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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)

CONTINUING CONNECTED TRANSACTIONS – REVISION AND RENEWAL OF ANNUAL CAP

(1) REVISION OF ANNUAL CAP FOR PROVISION OF ASP RELATED SERVICES TO THE CTS (HOLDINGS) GROUP

Reference is made to the announcement of the Company dated 18 November 2009 in respect of the continuing connected transactions between certain members of the Group and the CTS (Holdings) Group.

As the amount of the ASP related services actually required by the CTS (Holdings) Group may exceed the original projection, the Company and CTS (Holdings) entered into the Supplemental Agreement to revise the annual cap for the three financial years ending 31 December 2012 to re-comply with Rule 14A.36 of the Listing Rules.

(2) PROVISION OF HOTEL MANAGEMENT SERVICES TO THE CTS (HOLDINGS) GROUP

Reference is made to the announcement and circular of the Company, respectively dated 1 November 2007 and 21 November 2007 in respect of the provision of hotel management services to the CTS (Holdings) Group.

On 9 May 2008, the Company, as hotel manager, and CTS (Holdings), as hotel owner, entered into the HMS Master Agreement to govern the continuous provision of hotel management services by CTS Hotels Management to certain subsidiaries of CTS (Holdings) for a term commenced from 9 May 2008, date of signing of the HMS Master Agreement, and ending on 31 December 2015. As the caps approved for the HMS Master Agreement are only up to the financial year ending 31 December 2010, the Company proposes new caps for the HMS Master Agreement for the three years ending 31 December 2013 to comply with the Listing Rules.

LISTING RULES IMPLICATIONS

As CTS (Holdings) is a substantial shareholder of the Company, the members in the CTS (Holdings) Group are connected persons of the Company and the provision of the ASP related services and the hotel management services to the CTS (Holdings) Group constitute continuing connected transactions of the Company. The applicable percentage ratios as defined in Rule 14A.10(10) of the Listing Rules for the revised or renewed annual cap of the amount receivable (as the case may be) for each of the provision of ASP related services and the provision of the hotel management services will exceed 0.1% but less than 5%; thus, each of the provision of ASP related services and the provision of the hotel management services is only subject to the reporting, annual review and announcement requirements in accordance with Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement.

CONTINUING CONNECTED TRANSACTIONS

(1) Provision of ASP related services to the CTS (Holdings) Group

Background Information

Reference is made to the announcement of the Company dated 18 November 2009 in respect of the continuing connected transactions between certain members of the Group and the CTS (Holdings) Group.

As the amount of the ASP related services actually required by CTS (Holdings) Group may exceed the original projection, the annual cap for the provision of the ASP related services to the CTS (Holdings) Group for the financial year ending 31 December 2010 will be exceeded and the Directors expect that the original annual cap for the two financial years ending 31 December 2012 may be insufficient to meet the amount of services required by the CTS (Holdings) Group. Accordingly, the Company and CTS (Holdings) entered into the Supplemental Agreement to revise the annual cap for the three financial years ending 31 December 2012 to re-comply with Rule 14A.36 of the Listing Rules. Save for the revision of the annual cap for the provision of the ASP related services to the CTS (Holdings) Group, all other terms and conditions of the 2009 Master Agreement remain unchanged.

The ASP related services to be provided by the Group will be charged by reference to the fees charged by the Group to other Independent Third Parties, which is charged on a monthly basis and payable in cash within 14 days upon receipt of the invoices.

Historical Figures

For the three years ended 31 December 2009 and for the nine months ended 30 September 2010, the amount of service fees payable by CTS (Holdings) Group are as follows:

	Year ended 31 December			For the nine months ended
	2007	2008	2009	30 September 2010
	(Audited)	(Audited)	(Audited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASP related services fees	14,013	9,734	11,717	10,211

Revised Annual Cap

The Company proposes to revise the annual cap for the ASP related services fees as follows:

	Year ending 31 December					
	2010		2011		2012	
	HK\$'000		HK\$'000		HK\$'000	
	Original Cap	Revised Cap	Original Cap	Revised Cap	Original Cap	Revised Cap
ASP related services fees	11,300	16,000	11,300	23,000	11,300	18,000

The revised annual cap is determined based on the following:

- (i) historical transaction amounts for the three years ended 31 December 2009 and the nine months ended 30 September 2010;
- (ii) the actual volume of the ASP related services used by the CTS (Holdings) Group; and
- (iii) the Company's internal projection after taking into account of the expected continues increase in demand for the ASP related services by the CTS (Holdings) Group.

The above is merely assumed for the purpose of determining the revised annual cap and shall not be regarded as any indication directly or indirectly as to the Group's revenue, profitability or trading prospects.

The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement, the provision of the ASP related services and the revised cap contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

(2) Provision of hotel management services to the CTS (Holdings) Group

Background Information

Reference is made to the announcement and circular of the Company, respectively dated 1 November 2007 and 21 November 2007 in respect of the provision of hotel management services to the CTS (Holdings) Group.

On 9 May 2008, the Company, as hotel manager, and CTS (Holdings), as hotel owner, entered into a hotel management services master agreement (the “**HMS Master Agreement**”) to govern the continuous provision of hotel management services by CTS Hotels Management to certain subsidiaries of CTS (Holdings) for a term commenced from 9 May 2008, date of signing of the HMS Master Agreement, and ending on 31 December 2015. As the cap approved for the HMS Master Agreement are only up to the financial year ending 31 December 2010, the Company proposes new cap for the HMS Master Agreement for the three years ending 31 December 2013 to comply with the Listing Rules.

The management fees shall be determined with reference to a certain percentage of total revenue of the hotel under management, a certain percentage of its gross operating profit and as the case maybe, a certain percentage of its room revenue, which shall be on normal commercial terms no less favourable to the Group than terms available from Independent Third Parties.

Historical Figures

For the two years ended 31 December 2009 and for the nine months ended 30 September 2010, the amount of hotel management fees payable by the CTS (Holdings) Group are as follows:

	Year ended 31 December		For the nine months ended
	2008	2009	30 September 2010
	(Audited)	(Audited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Hotel management fee	5,451	8,128	6,492

Proposed Annual Cap

The Company proposes to set the annual cap for the hotel management fees as follows:

	Year ending 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Hotel management fees	9,000	13,000	14,000

The annual cap is determined based on the following:

- (a) historical transaction amounts; and
- (b) the Company's internal projection.

The Directors (including the independent non-executive Directors) consider that the cap for the HMS Master Agreement is fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As CTS (Holdings) is a substantial shareholder of the Company, the members in the CTS (Holdings) Group are connected persons of the Company and the provision of the ASP related services and the hotel management services to the CTS (Holdings) Group constitute continuing connected transactions of the Company. The applicable percentage ratios as defined in Rule 14A.10(10) of the Listing Rules for the revised or renewed annual cap of the amount receivable (as the case may be) for each of the provision of ASP related services and the provision of the hotel management services will exceed 0.1% but less than 5%; thus, each of the provision of ASP related services and the provision of the hotel management services is only subject to the reporting, annual review and announcement requirements in accordance with Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirement.

As none of the Directors has any material interest in the above transactions, no Director has abstained from voting on the board resolution approving the above transactions.

INFORMATION OF THE PARTIES

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.

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:

“2009 Master Agreement”	the master agreement dated 18 November 2009 and entered into between the Company and CTS (Holdings) in relation to certain continuing connected transactions of the Company, including the provision of the ASP related services to the CTS (Holdings) Group
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“associates”, “connected person(s)”	each of which has the meaning ascribed to it under the Listing Rules
“ASP”	computer application service provider
“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
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited, a company interested in 53% of the issued share capital of the Company and a connected person of the Company
“CTS (Holdings) Group”	CTS (Holdings) and its associates, but excluding the Group for the purpose of this announcement
“CTS Hotels Management”	CTS H.K. Metropark Hotels Management Company Limited, a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties who are independent from the Company and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement”

the supplemental agreement dated 29 November 2010 to the 2009 Master Agreement entered into between the Company and CTS (Holdings) in relation to the revision of the annual cap for the provision of the ASP related services to the CTS (Holdings) Group

By Order of the Board

China Travel International Investment Hong Kong Limited

Zhang Xuewu

Chairman

Hong Kong, 29 November 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. Fang Xiaorong, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Fu Zhuoyang 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.