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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: 308)

## CONNECTED TRANSACTIONS

The Board is pleased to announce that on 10 September 2009, China Heaven, a non wholly-owned subsidiary of the Company, and CTI (Qingdao), a wholly-owned subsidiary of CTS (Holdings), entered into the Design Agreement pursuant to which China Heaven agreed to provide theatre concept design proposal, interior craft design requirements and technical standards of stage equipment for the theatre of Qingdao Ocean Spring Resort for CTI (Qingdao) before 20 December 2009 for a consideration of RMB3.8 million. As the applicable percentage ratios in respect of the transactions under the Design Agreement is less than 0.1%, the Design Agreement and the transactions contemplated thereunder were not subject to any reporting, announcement and shareholders' approval requirement at the time it was entered into. The Board further announces that China Heaven has on 7 April 2010 entered into the Production Agreement with CTI (Qingdao) pursuant to which China Heaven agreed to create and prepare a performance show for CTI (Qingdao) to be staged in the theatre of Qingdao Ocean Spring Resort on or before 1 May 2011 for the Consideration of RMB13.2 million.

CTS (Holdings) is a substantial Shareholder, and thus CTI (Qingdao) is a connected person of the Company. Therefore, the Transaction constitutes a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules. Pursuant to Rule 14A.25 of the Listing Rules, the Theatre Concept Design and the Performance Show Production will be aggregated and treated as if they were one transaction. As the applicable percentage ratios in respect of the Transaction exceed 0.1% but less than 2.5%, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

### THE DESIGN AGREEMENT

#### Date

10 September 2009

#### Parties to the Design Agreement

- (1) China Heaven, a non wholly-owned subsidiary of the Company; and
- (2) CTI (Qingdao), a wholly-owned subsidiary of CTS (Holdings).

**The subject matter**

China Heaven agreed to provide theatre concept design proposal, interior craft design requirements and technical standards of stage equipment for the theatre of Qingdao Ocean Spring Resort for CTI (Qingdao) before 20 December 2009 for a consideration of RMB3.8 million. The consideration shall be payable in cash within 5 working days after completion of the Theatre Concept Design.

The consideration of RMB3.8 million was determined after arm's length negotiation between the parties and after taking into account of the scope of work as disclosed above and the estimated costs and expenses to be incurred for the Theatre Concept Design. The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and the Design Agreement was made on normal commercial terms.

**THE PRODUCTION AGREEMENT****Date**

7 April 2010

**Parties to the Production Agreement**

- (1) China Heaven, a non wholly-owned subsidiary of the Company; and
- (2) CTI (Qingdao), a wholly-owned subsidiary of CTS (Holdings).

**The subject matter**

China Heaven agreed to create and prepare a performance show for CTI (Qingdao) to be staged in the theatre of Qingdao Ocean Spring Resort on or before 1 May 2011. China Heaven shall be responsible for professional services relating to the creation and preparation of the performance show, such as script writing, creative plotting, artistic creation, dance and costume, artiste selection, training and rehearsal. CTI (Qingdao) shall be responsible for arranging meal, accommodation and rehearsal venue when the show crew arrive Qingdao Ocean Spring Resort on or after 15 February 2011 for rehearsal and production.

The intellectual property relating to the performance show shall belong to China Heaven after its creation and production.

## **Consideration**

The Consideration of RMB13.2 million was determined after arm's length negotiation between the parties and after taking into account of the scope of work as disclosed above and the estimated costs and expenses to be incurred before the formal performance including, remuneration of artists, design and production of property and costume, accommodation, meal and travel arrangement for artists and crew. The Consideration shall be payable by CTI (Qingdao) to China Heaven by cash in four instalments as follows:

1. RMB3.3 million, being 25% of the Consideration, shall be payable 10 days after the signing of the Production Agreement;
2. RMB7.65 million, being approximately 58% of the Consideration, shall be payable within 10 days after the date when the audition, artistic director plan, music composition, multi-media proposal, costume and character design for key casts and stage lighting design have been completed by China Heaven and approved by CTI (Qingdao) (but in any event not later than 31 May 2010);
3. RMB1.7 million, being approximately 13% of the Consideration, shall be payable within 10 days after the rehearsal in the theatre of Qingdao Ocean Spring Resort is approved by CTI (Qingdao) (but in any event not later than 25 February 2011); and
4. RMB550,000, being approximately 4% of the Consideration, shall be payable within 10 days after the quality and effect of the performance show have been continuously improved by China Heaven to the satisfaction of CTI (Qingdao) after it is formally on stage on 1 May 2011 (but in any event not later than three months after the formal performance).

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the Production Agreement was made on normal commercial terms.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE DESIGN AGREEMENT AND THE PRODUCTION AGREEMENT**

The Company believes that the Transaction can bring the performing arts resources of China Heaven into full play and strengthen the performing arts business within the Group as well as achieving the complementary and synergy effect by combining the resort resources of the CTS (Holdings) Group and the performing arts resources of the Group.

The Directors (including the independent non-executive Directors) consider the terms of the Design Agreement and the Production Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## GENERAL INFORMATION

CTS (Holdings) is a substantial Shareholder, and thus CTI (Qingdao) is a connected person of the Company. Therefore, the Theatre Concept Design and the Performance Show Production constitute connected transactions for the Company under Rule 14A.13(1)(a) of the Listing Rules. Pursuant to Rule 14A.25 of the Listing Rules, the Theatre Concept Design and the Performance Show Production will be aggregated and treated as if they were one transaction. As the applicable percentage ratios in respect of the Transaction exceed 0.1% but less than 2.5%, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

## INFORMATION OF THE PARTIES

The principal business activities of China Heaven include sponsoring, organising and promoting art and cultural shows and art and cultural exhibitions in the PRC and overseas. The principal business activities of the Group include travel agency and related operations, online travel consolidator, hotels, theme parks, resorts, passenger transportation, golf club, art performance and infrastructure investment.

The principal business activities of CTI (Qingdao) include the operation of resort (including hotel, ocean spring, theatre etc) and real estate development. The CTS (Holdings) Group is principally engaged in travel business, industrial investment in steel, real estate development, logistics and trading.

## DEFINITIONS

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

“Board”	the board of Directors
“China Heaven”	天創國際演藝制作交流有限公司( <i>China Heaven Creation International Performing Arts Co. Ltd.*</i> ), a company incorporated in the PRC and is 70% owned by the Company and 30% owned by 深圳錦繡中華發展有限公司( <i>Shenzhen The Splendid China Development Co., Ltd.*</i> ), a 51% owned subsidiary of the Company
“Company”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB13.2 million, being consideration for the transactions contemplated under the Production Agreement

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CTI (Qingdao)”	港中旅 (青島) 海泉灣有限公司( <i>China Travel Hong Kong (Qingdao) Ocean Spring Co., Ltd.*</i> ), a company incorporated in the PRC and is wholly owned by CTS (Holdings)
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a controlling Shareholder holding approximately 52.56% of the total issued share capital of the Company
“CTS (Holdings) Group”	CTS (Holdings) and its subsidiaries, which shall exclude the Group for the purpose of this announcement
“Design Agreement”	the agreement entered into on 10 September 2009 between China Heaven and CTI (Qingdao) in relation to the Theatre Concept Design
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Performance Show Production”	the cooperation between China Heaven and CTI (Qingdao) in relation to the creation of performance show in Qingdao Ocean Spring Resort, pursuant to which (1) China Heaven shall be responsible for planning, creation, performance and management of the performance show as well as the crew; and (2) CTI (Qingdao) shall co-operate with China Heaven and provide all necessary support to China Heaven
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclusively refer to Mainland China
“Production Agreement”	the agreement entered into on 7 April 2010 between China Heaven and CTI (Qingdao) in relation to the Performance Show Production
“Qingdao Ocean Spring Resort”	the ocean spring resort operated by CTI (Qingdao) in Qingdao, Shandong Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Theatre Concept Design”	the provision of theatre concept design proposal, interior craft design requirements and technical standards of stage equipment by China Heaven to CTI (Qingdao) for the theatre of Qingdao Ocean Spring Resort
“Transaction”	collectively, the Theatre Concept Design and the Performance Show Production contemplated under the Design Agreement and the Production Agreement respectively and related transactions thereunder

By Order of the Board  
**China Travel International Investment Hong Kong Limited**  
**Zhang Xuewu**  
*Chairman*

Hong Kong, 7 April 2010

*As at the date of this announcement, the Board comprises eight executive Directors, namely Mr. Zhang Xuewu, Mr. Zheng Heshui, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Mao Jianjun, Mr. Fang Xiaorong, Mr. Zhang Fengchun and Mr. Xu Muhan and four independent non-executive Directors, namely Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.*

\* *for identification purposes only*