

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSABLE AND CONNECTED TRANSACTIONS – PROVISION OF FINANCIAL ASSISTANCE

On 20 August 2010, Window of the World, a 51% owned subsidiary of the Company, ICBC and Overseas Chinese Town, which owns 49% equity interest in Window of the World, entered into the First Entrustment Loan Agreement for a term of three years commencing from 20 August 2010 pursuant to which ICBC has, at the request of and acting as an agent to Window of the World, agreed to provide an entrustment loan with a maximum amount of RMB70 million to Overseas Chinese Town.

On the same date, Splendid China, a 51% owned subsidiary of the Company, ICBC and Overseas Chinese Town, which owns 49% equity interest in Splendid China, entered into the Second Entrustment Loan Agreement for a term of three years commencing from 20 August 2010 pursuant to which ICBC has, at the request of and acting as an agent to Splendid China, agreed to provide an entrustment loan with a maximum amount of RMB150 million to Overseas Chinese Town.

Overseas Chinese Town is a substantial shareholder of each of Window of the World and Splendid China, being 51% owned subsidiaries of the Company, and is, therefore, a connected person of the Company, resulting in the Financial Assistance constituting a connected transaction of the Company under Rule 14A.13(2)(a)(i) of the Listing Rules. Pursuant to Rule 14A.25 of the Listing Rules, the transactions contemplated under the Entrustment Loan Agreements will be aggregated and treated as if they were one transaction. As the applicable percentage ratios in respect of the Financial Assistance exceed 1% but are less than 5%, and the profits ratio exceeds 5% but is less than 25%, the Financial Assistance also constitutes a discloseable transaction, which is the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement under the Listing Rules.

THE FIRST ENTRUSTMENT LOAN AGREEMENT

Date

20 August 2010

Parties

- (1) Window of the World, as the principal;
- (2) ICBC, as the agent; and
- (3) Overseas Chinese Town, as the borrower.

Major Terms of the First Entrustment Loan Agreement

Loan amount

ICBC has, at the request of and acting as an agent to Window of the World, agreed to provide an entrustment loan with a maximum amount of RMB70 million to Overseas Chinese Town. The entrustment loan is a revolving loan.

Interest rate

The interest payable by Overseas Chinese Town for the loan shall be at a 10% discount to the one-year standard loan interest rate promulgated by the PBOC. If there are any changes in the one-year standard rate during the year, the loan interest will be adjusted to the last revised one-year standard rate during the year discounted by 10% and become effective from 1 January of the following year. Interest will be charged and calculated from the date of drawdown, and will be payable quarterly by Overseas Chinese Town. In the event of any late repayment of the principal or interest, a daily default interest rate of 0.1% will be charged by ICBC, upon receipt of written instruction from Window of the World, on the principal and interest amount overdue.

Duration

The duration of the loan advanced to Overseas Chinese Town under the First Entrustment Loan Agreement is subject to the specific term of the individual drawdown but in any event not more than 36 months from the date of the First Entrustment Loan Agreement.

Purpose of the loan

The loan is provided to Overseas Chinese Town for the sole purpose as its general working capital. A daily default interest rate of 0.2% will be charged by ICBC, upon receipt of written instruction from Window of the World, on the principal and interest amount accrued if the loan is not applied for this specific purpose or used in contravention with any applicable laws and regulations.

Handling fee and account service fee

The handling fee charged by ICBC is 0.02% of the loan amount and shall be payable by Window of the World before the drawdown by Overseas Chinese Town. The account service fee charged by ICBC is RMB360 per account per annum in respect of bank accounts opened by Window of the World in association with the entrustment loan and shall be payable by Window of the World before the drawdown by Overseas Chinese Town.

Other terms

If Window of the World is in need of funding, it can serve a prior notice of one month on Overseas Chinese Town and Overseas Chinese Town is required to repay the principal of the entrustment loan and any interest accrued thereon unconditionally to Window of the World.

The terms of the First Entrustment Loan Agreement were determined after arm's length negotiations between Window of the World, ICBC and Overseas Chinese Town.

THE SECOND ENTRUSTMENT LOAN AGREEMENT

Date

20 August 2010

Parties

- (1) Splendid China, as the principal;
- (2) ICBC, as the agent; and
- (3) Overseas Chinese Town, as the borrower.

Major Terms of the Second Entrustment Loan Agreement

Loan amount

ICBC has, at the request of and acting as an agent to Splendid China, agreed to provide an entrustment loan with a maximum amount of RMB150 million to Overseas Chinese Town. The entrustment loan is a revolving loan.

Interest rate

The interest payable by Overseas Chinese Town for the loan shall be at a 10% discount to the one-year standard loan interest rate promulgated by the PBOC. If there are any changes in the one-year standard rate during the year, the loan interest will be adjusted to the last revised one-year standard rate during the year discounted by 10% and become effective from 1 January of the following year. Interest will be charged and calculated from the date of drawdown, and will be payable quarterly by Overseas Chinese Town. In the event of any late repayment of the principal or interest, a daily default interest rate of 0.1% will be charged by ICBC, upon receipt of written instruction from Splendid China, on the principal and interest amount overdue.

Duration

The duration of the loan advanced to Overseas Chinese Town under the Second Entrustment Loan Agreement is subject to the specific term of the individual drawdown but in any event not more than 36 months from the date of the Second Entrustment Loan Agreement.

Purpose of the loan

The loan is provided to Overseas Chinese Town for the sole purpose as its general working capital. A daily default interest rate of 0.2% will be charged by ICBC, upon receipt of written instruction from Splendid China, on the principal and interest amount accrued if the loan is not applied for this specific purpose or used in contravention with any applicable laws and regulations.

Handling fee and account service fee

The handling fee charged by ICBC is 0.02% of the loan amount and shall be payable by Splendid China before the drawdown by Overseas Chinese Town. The account service fee charged by ICBC is RMB360 per account per annum in respect of bank accounts opened by Splendid China in association with the entrustment loan and shall be payable by Splendid China before the drawdown by Overseas Chinese Town.

Other terms

If Splendid China is in need of funding, it can serve a prior notice of one month on Overseas Chinese Town and Overseas Chinese Town is required to repay the principal of the entrustment loan and any interest accrued thereon unconditionally to Splendid China.

The terms of the Second Entrustment Loan Agreement were determined after arm's length negotiations between Splendid China, ICBC and Overseas Chinese Town.

CORPORATE GUARANTEE

On 20 August 2010, Huaqiaocheng provided an irrevocable joint liability corporate guarantee in favour of Window of the World to secure the repayment obligations of Overseas Chinese Town under the First Entrustment Loan Agreement. On the same date, Huaqiaocheng provided an irrevocable joint liability corporate guarantee in favour of Splendid China to secure the repayment obligations of Overseas Chinese Town under the Second Entrustment Loan Agreement. The provision of such corporate guarantees by Huaqiaocheng to Window of the World and Splendid China are exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTMENT LOAN AGREEMENTS

In the past few years, the surplus cash on hand not required for operation or capital expenditure purposes of Window of the World and Splendid China has been placed as deposits in banks. Currently, the annual deposit rate for one-year fixed deposits is approximately 2.25% in the PRC. Through entering into the Entrustment Loan Agreements, Window of the World and Splendid China could enjoy an annual interest rate of approximately 4.78%, which is equal to the one-year standard loan interest rate promulgated by the PBOC discounted by 10%, assuming the entrustment loans are drawdown toady. Taking into account the flexibility that Window of the World and Splendid China can recall the loan at any time by giving only one month prior notice to Overseas Chinese Town, the Company believes that this arrangement will provide a better utilization of such surplus cash with acceptable levels of risk, and the interest charged thereto will, after deducting the relevant fees charged by ICBC, provide satisfactory economic returns for the Group.

The Directors (including the independent non-executive Directors) consider the terms of the Entrustment Loan Agreements are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

Overseas Chinese Town is a substantial shareholder of each of Window of the World and Splendid China, being 51% owned subsidiaries of the Company, and is, therefore, a connected person of the Company, resulting in the Financial Assistance constituting a connected transaction of the Company under Rule 14A.13(2)(a)(i) of the Listing Rules. Pursuant to Rule 14A.25 of the Listing Rules, the transactions contemplated under the Entrustment Loan Agreements will be aggregated and treated as if they were one transaction. As the applicable percentage ratios in respect of the Financial Assistance exceed 1% but less than 5%, and the profits ratio exceeds 5% but is less than 25%, the Financial Assistance also constitutes a discloseable transaction, which is subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement under the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Entrustment Loan Agreements.

INFORMATION OF THE PARTIES

ICBC is a bank incorporated in the PRC and is principally engaged in banking, financial and other financial related services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, ICBC and its ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

The principal business activity of Window of the World and Splendid China is operation of theme parks in Shenzhen. The principal business activities of the Group include travel agencies and related operations, online travel consolidator, hotels, scenic spots, resorts, passenger transportation, golf clubs, art performances and infrastructure investment.

Overseas Chinese Town is listed on the SZSE with a market capitalization of approximately RMB42.9 billion as of 18 August 2010 and is principally engaged in the travel business, real estate business and paper packaging business. Huaqiaocheng, which owns approximately 56.36% equity interest in Overseas Chinese Town, is a central state-owned enterprise under the direct supervision of SASAC and is principally engaged in the export of textile and light industrial products; import of mechanical equipments and light industrial products; development of compensation trade; as well as investment in manufacturing industries, tourism, real estates, trading, finance and insurance businesses.

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 shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Entrustment Loan Agreements”	collectively, the First Entrustment Loan Agreement and the Second Entrustment Loan Agreement
“Financial Assistance”	the financial assistance provided by Window of the World and Splendid China to Overseas Chinese Town under the Entrustment Loan Agreements
“First Entrustment Loan Agreement”	the entrustment loan agreement dated 20 August 2010 entered into between Window of the World, ICBC and Overseas Chinese Town for an entrustment loan with a maximum amount of RMB70 million
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqiaocheng”	華僑城集團公司 (Huaqiaocheng Group Company), a state-owned enterprise of the PRC
“ICBC”	Industrial and Commercial Bank of China Ltd., Shenzhen Xinian Branch, a joint stock limited liability company incorporated in the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Chinese Town”	深圳華僑城股份有限公司 (Shenzhen Overseas Chinese Town Co., Ltd), a 56.36% owned subsidiary of Huaqiaocheng

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“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
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Second Entrustment Loan Agreement”	the entrustment loan agreement dated 20 August 2010 entered into between Splendid China, ICBC and Overseas Chinese Town for an entrustment loan with a maximum amount of RMB150 million
“Shareholder(s)”	shareholder(s) of the Company
“Splendid China”	深圳錦繡中華發展有限公司 (Shenzhen The Splendid China Development Co., Ltd.), a subsidiary of the Company owned as to 51% by the Company, and as to 49% by Overseas Chinese Town
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“SZSE”	The Shenzhen Stock Exchange (深圳證券交易所)
“Window 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

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

Hong Kong, 20 August 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.