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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)*

(Stock code: 00308)

## ANNOUNCEMENT

### CHANGE OF INTERMEDIATE CONTROLLING SHAREHOLDER

#### **The Restructuring**

Pursuant to the Restructuring approved by the SASAC on 10 August 2006, CTS-PRC is permitted to transfer its 100% interest in CTS Holdings, the immediate Controlling Shareholder of the Company, to China CTS (HK) Group at nil consideration. If the Restructuring is implemented, China CTS (HK) Group will replace CTS-PRC as the sole shareholder of CTS Holdings.

In addition, the Executive granted a waiver to China CTS (HK) Group on 5 October 2006 regarding the making of a general offer pursuant to the Takeovers Code in respect of the Shares as a result of the Restructuring.

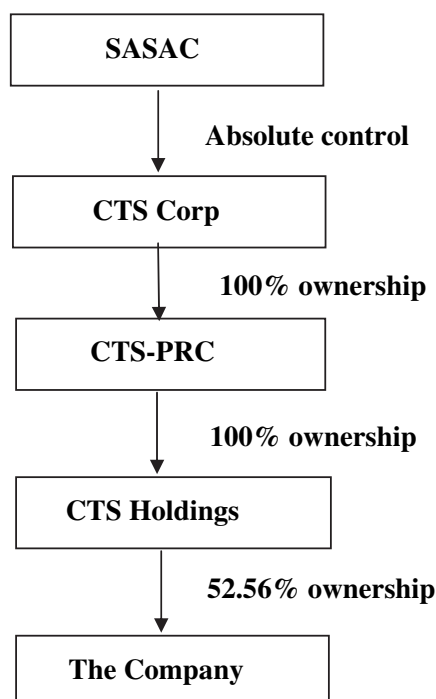
The Restructuring is expected to be completed by the end of 2006.

#### **THE RESTRUCTURING**

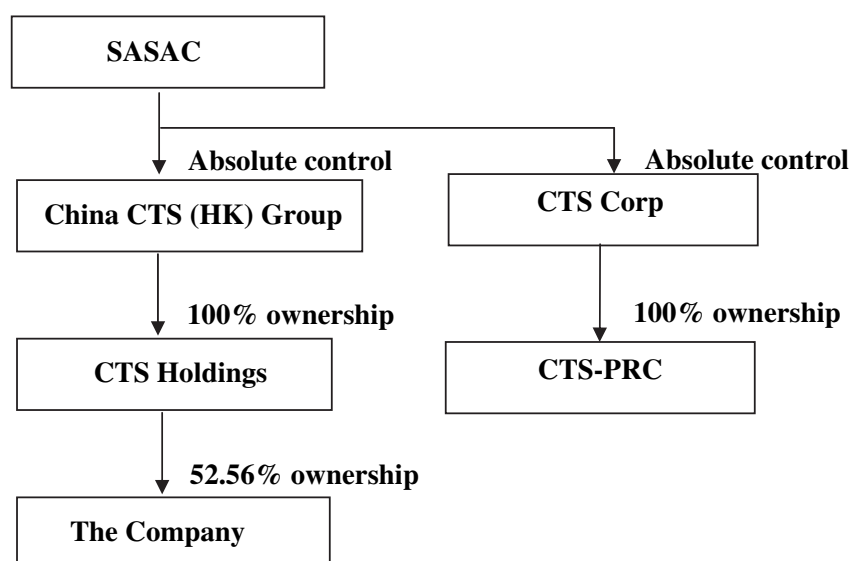
Pursuant to the Restructuring approved by the SASAC on 10 August 2006, CTS-PRC agreed to transfer its 100% interest in CTS Holdings, the immediate Controlling Shareholder of the Company, to China CTS (HK) Group at nil consideration. If the Restructuring is implemented, China CTS (HK) Group will replace CTS-PRC as the sole shareholder of CTS Holding.

The following diagrams set out the simplified group structure in respect of the ownership and control of the Company immediately before and after the Restructuring.

### Immediately before the Restructuring



### Immediately after the Restructuring



In addition, the Executive granted a waiver to China CTS (HK) Group on 5 October 2006 regarding the making of a general offer pursuant to the Takeovers Code in respect of the Shares as a result of the Restructuring.

The Restructuring is expected to be completed by the end of 2006.

## DEFINITIONS

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

“Board”	the board of Directors
“China CTS (HK) Group”	中國港中旅集團公司(China National Travel Service (HK) Group Corporation), a state-owned enterprise under the direct supervision of the SASAC
“Company”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“CTS Corp”	中國中旅(集團)公司 (CTS (Holdings) Corporation of China*), a state-owned enterprise under the direct supervision of the SASAC
“CTS Holdings”	China Travel Service (Holdings) Hong Kong Limited, a company incorporated in Hong Kong
“CTS-PRC”	中國旅行社總社(China Travel Service Head Office of the PRC*), a state-owned enterprise established in the PRC
“Directors”	director(s) of the Company
“Executive”	has the meaning ascribed to it under the Takeovers Code
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Restructuring”	the transfer from CTS-PRC of its 100% interest in CTS Holdings to China CTS (HK) Group
“SASAC”	中國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	shareholders of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Takeovers Code” The Code on Takeovers and Mergers

\* *for identification purpose only*

By Order of the Board  
**China Travel International Investment Hong Kong Limited**  
**Xiong Weiping**  
*Vice Chairman & General Manager*

Hong Kong, 9 October 2006

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in relation to the Company misleading.*

The directors of the Company as at the date of this announcement:

*Executive Directors:*

Mr. Zhang Xuewu, Mr. Xiong Weiping, Mr. Zheng Heshui, Mr. Lo Sui On, Mr. Zheng Hongqing, Ms. Jiang Yan, Mr. Mao Jianjun, Mr. Zhang Fengchun, Mr. Ng Chi Man, Michael and Mr. Liu Li

*Independent non-executive Directors:*

Dr. Yeh Meou Tsen, Geoffrey (Mr. Yeh V Nee being the Alternate Director to Dr. Yeh Meou Tsen, Geoffrey), Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter and Mr. Sze, Robert Tsai To.