTION SHARES

The 3,660 million Subscription Shares under the First Placing Agreement are to be issued by Wing On Travel under the General Mandate (which as at the date of this announcement, allows Wing On Travel to issue or deal with up to 3,663,346,554 new Shares). The 2,340 million Subscription Shares under the Second Placing Agreement are to be issued by Wing On Travel pursuant to Independent Shareholders approval, if obtained. Wing On Travel will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

RANKING OF SUBSCRIPTION SHARES

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares including the right to any dividends or distributions.

CHANGES IN SHAREHOLDING OF WING ON TRAVEL AS A RESULT OF THE PLACING AND SUBSCRIPTION

The changes of the shareholding of Wing On Travel as a result of the Placing and the Subscription are illustrated in the table as follows:

	No. of existing shares held as at the date of this Announcement	%	No. of shares held after completion of the Placing but before completion of the Subscription	%	No. of shares held after completion of Placing and Subscription under the First Placing Agreement	%	No. of shares held after completion of Placing and the Subscription under both Placing Agreements	%
CEL	8,650,000,000	30.28	2,650,000,000	9.28	6,310,000,000	19.58	8,650,000,000	25.02
<i>Directors of Wing On Travel</i>								
Dr. Chan Kwok Keung, Charles	17,280,000	0.06	17,280,000	0.06	17,280,000	0.05	17,280,000	0.05
Chan Yeuk Wai (note 2)	3,090,694,440	10.82	3,090,694,440	10.82	3,090,694,440	9.59	3,090,694,440	8.94
<i>Public</i>								
Existing Public Shareholders	16,808,758,330	58.84	16,808,758,330	58.84	16,808,758,330	52.16	16,808,758,330	48.63
Placees	–	0.00	6,000,000,000	21.00	6,000,000,000	18.62	6,000,000,000	17.36
TOTAL	28,566,732,770	100.00	28,566,732,770	100.00	32,226,732,770	100.00	34,566,732,770	100.00

Notes:

1. The above table assumes that there are no changes to the shareholding in Wing On Travel of the parties named above, other than as a result of the Placing and the Subscription.
2. Based on the notice dated 27 November 2004 filed by Mr. Chan Yeuk Wai with Wing On Travel pursuant to the SFO, Mr. Chan Yeuk Wai had 50% control of Hounslow Limited and he is deemed to be interested in 3,090,694,440 Shares by virtue of his interests in Hounslow Limited. To the best of the knowledge, information and belief of the directors of CSH having made all reasonable enquiry, Hounslow Limited is not a connected person of CSH.
3. To the best of the knowledge, information and belief of the directors of CSH having made all reasonable enquiry, no substantial shareholder of Wing On Travel (excluding CEL) is a connected person of CSH under the Listing Rules.
4. CSH currently accounts for Wing On Travel as an associated company. Upon completion of the Placing and the Subscription under the First Placing Agreement (and before completion of the Subscription of the Second Placing Agreement), CSH will continue to account for Wing On Travel as an associated company.

The board of directors of Wing On Travel does not expect any placee will become a substantial shareholder of Wing On Travel (as defined in the Listing Rules) as a result of the Placing.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

CSH is an investment holding company. The CSH Group is principally engaged in manufacturing of batteries and property investment and development business in the PRC. CEL is an investment holding company and is owned as to approximately 55.22% effective equity interest and approximately 88.79% effective voting interest by CSH. CEL is therefore a subsidiary of CSH. The CEL Group has substantial interests in other investment companies, which through their subsidiaries are principally engaged in the manufacturing and marketing of tires in the PRC and other countries abroad and the business of providing package tour, travel and other related services and hotel and leisure-related-business.

Wing On Travel is an investment holding company. The Wing On Travel Group is principally engaged in the business of providing package tours, travel and other related services with branches in Hong Kong, Macau, Canada and the United Kingdom, and hotel operation in Hong Kong and the PRC. The audited consolidated net losses (both before and after taxation and extraordinary items and minority interest) of Wing On Travel for the nine months ended 31 December 2002 and the year ended 31 December 2003 and the unaudited consolidated net profit (both before and after taxation and extraordinary items and minority interest) of Wing On Travel for the six months ended 30 June 2004 were as follows:

	Six months ended 30 June 2004 HK\$'000 (unaudited)	Year ended 31 December 2003 HK\$'000 (audited)	Nine months ended 31 December 2002 HK\$'000 (audited)
Turnover	814,139	1,416,235	1,323,286
Consolidated net profit/(loss) before taxation and extraordinary items and minority interest	32,868	(373,047)	(304,153)
Taxation (charge)/credit	(8)	2,075	669
Consolidated net profit/(loss) after taxation and extraordinary items and minority interest	32,953	(370,972)	(302,248)

Based on the interim report of Wing On Travel for the six months ended 30 June 2004, the unaudited consolidated net asset value and unaudited total assets of Wing On Travel as at 30 June 2004 was approximately HK\$325.7 million and HK\$2,553.03 million respectively.

The Placing Price and the Subscription Price were determined after arm's length negotiations between Wing On Travel, CEL, and the Placing Agent. The boards of Wing On Travel and CSH including their respective independent non-executive directors of Wing On Travel and CSH consider the Placing Price and the Subscription Price to be fair and reasonable.

If the issue of the Subscription Shares pursuant to the Second Placing Agreement is completed, CSH will incur a loss of approximately HK\$3.9 million resulting from the dilution of interests in Wing On Travel with reference to the unaudited management accounts of CSH as at 30 June 2004. If the issue of the Subscription Shares pursuant to the Second Placing Agreement is not completed, CSH will incur a gain of approximately

HK\$67.9 million resulting from the sale of 2,340 million Shares under the Second Placing Agreement with reference to unaudited management accounts of CSH as at 30 June 2004. There are no restrictions in relation to the Placing Shares to be placed pursuant to the Second Placing Agreement.

The Placing and the Subscription (as a whole) facilitates fund raising by Wing On Travel and would help strengthen its financial position. As CSH has an interest in Wing On Travel through CEL, the directors of CSH including the independent non-executive directors of CSH consider that the proposed Placing and Subscription could in turn help bolster its investment in Wing On Travel through improvement in Wing On Travel's financial position and increase of its capital base, notwithstanding the dilution of CSH's interests in Wing On Travel which the Subscription entails. If the issue of Subscription Shares pursuant to the Second Placing Agreement does not proceed (because the conditions precedent are not fulfilled by the agreed deadline), CSH intends that the net proceeds of the sale of existing Shares pursuant to the Second Placing Agreement (which would amount to approximately HK\$65.5 million if all 2,340 million existing Placing Shares were sold under the Second Placing Agreement) to be used by CEL as general working capital. CEL has no specific intended use for such proceeds.

Wing On Travel has not made any equity issues in the 12 months precedings the date of this announcement, apart from the issue of HK\$260 million Convertible Notes to CEL (as to HK\$155 million) and Hutchison International Limited (as to HK\$105 million) on 14 June 2004 (which on issue were convertible into 13,000 million conversion shares at the then conversion price of HK\$0.02, subject to adjustment) in order to replace HK\$370 million convertible notes which had then matured (for which issue Wing On Travel did not receive new money) as described in Wing On Travel's announcements dated 17 March 2004, 7 April 2004, 4 May 2004, 10 May 2004, 24 May 2004 and 8 June 2004 and the circular of Wing On Travel dated 24 May 2004 and the issue of Shares on conversion of the Convertible Notes. If the outstanding Convertible Notes are converted in full at the existing conversion price, 2,750,000,000 Shares will fall to be issued, representing 9.6% of the existing issued share capital of Wing On Travel. The directors (including the independent non-executive directors) of Wing On Travel consider the Placing and the Subscription as a whole is desirable as it will enlarge the shareholder base and the capital base of Wing On Travel and will strengthen the financial position of the Wing On Travel Group. They believe that the Placing and the Subscription are in the interests of Wing On Travel. Wing On Travel intends to apply the net proceeds of the Subscription which would amount to approximately HK\$160.6 million, principally towards payment of HK\$107.5 million of the consideration for the proposed acquisition by Wing On Travel Group of a 34.24% attributable interest in Kingsway Hotel Limited described in the Kingsway Transaction Announcement. The balance of the net proceeds of approximately HK\$53.1 million will be utilised as general working capital.

As stated in the Kingsway Transaction Announcement on 24 November 2004, the directors of Wing On Travel intended to finance that HK\$107.5 million payment by bank borrowings, but they may also consider other debt financing and/or equity funding should these funding arrangements offer terms which are more favourable to the Wing On Travel Group than bank borrowings. In view of recent market response to hotel and entertainment stocks, the directors of Wing On Travel had expected at the time of the making of the Kingsway Transaction Announcement that if investors respond favourably to Wing On Travel's proposed investment in Kingsway Hotel Limited, equity fund raising may be a possibility. Wing On Travel was first approached after the close of the Hong Kong stock market on the Last Dealing Date in relation to the Placing and the Subscription. Since equity funding does not involve costs associated with debt financing, the directors of Wing On Travel considered that it would be desirable for Wing On Travel to proceed with the Placing and the Subscription.

Wing On Travel has today paid a further deposit of approximately HK\$15.75 million in connection with the proposed acquisition of interest in Kingsway Hotel Limited described in the Kingsway Transaction Announcement. Completion of that acquisition is, however, subject to the fulfillment of conditions precedent (other than that in relation to the due diligence review of various companies which is deemed to have been satisfied on payment of the further deposit) described in the Kingsway Transaction Announcement.

LISTING RULES IMPLICATIONS FOR THE PLACING AND SUBSCRIPTION

The Placing Agreements constitute connected transactions of Wing On Travel under the Listing Rules, because CEL is a controlling shareholder of Wing On Travel and therefore a connected person of Wing On Travel under the Listing Rules.

The First Placing Agreement is exempted under Rule 14A.31(3) of the Listing Rules from reporting, announcement and independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules provided it can be completed within 14 days from the date of the First Placing Agreement.

As the General Mandate will have been fully utilized by the issue of Subscription Shares pursuant to the First Placing Agreement, further issues of Subscription Shares under the Second Placing Agreement requires the approval of shareholders of Wing On Travel. As a result, the Second Placing Agreement falls outside the ambit

of Rule 14A.31(3) of the Listing Rules, and constitute a connected transaction of Wing On Travel which requires Independent Shareholders approval under the Listing Rules.

Wing On Travel will as soon as practicable issue a circular to its shareholders in respect of the Second Placing Agreement, which circular will also contain a letter from an independent board committee of Wing On Travel, a letter from an independent financial adviser to be retained by Wing On Travel to advise its independent board committee and the Independent Shareholders and also a notice convening a special general meeting of Wing On Travel for the purpose of seeking shareholders approval for the issue of Subscription Shares under the Second Placing Agreement. CEL and its associates will abstain from voting on the resolution to approve the issue of Subscription Shares under the Second Placing Agreement at that special general meeting. Voting on that resolution will be taken by poll.

The sale of 2,340 million existing Shares and the subscription of 2,340 million new Shares by CSH under the Second Placing Agreement also constitutes a discloseable transaction of CSH under the Listing Rules as the consideration ratio in respect of each such transaction exceeds 5% but is less than 25%. A circular containing, amongst other things, information in respect of the disposal and subscription of 2,340 million Shares will be dispatched to the shareholder of CSH as soon as practicable.

UNUSUAL MOVEMENTS IN THE PRICE AND TRADING VOLUME OF THE SHARES OF WING ON TRAVEL

The directors of Wing On Travel have noted the increase in the trading volume and the unusual share price movements of the Shares on the Last Dealing Date and wish to state that they are not aware of any reasons for such unusual movements.

Wing On Travel has been notified that Hounslow Limited, a substantial shareholder of Wing On Travel (in which based on notices received by Wing On Travel pursuant to SFO was given to understand, Mr. Chan Yeuk Wai, a non-executive director of Wing On Travel, has 50% control) has disposed of an aggregate of 140,000,000 Shares on the Last Dealing Date. Those Shares were sold in the market at prices between HK\$0.045 and HK\$0.056 per Share on the Stock Exchange, representing approximately 1.5% of the total trading volume of Shares on the Last Dealing Date based on information published by the Stock Exchange. Mr. Chan Yeuk Wai was not involved in discussions or negotiations on the Placing and Subscription.

Save for the transactions disclosed in this announcement, the Kingsway Transaction Announcement and those negotiations and discussions referred to in the announcements of Wing On Travel dated 1, 11, 16 November 2004 with respect to Wing On Travel's travel business which are still ongoing, the directors of Wing On Travel confirm that there are no negotiations or agreements relating to the intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the board of directors of Wing On Travel aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price sensitive-nature.

The above statement is made by the order of the board of directors of Wing On Travel, the directors of Wing On Travel individually and jointly accept responsibility for the accuracy of the foregoing statement.

UNUSUAL MOVEMENTS IN THE PRICE AND TRADING VOLUME OF THE SHARES OF CSH

The directors of CSH have noted the increase in the trading volume and the decrease in the price of the shares of CSH on the Last Dealing Date and wish to state that they are not aware of any reasons for such unusual movements. Save for the transactions disclosed in this announcement and the matters disclosed in the announcement of CSH dated 15 November 2004 ("15 Nov Announcement") regarding the possible acquisition (the "Possible Acquisition") by a third party of the interests of Hanny Holdings Limited ("Hanny") and Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC") in CSH, the directors of CSH confirm that there are no negotiations or agreements relating to the intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the board of directors of CSH aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price sensitive-nature. CSH has been informed in writing by each of Hanny and Paul Y. - ITC on 29 November 2004 that they are still in discussions with the third party regarding the Possible Acquisition. Each of Hanny and Paul Y. - ITC has further confirmed in writing that as the discussions regarding the Possible Acquisition is not in an advanced state, as material terms of the Possible Acquisition have yet to be agreed and no timetable has been fixed for the Possible Acquisition. Therefore, both Hanny and Paul Y. - ITC do not consider that an offer for the shares of CSH is imminent.

All the directors of CSH jointly and severally accept full responsibility for the accuracy of the information contained in the above statement and confirm, having made all reasonable inquiries, that to the best of their knowledge opinions expressed in this announcement have been arrived at after due and careful consideration

and there are no other facts not contained in the above statement the omission of which would make any statement in this announcement misleading.

GENERAL

Trading of the shares of Wing On Travel and the shares of CSH on the Stock Exchange were suspended at 9:30am on 26 November 2004. Application has been made to the Stock Exchange for the resumption of trading of the shares of Wing On Travel and CSH respectively, with effect from 9:30am on 1 December 2004.

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

Executive Directors:

Dr. Chan Kwok Keung, Charles
Dr. Yap, Allan
Mr. Li Wa Kin
Ms. Chau Mei Wah, Rosanna
Ms. Chan Ling, Eva
Mr. Chan Kwok Hung
(Alternate to Dr. Chan Kwok Keung, Charles)
Mr. Lui Siu Tsuen, Richard
(Alternate to Dr. Yap, Allan)

Independent Non-executive Directors:

Mr. David Edwin Bussmann
Ms. Fung Wan Yiu, Agnes
Mr. Wong King Lam, Joseph

As at the date of this announcement, the directors of Wing On Travel are as follows :

Executive Directors:

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

Non-Executive Directors:

Mr. Chan Yeuk Wai (*Honorary Chairman*)
Mr. Fok Kin-ning, Canning
Ms. Shih, Edith
(Alternate to Mr. Fok Kin-ning, Canning)

Independent Non-Executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Sin Chi Fai
Mr. Wong King Lam, Joseph

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“CEL”	China Enterprises Limited, a company incorporated in Bermuda with limited liability and the shares of which are traded on the OTC Bulletin Board in the United States of America
“CEL Group”	CEL and its subsidiaries
“Convertible Notes”	HK\$260 million convertible notes issued by Wing On Travel on 14 June 2004, of which a principal amount of HK\$55,000,000 is outstanding as at the date of this announcement, and currently convertible into Shares at HK\$0.02 per Share (subject to adjustments)
“CSH”	China Strategic Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“CSH Group”	CSH and its subsidiaries
“First Placing Agreement”	the placing agreement dated 30 November 2004 between CEL, Wing On Travel and the Placing Agent in respect of the placing of 3,660 million existing Shares and the conditional subscription of 3,660 million new Shares
“General Mandate”	the general mandate granted by shareholders of Wing On Travel at its annual general meeting held on 25 May 2004 to issue or deal with up to 3,663,346,554 new Shares

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	(in respect of Wing On Travel) a party who to the best of the knowledge, information and belief of directors of Wing On Travel having made all reasonable enquiry is a third party independent of Wing On Travel and connected persons (as defined in the Listing Rules) of Wing On Travel and (in respect of CSH) a party who to the best of the knowledge, information and belief of directors of CSH having made all reasonable enquiry is a third party independent of CSH and connected persons (as defined in the Listing Rules) of CSH
“Independent Shareholders”	shareholders of Wing On Travel (other than CEL and its associates)
“Kingsway Transaction Announcement”	the announcement published by Wing On Travel Group on 24 November 2004 in respect of the proposed acquisition of 34.24% attributable interests in Kingsway Hotel Limited which constitutes a discloseable transaction of Wing On Travel under the Listing Rules
“Last Dealing Date”	25 November 2004, being the last trading day for the Shares and the shares of CSH prior to the suspension of dealings of the Shares and the shares of CSH on the Stock Exchange, pending the issue of this announcement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the placees procured by the Placing Agent under the Placing, all of which will be Independent Third Parties
“Placing”	the placement of 6,000 million existing Shares by the Placing Agent to the Placees at the Placing Price under the Placing Agreements
“Placing Agent”	Deutsche Bank AG, Hong Kong Branch, an Independent Third Party corporation licensed to carry on business in types 1, 3, 4, 8, 7 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreements”	the First Placing Agreement and the Second Placing Agreement
“Placing Price”	the placing price of HK\$0.028 per Placing Share under the Placing, which is the same as the Subscription Price
“Placing Share(s)”	6,000 million existing Shares to be placed under the Placing
“Second Placing Agreement”	the placing agreement dated 30 November 2004 between CEL, Wing On Travel and the Placing Agent in respect of the placing of 2,340 million existing Shares and the conditional subscription of 2,340 million new Shares
“SFO”	Securities and Futures Ordinance Cap. 333
“Share(s)”	share(s) of a nominal value of HK\$0.01 each in the capital of Wing On Travel
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 6,000 million new Shares by CEL (or its nominees) under the Placing Agreements
“Subscription Price”	the subscription price of HK\$0.028 per Subscription Share under the Subscription, which is the same as the Placing Price

“Subscription Share(s)”	6,000 million new Shares to be subscribed by CEL under the Placing Agreements which is equivalent to the number of Placing Shares placed by the Placing Agent
“Wing On Travel”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Wing On Travel Group”	Wing On Travel and its subsidiaries
“%”	per cent.

By Order of the Board of
Wing On Travel (Holdings) Limited
Yu Kam Kee, Lawrence, M.B.E., J.P.
Chairman

By Order of the Board of
China Strategic Holdings Limited
Chan Ling, Eva
Executive Director

Hong Kong, 30 November 2004

Please also refer to the published version of this announcement in China Daily.