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香港中旅國際投資有限公司
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED
(Incorporated in Hong Kong under the Companies Ordinance)

COMPLETION ANNOUNCEMENT

Reference is made to the joint announcement of the Company and Hing Kong dated 22 December 2000, the announcement of the Company dated 8 January 2001 and the joint announcement of Vision Century and Hing Kong dated 10 January 2001.

Winyear Profits, a wholly-owned subsidiary of the Company, entered into the Agreement dated 8 January 2001 with Vision Century, an independent third party, whereby Winyear Profits agreed, subject to certain conditions, to sell to Vision Century 389,283,062 Hing Kong Shares, representing approximately 23.34 per cent. of the existing issued Hing Kong Shares, at a consideration of HK\$1.00 each, for cash of HK\$389,283,062. The condition precedent to the Agreement has been satisfied and the Completion of the Disposal took place on 5 February 2001. Upon Completion, the Company ceased to be a substantial shareholder of Hing Kong.

THE DISPOSAL

Parties: Winyear Profits, a wholly-owned subsidiary of the Company, as vendor
Vision Century, an independent third party not connected with the chief executive, substantial shareholders or directors of the Company or any of its subsidiaries or their respective associates, as purchaser
The Company, as guarantor

Asset disposed of: 389,283,062 shares (being all Hing Kong Shares held by the Company (through Winyear Profits)), representing approximately 23.34 per cent. of the existing issued Hing Kong Shares, at HK\$1.00 each, for cash of HK\$389,283,062.

COMPLETION OF THE DISPOSAL

The conditions precedent to the Agreement have been satisfied and Completion of the Disposal took place on 5 February 2001. Upon Completion, the Company ceased to be a substantial shareholder of Hing Kong.

Vision Century has undertaken to Winyear Profits that in the event that the price per Hing Kong Share under the share offer increases, Vision Century will pay to Winyear Profits the difference calculated by reference to 389,283,062 multiplied by the difference between the price per Hing Kong Share under the share offer and HK\$1.00 on the closing date of the Offers. The Agreement does not contain any provision to address any arrangement in the event that the price per Hing Kong Share under the share offer decreases.

REASONS FOR THE DISPOSAL

The Directors believe in the gradual recovery of the region from the Asian economic crisis. The prospects for the tour and leisure business in the region for the next five years are promising. The Disposal is part of the Group's strategy to concentrate on its core tour operation, leisure business and transportation business. The Directors believe that the refocus of the Group on its core businesses will be beneficial to the Company and the shareholders as a whole.

The Company intends to use the proceeds of the Disposal as additional general working capital of the Group to expand within its core businesses.

CONVERTIBLE BONDS

The Company holds Convertible Bonds with an outstanding principal amount of HK\$66 million which are convertible into 66,937,120 Hing Kong Shares, representing approximately 4.01 per cent. of the issued share capital of Hing Kong as at 8 January 2001, at a conversion price of HK\$0.986 per Hing Kong Share. Pursuant to an undertaking dated 5 February 2001 given by the Company to Vision Century, the Company has unconditionally and irrevocably undertaken to Vision Century that it will not tender the Convertible Bonds, exercise the right of conversion of the Convertible Bonds into Hing Kong Shares or otherwise dispose of the Convertible Bonds during the offer period, in the event that the Offers are to be made.

So far as the Company is aware, CTSH currently holds 100,181,868 Hing Kong Shares, representing approximately 6.01 per cent. of the existing issued Hing Kong Shares. CTSH may or may not accept the share offer in respect of the Hing Kong Share.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the respective meanings set out opposite to them:—

- "Agreement" the conditional sale and purchase agreement entered into on 8 January, 2001 between Winyear Profits (as vendor) and Vision Century (as purchaser) and the Company (as guarantor), pursuant to which Winyear Profits has agreed to sell and Vision Century has agreed to purchase 389,283,062 Hing Kong Shares at HK\$1.00 each
- "CTSH" China Travel Service (Holdings) Hong Kong Limited, a company incorporated in Hong Kong with limited liability and the holding company of the Company
- "Completion" completion of the Disposal
- "Convertible Bonds" the interest bearing, redeemable and transferable convertible bonds issued by Hing Kong, currently held by the Company, for a total principal amount of HK\$66 million which are convertible into 66,937,120 Hing Kong Shares at HK\$0.986 per Hing Kong Share
- "the Company" China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
- "Directors" directors of the Company
- "Disposal" the conditional disposal of the 389,283,062 Hing Kong Shares to Vision Century pursuant to the Agreement
- "Group" the Company and its subsidiaries
- "Hing Kong" Hing Kong Holdings Limited, a company incorporated in Bermuda with limited liability, the Hing Kong Shares being listed on the Stock Exchange
- "Hing Kong Share(s)" share(s) of HK\$0.10 each in the issued share capital of Hing Kong
- "Hong Kong" The Hong Kong Special Administrative Region of the People's Republic of China
- "Offers" the offers to be made for the Hing Kong Shares and the warrants on behalf of Vision Century
- "Stock Exchange" The Stock Exchange of Hong Kong Limited
- "Vision Century" Vision Century Limited, an independent third party not connected with the chief executive, substantial shareholders or directors of the Company and any of its subsidiaries or their respective associates
- "Winyear Profits" Winyear Profits Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of the Company
- "HK\$" Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Shen Zhuying
Managing Director