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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 TRANSACTION –
ENTERING INTO ENTRUSTED CONSTRUCTION AGREEMENT WITH
HONGKONG CHINA TRAVEL SERVICE INVESTMENT (CHINA) LIMITED**

The Board is pleased to announce that on 21 April 2010, Mangocity, a wholly-owned subsidiary of the Company, and CTS (China), a wholly-owned subsidiary of CTS (Holdings), entered into the Entrusted Construction Agreement pursuant to which Mangocity entrusted CTS (China) to undertake the Entrusted Construction for an entrustment fee of RMB8.9 million.

As CTS (Holdings) is a substantial Shareholder, CTS (China), being a subsidiary of CTS (Holdings), is a connected person of the Company. Therefore, the Entrusted Construction constitutes a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 2.5%, the Entrusted Construction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under the Listing Rules.

THE ENTRUSTED CONSTRUCTION AGREEMENT

Date

21 April 2010

Parties to the Entrusted Construction Agreement

- (1) Mangocity, a wholly-owned subsidiary of the Company; and
- (2) CTS (China), a wholly-owned subsidiary of CTS (Holdings).

Scope of work of the Entrusted Construction

Pursuant to the Entrusted Construction Agreement, Mangocity has entrusted CTS (China) and CTS (China) agreed to undertake the Entrusted Construction, including, among other things, (i) attending to design and consultation work; (ii) conducting tenders for construction design, supervision, implementation of works and purchase of equipment and materials; (iii) examination of pre-tender estimate and review of settlement works; (iv) negotiation and execution of construction contracts; (v) attending to implementation and management works; and (vi) organizing acceptance inspection of the projects before and after completion.

Consideration

The entrustment fee of RMB8.9 million was determined after arm's length negotiation between the parties and after taking into account the scope of work as disclosed above and the expected cost to be incurred. The entrustment fee shall be payable by Mangocity to CTS (China) by cash in the following manner:

1. RMB2.8 million shall be payable within 10 days after the signing of the Entrusted Construction Agreement;
2. Subsequent payments shall be paid by four instalments based on the progress of the construction as follows:
 - a. first stage: RMB1.4 million shall be payable within 10 days of successful acceptance testing for completion of works to the ground level (正負零階段);
 - b. second stage: RMB1.4 million shall be payable within 10 days of successful acceptance testing for completion of the steel skeleton (結構封頂階段);
 - c. third stage: RMB1.4 million shall be payable within 10 days of successful acceptance testing for completion of the interior decoration;
 - d. fourth stage: RMB1.4 million shall be payable within 10 days of successful acceptance testing for completion of the project.
3. The remaining consideration shall be paid within 10 days after the completion of settlement of account of the Entrusted Construction and filing of the project documents.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED CONSTRUCTION AGREEMENT

Since the Entrusted Construction is large in scale and complex in nature, by entrusting the Entrusted Construction to CTS (China), which is well experienced in real estate development and management, the Company could leverage on the professional experience and strength of CTS (China) in the management of the Construction Project.

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

GENERAL INFORMATION

As CTS (Holdings) is a substantial Shareholder, CTS (China), being a subsidiary of CTS (Holdings), is a connected person of the Company. Therefore, the Entrusted Construction constitutes a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 2.5%, the Entrusted Construction 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 activity of Mangocity is the sale of travel related products through an online platform. The principal businesses activities of the Group include travel agency and related operations, online travel consolidator, hotels, scenic spots, resorts, passenger transportation, golf club, art performance and infrastructure investment.

The principal business activities of CTS (China) include real estate development and management. 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
“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
“Construction Project”	the construction of the headquarters of Mangocity at the east of the junction between Baishi Road and Haibin Road, Nanshan District, Shenzhen, which covers a site area of approximately 4,153.29 sq.m. The proposed total construction area of the headquarters is approximately 48,827.5 sq.m., subject to the final approved planned area by the relevant government authorities
“Entrusted Construction”	the engagement of CTS (China) by Mangocity to manage the Construction Project
“Entrusted Construction Agreement”	the agreement entered into on 21 April 2010 between Mangocity and CTS (China) in relation to the Entrusted Construction
“CTS (China)”	港中旅(中國)投資有限公司 (Hongkong China Travel Service Investment (China) Limited), 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, but excluding the Group for the purpose of this announcement
“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
“Mangocity”	芒果網有限公司 (Mangocity.com (Shenzhen) Limited*), a company incorporated in the PRC and wholly-owned by the Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, exclusively refers to Mainland China
“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

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

Hong Kong, 21 April 2010

As at the date of this announcement, the Board of the Company 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*