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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 SHAANXI ZHENGYUAN

On 31 December 2007, the Company entered into the Master Agreement with Shaanxi Zhengyuan regarding the provision of machinery repair and maintenance services by Shaanxi Zhengyuan to Weihe Power, a subsidiary of the Company, for a term commencing from 1 January 2007 and ending on 31 December 2008.

As Shaanxi Zhengyuan is a connected person of the Company, the Shaanxi Zhengyuan CCTs constitute continuing connected transactions of the Company. Since an applicable percentage ratio is, on an annual basis, more than 0.1% but less than 2.5%, the Shaanxi Zhengyuan CCTs are only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE MASTER AGREEMENT

Date

31 December 2007

Parties

the Company
Shaanxi Zhengyuan

Duration

1 January 2007 to 31 December 2008

Transaction Nature

Provision of machinery repair and maintenance services by Shaanxi Zhengyuan to Weihe Power, a subsidiary of the Company.

Terms

On normal commercial terms and at rates no higher than that which independent third parties may charge Weihe Power.

Historical Transactions

The Company had prior transactions with Shaanxi Zhengyuan in relation to the provision of machinery repair and maintenance services since 1 January 2007. In relation to each transaction, Weihe Power and Shaanxi Zhengyuan had entered into a particular written agreement (each an “**Agreement**”) governing the terms of that particular transaction.

The transaction amounts of the Agreements for the period between 1 January 2007 and 31 July 2007 did not exceed the 0.1% threshold as provided under Rule 14A.33(3) of the Listing Rules. In September 2007, Weihe Power entered into a number of Agreements with Shaanxi Zhengyuan which in aggregate involved significant amount and exceeded the de minimis threshold. The Company was only informed of such transactions in early December 2007 when the accounts of Weihe Power of October was submitted to the Company for internal review.

Annual Caps

Service fees payable by Weihe Power:

For the year ending 31 December	
2007	2008
RMB10,272,000	RMB11,299,000

Basis for the annual caps

By reference to:

- (a) historical transaction amounts of RMB2,999,163.62 and RMB9,338,158.14 for the years 2005 and 2006 respectively;
- (b) the Company’s internal projections; and
- (c) an assumed inflation rate of 10% in the PRC for 2008.

REASONS FOR AND BENEFITS OF THE SHAANXI ZHENGYUAN CCT

Shaanxi Zhengyuan is principally engaged in various businesses including processing of coal ash, manufacturing and providing maintenance and installation services for machinery equipment and trading of electronic parts. In view of the long term established relationship with Shaanxi Zhengyuan which brought about operational convenience and benefits to the Group, the Board considers it to be in the interests of the Group to continue to engage in the Shaanxi Zhengyuan CCT.

The Board (including the independent non-executive Directors) believes that the Shaanxi Zhengyuan CCT are on normal commercial terms and their terms and the annual caps referred to above are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Xibei Power is a substantial shareholder of Weihe Power and Shaanxi Zhengyuan is a wholly-owned subsidiary of Xibei Power. Accordingly, Shaanxi Zhengyuan is a connected person of the Company and therefore the Shaanxi Zhengyuan CCT constitutes continuing connected transactions of the Company.

Since an applicable percentage ratio is, on an annual basis, more than 0.1% but less than 2.5%, the Shaanxi Zhengyuan CCT is only subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board confirms that the Group has not entered into any other transaction with Shaanxi Zhengyuan or its holding companies which is required to be aggregated with the Shaanxi Zhengyuan CCT for the purpose of classification of the Shaanxi Zhengyuan CCT under Chapter 14A of the Listing Rules.

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.

DEFINITIONS

“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Agreement”	the master agreement dated 31 December 2007 entered into between the Company and Shaanxi Zhengyuan in relation to the Shaanxi Zhengyuan CCT
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Zhengyuan”	陝西正元電力實業發展公司 (Shaanxi Zheng Yuan Electric Power Industrial Development Co.), a state-owned enterprise of the PRC
“Shaanxi Zhengyuan CCT”	the provision of machinery repair and maintenance services by Shaanxi Zhengyuan to Weihe Power as contemplated under the Master Agreement
“Weihe Power”	陝西渭河發電有限公司 (Shaanxi Weihe Power Co., Ltd.), a sino-foreign equity joint venture company established in the PRC indirectly owned as to 51% by the Company
“Xibei Power”	西北電網有限公司 (Northwest China Grid Company Limited), a state-owned company established in the PRC

By Order of the Board

China Travel International Investment Hong Kong Limited

Xiong Weiping

Vice Chairman & General Manager

Hong Kong, 31 December 2007

English names of the companies/entities established in the PRC are unofficial English transliterations or translations and are for identification purposes only.

As at the date of this announcement, the Directors are:

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