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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)

## **CONTINUING CONNECTED TRANSACTIONS WITH HUAQIAOCHENG GROUP**

Pursuant to the Original Agreement dated 24 October 1995 between Windows of the World and Huaqiaocheng Group, the increase in annual rent under the Original Agreement for the period between 28 April 2007 and 5 May 2012 was to be negotiated and agreed between the parties, subject to a maximum increment of 15% as compared with the annual rent for the period between 28 April 2002 and 27 April 2007. On 10 September 2007, Windows of the World entered into a Supplemental Agreement with Huaqiaocheng to supplement the Original Agreement and to govern the Huaqiaocheng CCT for the period commencing on 28 April 2007 and ending on 27 April 2010.

Huaqiaocheng owns approximately 56% interest in Overseas Chinese Town. Overseas Chinese Town in turn owns 49% in Windows of the World, and is therefore a substantial shareholder of Windows of the World. Accordingly, Huaqiaocheng and Overseas Chinese Town are connected persons of the Company, and the Huaqiaocheng CCT constitutes continuing connected transactions for the Company.

The Directors (including the independent non-executive Directors) consider the terms of the Supplemental Agreement, the Huaqiaocheng CCT and the Caps are fair and reasonable so far as Shareholders are concerned and are in the interests of Shareholders as a whole.

It is expected the applicable percentage ratios under the Listing Rules for the Caps will exceed 0.1% but will be less than 2.5%. The Huaqiaocheng CCT is subject to the reporting and announcement requirements under the Listing Rules.

## 1. BACKGROUND INFORMATION

Pursuant to the Original Agreement dated 24 October 1995 between Windows of the World and Huaqiaocheng Group, the increase in annual rent under the Original Agreement for the period between 28 April 2007 and 5 May 2012 was to be negotiated and agreed between the parties, subject to a maximum increment of 15% as compared with the annual rental charge for the period between 28 April 2002 and 27 April 2007. On 10 September 2007 Windows of the World entered into a Supplemental Agreement with Huaqiaocheng to supplement the Original Agreement and to govern the Huaqiaocheng CCT for the period commencing on 28 April 2007 and ending on 27 April 2010.

## 2. PARTICULARS OF THE SUPPLEMENTAL AGREEMENT

### Transaction Nature

Windows of the World will continue to rent premises from Huaqiaocheng Group for operating its theme park “World Miniature”.

### Pricing Basis

The annual rent payable by Windows of the World for the period between 28 April 2007 and 27 April 2010 will be RMB10.89 million (approximately HK\$11.11 million) per year. This is based on the annual rental charge of RMB9.90 million (approximately HK\$10.10 million) for the period between 28 April 2002 and 27 April 2007 with an increment of 10%.

## 3. HISTORICAL FIGURES

Windows of the World signed the Original Agreement with Huaqiaocheng Group on 24 October 1995 for a lease term of 18 years commencing from 28 April 1994. According to the audited consolidated accounts of the Group for the two years ended 31 December 2006 and the unaudited management accounts of the Group for the six months ended 30 June 2007 that are prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, and the Companies Ordinance (Chapter 32 of the laws of Hong Kong), the amounts of the Huaqiaocheng CCT for each of the two years ended 31 December 2006 and the six months ended 30 June 2007 are as follows:

Year ended 31 December		Six months ended 30 June
2005	2006	2007
(Audited)	(Audited)	(Unaudited)
RMB'000	RMB'000	RMB'000
9,900	9,900	5,115
(approximately HK\$ 10,098,000)	(approximately HK\$ 10,098,000)	(approximately HK\$ 5,217,000)

#### **4. BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS AND CAPS**

The Huaqiaocheng CCT will continue to be conducted in the ordinary and usual course of business of the Group and its counter-parties. In view of the long term established relationship with Huaqiaocheng Group and the substantial investment of the Group in the “World Miniature” theme park, the Board (including the independent non-executive Directors) considers it to be in the interests of the Group to continue to engage in the Huaqiaocheng CCT.

The Company proposes to set the maximum Caps for the three years ending 31 December 2009 at RMB10.89 million (approximately HK\$11.11 million) per year, the Caps thus being the same as the annual rent agreed between the parties to the Supplemental Agreement.

The Directors (including the independent non-executive Directors) consider the terms of the Supplemental Agreement, the Huaqiaocheng CCT and the Caps are fair and reasonable so far as Shareholders are concerned and are in the interests of Shareholders as a whole. The Huaqiaocheng CCT was negotiated on an arm’s length basis and was arrived at on normal commercial terms no less favourable to the Group than terms available from independent third parties.

#### **5. LISTING RULES IMPLICATIONS**

Huaqiaocheng owns approximately 56% interest in Overseas Chinese Town. Overseas Chinese Town in turn owns 49% in Windows of the World, and is therefore a substantial shareholder of Windows of the World. Accordingly, Huaqiaocheng and Overseas Chinese Town are connected persons of the Company, and the Huaqiaocheng CCT constitutes a continuing connected transaction for the Company.

It is expected the applicable percentage ratios under the Listing Rules for the Caps will exceed 0.1% but will be less than 2.5%. The Huaqiaocheng CCT is subject to the reporting and announcement requirements under the Listing Rules.

In March 2007, the Company conducted an extensive review of the continuing connected transactions of the Company. During the review, it was apparent to the Company that the applicable percentage ratios under the Listing Rules in respect of the Huaqiaocheng CCT for 2007 might reach the disclosure requirements under Chapter 14A of the Listing Rules. Incidental to this, the Original Agreement provides that the increase in annual rent under the Original Agreement for the period between 28 April 2007 and 5 May 2012 was to be negotiated and agreed between the parties. Accordingly, the Company commenced negotiations with Huaqiaocheng Group on the terms of the Huaqiaocheng CCT in respect of the 3 years ending 27 April 2010, and finally concluded the negotiations and signed the Supplemental Agreement on 10 September 2007. There are no material changes to the terms of the Original Agreement.

After the Supplemental Agreement had been signed on 10 September 2007, there were further negotiations with Huaqiaocheng Group regarding the scope of disclosure for the terms of the Supplemental Agreement, and the Company understands that Huaqiaocheng Group has to go through certain internal compliance procedures in order for them to confirm on the scope of disclosures. As a result, this announcement is only made after agreeing with Huaqiaocheng Group on the relevant scope of disclosures.

## 6. GENERAL INFORMATION

The principal businesses of the Group include tour operations, theme parks, hotel and resort operations, passenger and freight transportation, golf club and power generation. Huaqiaocheng is principally engaged in investment holding.

## 7. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Caps”	the maximum aggregate annual consideration for the Huaqiaocheng CCT
“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 Stock Exchange
“connected person(s)”, “substantial shareholder(s)”	each of which has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huaqiaocheng”	華僑城集團公司 (Huaqiaocheng Group Company), a state-owned enterprise of the PRC
“Huaqiaocheng CCT”	the continuing connected transaction between the Group and Huaqiaocheng Group in accordance with the Original Agreement as supplemented by the Supplemental Agreement

“Huaqiaocheng Group”	Huaqiaocheng and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Agreement”	the lease agreement dated 24 October 1995 and entered into between Windows of the World and Huaqiaocheng Group in relation to the Huaqiaocheng CCT
“Overseas Chinese Town”	深圳華僑城控股股份有限公司(Shenzhen Overseas Chinese Town Holding Company), a subsidiary of Huaqiaocheng
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 10 September 2007 for the purpose of supplementing the Original Agreement and governing the Huaqiaocheng CCT for the period between 28 April 2007 and ending on 27 April 2010
“Windows of the World”	深圳世界之窗有限公司 (Shenzhen The World Miniature Co. Ltd.), a subsidiary of the Company owned as to 51% by the Company, and as to 49% by Overseas Chinese Town

*For illustration purpose in this announcement, the conversion rate of RMB1.00 = HK\$1.02 was adopted.*

By Order of the Board  
**China Travel International Investment Hong Kong Limited**  
**Wei Qing**  
*Director*

Hong Kong, 9 October 2007

The Directors as at the date of this announcement:

*Executive Directors:*

Mr. Zhang Xuewu, Mr. Xiong Weiping, Mr. Zheng Heshui, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Mao Jianjun, Mr. Zhang Fengchun and Mr. Wei Qing

*Independent Non-Executive Directors:*

Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee