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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 with limited liability)

The Directors announce that the Company and its subsidiaries entered into a Loan Agreement on 30 October 2002 with a syndicate of banks. Under the Loan Agreement, an event of default includes China Travel Service (Holdings) Hong Kong Limited ceasing to maintain at least 51% of the beneficial ownership of the Company.

This announcement is made pursuant to paragraph 3.7.1 of Practice Note 19 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Directors of China Travel International Investment Hong Kong Limited (the "Company") announce that on 30 October 2002, two of the Company's wholly owned subsidiaries, namely, Well Done Enterprises Inc. and Hotel Metropole Holdings Ltd., entered into a loan agreement (the "Loan Agreement") for a 5-year term loan and revolving credit facilities of up to HK\$1,500,000,000 (the "Loan") with a syndicate of banks, who are independent third parties not connected with the Company and its subsidiaries. The Company is the guarantor of the Loan.

The Loan will be used to repay existing banking facilities and for general working capital of the Company and its subsidiaries.

Under the Loan Agreement, events of default include China Travel Service (Holdings) Hong Kong Limited (the controlling shareholder of the Company which at the date of this announcement holds approximately 59.08% of the issued share capital of the Company) ceasing to maintain at least 51% of the beneficial ownership of the Company. If such an event of default were to occur, all amounts outstanding in respect of the Loan would become immediately due and payable.

The Loan is not subject to shareholders' approval and particulars of the Loan will be included in the subsequent annual report of the Company.

By order of the Board
Shen Zhuying
Managing Director

Hong Kong, 30 October 2002