
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in China Travel International Investment Hong Kong Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

香 港 中 旅 國 際 投 資 有 限 公 司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

**PROPOSAL FOR ADOPTION OF SHARE OPTION SCHEME
AND
TERMINATION OF EXISTING SHARE OPTION SCHEME**

A notice convening an extraordinary general meeting of China Travel International Investment Hong Kong Limited to be held at the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong at 2:35 p.m. on 3 June, 2002 (Monday) (or as soon thereafter as the annual general meeting of the Company convened for the same date and place shall have been concluded or adjourned) is set out on pages 15 to 16 of this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the registered office of the Company at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong as soon as possible and, in any event, not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

Hong Kong, 25 April, 2002

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DEFINITIONS

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

“associate”	has the meaning set out in the Listing Rules
“Board”	the board of Directors or a duly authorised committee thereof
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance and whose securities are listed on the Stock Exchange
“connected person”	has the meaning set out in the Listing Rules
“Directors”	the directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 3 June, 2002 at 2:35 p.m., notice of which is set out on pages 15 and 16 of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 April, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme;

DEFINITIONS

“Qualifying Grantee”	any person employed by the Company or any subsidiary and any person who is an officer or an executive director of the Company or any subsidiary. An option holder shall not cease to be an employee in case of (a) any leave of absence approved by the Company or the relevant subsidiary; or (b) transfer of employment between the Company and any subsidiary or between subsidiaries
“Share Option Scheme”	the share option scheme proposed to be adopted at the Extraordinary General Meeting, the principal terms of which are set out in the Appendix
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“HK\$ and cents”	Hong Kong dollar and cents respectively, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

香港中旅國際投資有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

Executive Directors:

Mr. Che Shujian (*Chairman*)
Mr. Zhang Xuewu (*Vice Chairman*)
Mr. Chen Shoujie
Mr. Zheng Hongqing
Mr. Zheng Heshui
Mr. Shen Zhuying (*Managing Director*)
Mr. Lo Sui On
Mr. Ng Chi Man, Michael
Mr. Liu Li
Mr. Zhang Fengchun

Registered Office:

12th Floor, CTS House
78-83 Connaught Road Central
Hong Kong

Independent Non-Executive Directors:

Dr. Yeh Meou Tsen, Geoffrey
Mr. Yeh V Nee (*Alternate director to Dr Yeh*)
Dr. Fong Yun Wah
Mr. Wong Man Kong, Peter

25 April, 2002

To Shareholders and warrant holders (for information only)

Dear Sirs or Madam,

SHARE OPTION SCHEME

The Directors propose to adopt the Share Option Scheme which will be put to Shareholders for approval at the Extraordinary General Meeting to be held on 3 June, 2002. The existing share option scheme of the Company adopted on 21st October, 1992 will expire on 20th October, 2002. The existing scheme will terminate upon the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the adoption of the Share Option Scheme is subject to the approval of the Shareholders at the Extraordinary General Meeting with persons who have interests in the Share Option Scheme abstaining from and procuring their respective associates abstain from voting for this resolution.

Application has been made to the Stock Exchange for the grant of listing of and permission to deal in the Shares to be issued pursuant to the exercise of Options granted under the Share Option Scheme. Implementation of the Share Option Scheme is subject to such approvals, listing and permission to deal granted.

The Directors believe that attracting and motivating high quality personnel is a key to the success and growth of the Company. The existing share option scheme of the Company, which was adopted on 21 October, 1992 and will expire on 20 October, 2002. The Directors believe that the Share Option Scheme may provide Qualifying Grantees with the opportunity of participating in the growth of the Company by acquiring shares in the Company and may, in turn, assist in the attraction and retention of Qualifying Grantees who have made contributions to the success of the Company. The purpose of the Share Option Scheme is to provide incentives to Qualifying Grantees to contribute further to the Company. To ensure that this purpose is achieved by granting options to Qualifying Grantees who are regarded as valuable human resources of the Group based on their years of service, work experience and knowledge in the industry or who have contributed to the growth and success of the Group based on their performance and other relevant factors, the rules of the Share Option Scheme do not specify any minimum holding period and/or performance target as conditions of any Option but provide that the Board is empowered with the authority to determine the terms and conditions of any Option based in each case on relevant factors as the Board considers appropriate. The Board believes that the authority given to the Board under the Share Option Scheme to specify any minimum holding period and/or performance targets as conditions in any Option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of the Company as well as to achieve the purposes of the Share Option Scheme.

It is proposed that subject to the adoption of the Share Option Scheme, the existing share option scheme of the Company be terminated with effect from the adoption of the Share Option Scheme. As at the Latest Practicable Date, the Company has granted options relating to 296,950,000 Shares under the existing scheme which represents approximately 7.04% of the issued share capital of the Company. Of these options, options relating to 10,000,000 Shares have been exercised; options relating to 286,950,000 Shares have been cancelled or lapsed; and no option is valid and outstanding nor will remain valid under that scheme after that scheme is terminated. The Board has no intention to grant any further options under the existing share option scheme of the Company during the period from the Latest Practicable Date up to the date of the Extraordinary General Meeting.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables.

A summary of the principal terms of the Share Option Scheme is set out in the appendix to this circular. This serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same. The full terms of the Share Option Scheme may be inspected at the registered office of the Company at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting and at the Extraordinary General Meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong at 2:35 p.m. on 3 June, 2002 (Monday) is set out on pages 15 to 16 of this circular. At the Extraordinary General Meeting, ordinary resolution will be proposed (i) to approve the Share Option Scheme and authorise the Directors to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme; and (ii) to terminate the existing share option scheme of the Company.

A proxy form for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's registered office at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the proxy form will not prevent shareholders from attending and voting at the Extraordinary General Meeting if they so wish.

In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers an announcement on the outcome of the Extraordinary General Meeting in respect of the resolution relating to the adoption of the Share Option Scheme on the business day following the date of the Extraordinary General Meeting.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, statements of fact expressed herein are true, accurate and not misleading, statements of opinion expressed herein have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors believe that the proposal for the adoption of the Share Option Scheme is in the best interests of the Company and the Shareholders. Accordingly the Board recommends the Shareholders should vote in favour of the resolution relating to the adoption of the Share Option Scheme and the termination of the existing share option scheme of the Company to be proposed at the Extraordinary General Meeting.

By the order of the Board
Shen Zhuying
Managing Director

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the Extraordinary General Meeting:

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to employees, officers and executive directors of the Group; and to promote the long term financial success of the Company by aligning the interests of option holders to shareholders.

(b) Who may join

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an Option to any Qualifying Grantee as the Board may in its absolute discretion select.

(c) Administration

The Share Option Scheme shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:-

- (i) to select Qualifying Grantees to whom Options may be granted under the Share Option Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of Options;
- (iii) to determine the number of Shares to be covered by each Option granted under the Share Option Scheme;
- (iv) to approve forms of option agreements;
- (v) to determine, subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the terms and conditions of any Option based in each case on such factors as the Board may determine. Such terms and conditions may include:
 - the exercise price;
 - the period within which the Shares must be taken up under the Option, which must not be more than 10 years from the date of grant;

- the minimum period, if any, for which an Option must be held before it can vest (the Share Option Scheme itself does not specify any minimum holding period); and
- the performance targets, if any, that must be achieved before the Option can be exercised (the Share Option Scheme itself does not specify any performance targets);

Provided that any such restriction imposed by the Board shall not in effect be less restrictive than the restrictions imposed under the Scheme and the requirements under the Listing Rules.

- (vi) to construe and interpret the terms of the Share Option Scheme and Options granted pursuant to the Share Option Scheme;
- (vii) subject to paragraph (t), to prescribe, amend and rescind rules and regulations relating to the Share Option Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws; and
- (viii) to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Share Option Scheme).

(d) Grant of Option

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the date of adoption of the Share Option Scheme to make an offer for the grant of an Option to any Qualifying Grantee as the Board may in its absolute discretion select.

(e) Payment on acceptance of Option offer

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such longer period as the Board may specify in writing). HK\$1.00 is payable by the option holder to the Company on acceptance of the offer of the Option. If such remittance is not made upon acceptance, acceptance of an offer shall create a promise by the relevant option holder to pay to the Company HK\$1.00 on demand.

(f) Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the

subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(g) Option period

The period within which the Shares must be taken up under an Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant Option.

(h) Rights are personal to grantee

An Option shall be personal to the option holder and shall not be assignable or transferable.

(i) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(j) Rights on retirement, death or total permanent physical or mental disability

If an option holder retires, dies or becomes totally permanently physically or mentally disabled, the Option may be exercised within such period of time as is specified in the option agreement (but in no event later than the expiration of the term of such Option as set forth in the option agreement).

In the absence of a specified time in the option agreement, the Option shall remain exercisable for twelve (12) months (or such longer period as the Board shall decide) following the relevant option holder's retirement, death or total permanent physical or mental disability. The Option may be exercised within that period by the personal representatives of the option holder.

If the Option is not so exercised within the time specified above, the Option shall lapse.

(k) Termination for being guilty of serious misconduct etc.

If an option holder ceases to be a Qualifying Grantee for reason of being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, or having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

(l) Rights on termination other than for retirement, death, permanent disability or misconduct

If an option holder ceases to be a Qualifying Grantee other than for reasons provided under paragraphs (j) or (k), then, unless otherwise provided in the option agreement, an option holder may exercise his option within 3 months of such cessation (but in no event later than the expiration of the term of such option as set forth in the option agreement).

(m) Right on takeover

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the option holder shall be entitled to exercise the Option (to the extent not already exercised) at any time within one month (or such longer period as the Board shall decide) after the date on which the offer becomes or is declared unconditional.

(n) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company(ies), the Company shall give notice to the option holder on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the option holder (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court to exercise any of his Options, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the option holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the option holder in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

(o) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all option holders (together with a notice of the existence of the provisions of the Share Option Scheme relating to this paragraph (o)) and thereupon, each option holder (or his or her personal representatives) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the option holder credited as fully paid.

(p) Lapse of Option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (c) and (j), an Option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (j), (k), (l), (m), (n) and (o); and (iii) the date on which the Board certifies that there has been a breach of paragraph (h).

(q) Cancellation of Option

Options granted but not exercised may be cancelled by the Company with the approval of the option holder. Where the Company cancels Options and offer to issue new ones to the same Qualifying Grantee, the issue of such new Options may only be made under the Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limits set out in paragraph (r) below.

(r) Maximum number of Shares available under the Share Option Scheme**(i) Overriding Limit**

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (r)(i) above and prior to the approval of a refreshed mandate limit as referred to in sub-paragraph (r) (iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme, being 422,071,182 Shares (“Mandate Limit”) based on 4,220,711,826 total issued Shares as at the Latest Practicable Date and assuming there is no change in the issued share capital of the Company prior to the date of adoption of the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) Refreshing of Mandate Limit

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of refreshing the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the schemes of the Company or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) Grant to specifically identified Qualifying Grantees

Specifically identified Qualifying Grantees may be granted Options beyond the Mandate Limit. The Company may in addition seek separate approval by its Shareholders in general meeting for granting Options beyond the Mandate Limit provided the Options in excess of the limit are granted only to Qualifying Grantees specifically identified by the Company before such approval is sought and in which event, the Company shall send a circular to the Shareholders containing details and information as required under the Listing Rules. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(v) Limit for each Qualifying Grantee

The total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) in any 12-month period granted to each Qualifying Grantee must not exceed 1% of the Shares in issue. Any further grant of Options in excess of this limit is subject to separate approval by the Shareholders in general meeting with the relevant option holder and his associates (as defined in the Listing Rules) abstaining

from voting and in which event, the Company shall send a circular to the Shareholders containing details and information as required under the Listing Rules. The date of board meeting for proposing such further grant should be taken as the date of grant for such grants.

(s) Effects of reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any option may become remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision, reduction of the share capital of the Company, such corresponding alterations (if any) shall be made to the number and/or nominal amount of Shares subject to the Option so far as unexercised; the subscription price; and/or the maximum number of Shares referred to in paragraph (r) above, as the auditors shall certify in writing to the Board either generally or as regards any particular option holder to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an option holder on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any option holder is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(t) Alteration to the Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules (including the provisions under paragraphs (f), (h), (i), (p), (q), (r), (s), (t) and (v)) shall not be altered to the advantage of option holders or prospective option holders except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the option holders as would be required of the Shareholders under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature and any change to the terms of the Options granted, shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the

Board in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders. Subject to the Listing Rules and the terms of the Share Option Scheme the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

(u) Termination of Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered after the Share Option Scheme is terminated but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid.

(v) Offers made to a director or chief executive of the Company or any of their respective associates

Subject to sub-paragraphs (r)(iv) and (r)(v) above, but only insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a director, chief executive or employee who is also a substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company. As regards grant to an employee (who may be a director or chief executive of the Company) who is also a substantial shareholder, please refer to the note below.

Note:

Insofar and for so long as the Listing Rules so require, unless specifically approved by the Shareholders in general meeting, no option may be granted to any employee who is also a substantial shareholder of the Company, or any of his associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant:

- (a) representing in aggregate over 0.1% of the issued share capital of the Company; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5,000,000.

At such general meeting, the grant of options to the employee who is also a substantial shareholder of the Company or any of his associates must, for so long and insofar as the Listing Rules so require, be approved by the shareholders of the Company by way of poll with all connected persons of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to shareholders (which circular shall contain all details and information required under the Listing Rules). For so long and insofar as the Listing Rules so require, any change in the terms of option granted to an employee who is also a substantial shareholder of the Company, or any of his associates, must be approved by the shareholders in general meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

香港 中旅 國際 投資 有限 公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

NOTICE is HEREBY GIVEN that the Extraordinary General Meeting of the Shareholders will be held at the Ballroom, The Ritz-Carlton, 3 Connaught Road Central, Hong Kong at 2:35 p.m. on 3 June, 2002 (Monday) for the purpose of considering, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

FIRST ORDINARY RESOLUTION

“**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this Notice, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the “Share Option Scheme”), the Share Option Scheme be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

SECOND ORDINARY RESOLUTION

“**THAT** conditional upon the resolution referred to as first ordinary resolution in this Notice being passed and becoming unconditional, the existing share option scheme of the Company which was adopted by the Company on 21 October, 1992 be terminated with effect from the date on which such resolution shall become unconditional.”

By Order of the Board
Woo Wai See, Alice
Company Secretary

Hong Kong, 25 April, 2002

Registered Office:

12th Floor, CTS House

78-83 Connaught Road Central, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Members who are otherwise eligible to participate in the Share Option Scheme shall abstain from voting on the Resolutions.
- (2) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited at the Company's registered office at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting, or adjourned meeting or the taking of the poll, as the case may be.
- (3) Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.
- (4) Where there are joint holders of any shares, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.