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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)

Announcement

The Company have established a PRC company, China Travel International Limited 中旅國際旅行社有限公司, a wholly owned subsidiary of the Company, in Beijing.

The Company have noted the recent increases in the price of the shares of the Company and wish to state that other than the recent establishment of China Travel International Limited, being part of our expansion strategies into China which has been well known in the market and with the press, we are not aware of any other reasons for such increases.

This statement is made at the request of The Stock Exchange of Hong Kong Limited.

The Company have established a PRC company, China Travel International Limited 中旅國際旅行社有限公司, a wholly owned subsidiary of the Company, in Beijing. The Company have already obtained the business license for China Travel International Limited to operate in the PRC. The scope of business of China Travel International Limited as approved by the relevant government authorities is as follows:

- **In-bound travel**

Organising tours for and providing reception services to overseas tourist visiting the PRC; and to overseas Chinese, Chinese residents in the Hong Kong and Macau Special Administrative Regions and Taiwan. These services include arranging transportation, site seeing, accommodation, catering, shopping, entertainment, guided tours and other related services, and the processing of entry permits.

- **National travel**

Organising tours for and providing reception services to PRC residents within the PRC. These services include arranging transportation, site seeing, accommodation, catering, shopping, entertainment, guided tours and other related services.

- **Out-bound travel**

Organising out-bound tours for PRC residents. This includes organising tours in other countries and in the Hong Kong and Macau Special Administrative Regions.

With such business scope, it is planned that China Travel International Limited will become a full service travel agency providing in-bound travel, national travel and out-bound travel services. The advantage of having established China Travel International Limited is that this should beef up the Company's network on the mainland. The setting up of this PRC entity and obtaining the license to operate is a further regulatory step in realising the Company's expansion strategies into China which has been well known in the market and with the press.

We have noted the recent increases in the price of the shares of the Company and wish to state that other than the recent establishment of China Travel International Limited, we are not aware of any other reasons for such increases.

We also confirm that there are no negotiation or agreements relating to intended acquisitions or realisation which are disclosable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter disclosable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of price-sensitive nature.

By order of the Board
Shen Zhuying
Managing Director

Hong Kong, 8 October, 2001