



香港中旅國際投資有限公司
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED
(incorporated in Hong Kong with limited liability)

CONNECTED TRANSACTION

On 23 April 2002, CTSC (Investment) and CTS (Cargo), two of the Company's wholly-owned subsidiaries, entered into a sale and purchase agreement with JHJ for the sale of CTII Worldwide.

JHJ, being a substantial shareholder of CTII Worldwide which (through CTSC (Investment)) is an indirect subsidiary of the Company, is a connected person to the Company and the Sale constitutes connected transaction for the Company under the Listing Rules. As the consideration and value of the Sale is less than 3% of the book value of the net tangible assets of the Group, the Sale falls within the de minimus provision of and are subject to the disclosure requirements set out in Rule 14.25(1) of the Listing Rules. Details of the Sale will be included in the next published annual report of the Company in accordance with Rules 14.25(1)(A) to (D) of the Listing Rules.

DETAILS OF THE AGREEMENT

Date

23 April 2002

Parties

- (1) CTSC (Investment), as vendor of the Sale Shares
- (2) CTS (Cargo), as vendor of the Sale Loan
- (3) JHJ, as purchaser of the Sale Shares and the Sale Loan

Assets disposed of under the Agreement

The Sale Shares and the Sale Loan, being the entire interests (other than the normal and ordinary business relationship which will continue after Completion) of the Group in CTII Worldwide.

Consideration

The consideration for the Sale is arrived at after arm's length negotiations between the parties as follows:—

- (1) HK\$2,193,588.00 for the Sale Shares, on the basis that the consideration for the Sale Shares shall be 70% of the audited net asset value of CTII Worldwide as at 31 December 2001; and
- (2) at face value for the Sale Loan, together with accrued interest which is approximately HK\$2,262,457.74 up to the Completion Date.

A deposit of HK\$1,000,000.00 representing part of the consideration for the Sale Shares has been paid by JHJ to CTSC (Investment)'s solicitor upon signing of the Agreement (pending release on Completion). At Completion, JHJ will pay the balance of the consideration for the Sale Shares and the consideration for the Sale Loan accordingly.

Condition and Completion

The Sale is conditional upon CTII Worldwide (with its internal resources) repaying all the outstanding indebtedness due and owing to CTS (Cargo) and its related companies (other than the Sale Loan) in the aggregate amount of HK\$1,132,276.37 as set out in the Agreement on or before the Completion Date and in any event shall not be later than 30 April 2002.

INFORMATION ON CTII WORLDWIDE

As at 31 December 2001, the audited net asset value of CTII Worldwide was approximately HK\$3,133,697.00. CTII Worldwide whose principal place of business is situate at 4/F and 5/F, China Travel Building, No. 77 Queen's Road Central, Hong Kong, is a private limited company incorporated in the British Virgin Islands and is engaged in the provision of international air and ocean freight forwarding services and logistics services. For the period between 14 September 1999 (being the date of incorporation of CTII Worldwide) and 31 December 2000, CTII Worldwide recorded an audited net loss of HK\$2,315,962. For the year ended 31 December 2001, CTII Worldwide recorded an audited net profit of HK\$449,659.

REASONS FOR THE SALE

The Directors consider the Sale a suitable opportunity to realise the Company's investment in CTII Worldwide with the view to consolidating the Group's resources for the better development in the freight forwarding sector. Since the Sale is made at the written down value of the investment cost of CTII Worldwide as recorded in the books of CTSC (Investment), the Sale does not give rise to any gain or loss of the Group. The Directors (including all the independent non-executive directors) consider the terms, including the consideration of the Sale to be fair and reasonable and in the interests of the Company and all the shareholders as a whole.

The proceeds of the Sale will be used as general working capital of the Group.

GENERAL

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DEFINITIONS

"Agreement"	the sale and purchase agreement dated 23 April 2002 entered into between CTSC (Investment), CTS (Cargo) and JHJ for the sale and purchase of the Sale Shares and the Sale Loan
"Company"	China Travel International Investment Hong Kong Limited
"Completion"	completion of the Sale pursuant to the Agreement
"Completion Date"	the date on which Completion will take place, which is expected to be on or before 30 April 2002
"connected person"	as defined in the Listing Rules
"CTII Worldwide"	CTII Worldwide Limited, an indirect non-wholly owned subsidiary of the Company
"CTS (Cargo)"	China Travel Service (Cargo) Hong Kong Limited, a wholly owned subsidiary of the Company
"CTSC (Investment)"	China Travel Service Cargo (Investment) Limited, a wholly owned subsidiary of the Company
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries or, where the context so requires, any of them
"JHJ"	JHJ International (Hong Kong) Limited, holder of 30% of all the issued share capital of CTII Worldwide prior to the Sale and is a connected person to the Company by virtue thereof
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Sale"	the sale of the Sale Shares and the Sale Loan pursuant to the Agreement
"Sale Loan"	the advance made by CTS (Cargo) to CTII Worldwide which will stand outstanding from CTII Worldwide to CTS (Cargo) as at the date of Completion, together with interests accrued thereon up to but excluding the date of Completion, which is unsecured and repayable on demand
"Sale Shares"	448,700 shares of US\$1.00 each in CTII Worldwide, being 70% of the entire issued share capital
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	as defined in the Listing Rules

By order of the Board
Shen Zhuying
Managing Director