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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)

**ACQUISITION OF 20% ISSUED SHARE CAPITAL OF
CHINA TRAVEL NET
FROM PCCW E-VENTURES AND SOFTBANK
CONNECTED TRANSACTION**

On 5 November 2002, Alton, a wholly-owned subsidiary of the Company, entered into the PCCW Agreement and the Softbank Agreement with PCCW e-Ventures and Softbank respectively to acquire all the remaining 20% issued share capital in China Travel Net at a total consideration of HK\$80,000,000.

The Company is at present the 80% holding company of China Travel Net. As a result of the acquisitions, the Company will become 100% holding company of China Travel Net.

Each of PCCW e-Ventures and Softbank, being a substantial shareholder of China Travel Net which in turn is a 80% subsidiary of the Company, is a connected person to the Company. Therefore, the PCCW Agreement and the Softbank Agreement constitute connected transactions for the Company under the Listing Rules. As the aggregate consideration under both the PCCW Agreement and the Softbank Agreement is less than 3% of the book value of the net tangible assets of the Group, the PCCW Agreement and the Softbank Agreement 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 PCCW Agreement and the Softbank Agreement 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 PCCW AGREEMENT

Date 5 November 2002

Parties

- (1) Alton, a wholly-owned subsidiary of the Company, as purchaser
- (2) PCCW e-Ventures, as vendor

Asset acquired

2,000 shares of US\$1.00 each in the issued share capital of China Travel Net, being 10% of the entire issued share capital of China Travel Net and all of PCCW e-Ventures' interest in China Travel Net.

Completion

Completion is unconditional and will take place on 6 November 2002 (or such later date as the parties may agree).

Consideration

The consideration for the PCCW Agreement is HK\$40,000,000, payable in cash on completion of the PCCW Agreement.

The above consideration was arrived at after arm's length negotiations between the parties with reference to the estimated net profits of China Travel Net and its subsidiaries of HK\$44,000,000 for the year ending 31 December 2002 after considering the management accounts of China Travel Net and its subsidiaries for the period ended 31 July 2002 on a pro-rata basis agreed by the parties.

The consideration will be funded by the Group's internal resources.

DETAILS OF THE SOFTBANK AGREEMENT

Date 5 November 2002

Parties

- (1) Alton, a wholly-owned subsidiary of the Company, as purchaser
- (2) Softbank, as vendor

Asset acquired

2,000 shares of US\$1.00 each in the issued share capital of China Travel Net, being 10% of the entire issued share capital of China Travel Net and all of Softbank's interest in China Travel Net.

Completion

Completion is unconditional and will take place on 6 November 2002 (or such later date as the parties may agree).

Consideration

The consideration for the Softbank Agreement is HK\$40,000,000, payable in cash on completion of the Softbank Agreement.

The above consideration was arrived at after arm's length negotiations between the parties with reference to the estimated net profits of China Travel Net and its subsidiaries of HK\$44,000,000 for the year ending 31 December 2002 after considering the management accounts of China Travel Net and its subsidiaries for the period ended 31 July 2002 on a pro-rata basis agreed by the parties.

The consideration will be funded by the Group's internal resources.

INFORMATION ON CHINA TRAVEL NET

At present, the Company is interested in 80% of the entire issued share capital of China Travel Net. Upon completion of the PCCW Agreement and the Softbank Agreement, China Travel Net will become a wholly-owned subsidiary of the Company.

The principal activities of China Travel Net and its subsidiaries are trading of computer equipment, provision of computer service and internet travel agency services, and the operation of a website.

As at 31 December 2001, the consolidated audited net asset value of China Travel Net and its subsidiaries was HK\$94,722,169. For the year ended 31 December 2000, the consolidated audited net profits of China Travel Net and its subsidiaries before and after taxation were HK\$39,379,948 and HK\$32,758,234 respectively. For the year ended 31 December 2001, the consolidated audited net profits of China Travel Net and its subsidiaries before and after taxation were HK\$43,965,762 and HK\$36,240,254 respectively.

REASONS FOR THE ACQUISITIONS

The Directors consider that the PCCW Agreement and the Softbank Agreement provide a suitable opportunity for the Company to become the 100% holding company of China Travel Net in order to better allocate the Group's resources in the development of China Travel Net in its current business, namely, trading of computer equipment, provision of computer service and internet travel agency services, and the operation of its website.

The Directors (including all the independent non-executive directors) consider that the terms of the PCCW Agreement and the Softbank Agreement including the consideration thereunder are normal commercial terms and are fair and reasonable and in the interests of the Company and all the shareholders as a whole.

GENERAL

Each of PCCW e-Ventures and Softbank, being a substantial shareholder of China Travel Net which in turn is a 80% subsidiary of the Company, is a connected person to the Company. Therefore, the PCCW Agreement and the Softbank Agreement constitute connected transactions for the Company under the Listing Rules. As the aggregate consideration under both the PCCW Agreement and the Softbank Agreement is less than 3% of the book value of the net tangible assets of the Group, the PCCW Agreement and the Softbank Agreement 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 PCCW Agreement and the Softbank Agreement 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.

DEFINITIONS

Expressions	Meanings
“Alton”	Alton Services Limited, a wholly-owned subsidiary of the Company
“China Travel Net”	China Travel Net Limited
“Company”	China Travel International Investment Hong Kong Limited

“connected person”	as defined in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCCW Agreement”	the sale and purchase agreement dated 5 November 2002 whereby Alton acquires 2,000 shares of US\$1.00 each in the issued share capital of China Travel Net from PCCW e-Ventures
“PCCW e-Ventures”	PCCW e-Ventures Limited (formerly known as CWHKT e-Ventures Limited)
“Softbank Agreement”	the sale and purchase agreement dated 5 November 2002 whereby Alton acquires 2,000 shares of US\$1.00 each in the issued share capital of China Travel Net from Softbank
“Softbank”	Softbank Investment International (Strategic) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	as defined in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
Shen Zhuying
Managing Director

Hong Kong, 5 November 2002