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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 TRANSACTION– REVISION OF ANNUAL CAPS

Reference is made to the announcement of the Company dated 1 November 2007 and 29 November 2010 and the circular of the Company dated 21 November 2007 in respect of the provision of hotel management services to CTS (Holdings) Group.

As the aggregate amount of hotel management fees for the three financial years ending 31 December 2013 may exceed the original projection, the Company has resolved to revise the annual caps for the three financial years ending 31 December 2013 in order to re-comply with Rule 14A.35 in accordance with Rule 14A.36 of the Listing Rules.

As CTS (Holdings) is a substantial shareholder of the Company, the members in CTS (Holdings) Group are connected persons of the Company and the provision of the hotel management services to CTS (Holdings) Group constitute a continuing connected transaction of the Company. As each of the relevant percentage ratios applicable to the revised annual caps for the hotel management fees to be paid by CTS (Holdings) Group under the HMS Master Agreement for the three financial years ending 31 December 2013 will exceed 0.1% but is less than 5%, the revised annual caps for the hotel management fees under the HMS Master Agreement will continue to be a continuing connected transaction of the Company subject to the announcement, reporting and annual review requirements under the Listing Rules, and will continue to be exempt from the independent shareholders' approval requirement.

PROVISION OF HOTEL MANAGEMENT SERVICES TO CTS (HOLDINGS) GROUP

Background Information

Reference is made to the announcement of the Company dated 1 November 2007 and 29 November 2010 and the circular of the Company dated 21 November 2007 in respect of the provision of hotel management services to 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.

Original Annual Caps

As stated in the announcement of the Company dated 29 November 2010, the original approved annual caps for the hotel management fees for the three financial years ending 31 December 2013 are as follows:

| | Year ending 31 December | | |
|-----------------------|--------------------------------|-----------------|-----------------|
| | 2011 | 2012 | 2013 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Hotel management fees | <u>9,000</u> | <u>13,000</u> | <u>14,000</u> |

As the aggregate amount of hotel management fees for the three financial years ending 31 December 2013 may exceed the original projection, the Company has resolved to revise the annual caps for the three financial years ending 31 December 2013 in order to re-comply with Rule 14A.35 in accordance with Rule 14A.36 of the Listing Rules.

Historical Figures

For the three financial years ended 31 December 2010 and for the seven months ended 31 July 2011, the amount of management fees payable by CTS (Holdings) Group are as follows:–

| | Year ended 31 December | | | For the seven |
|-----------------------|-------------------------------|-----------------|-----------------|----------------------|
| | 2008 | 2009 | 2010 | months ended |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | 31 July 2011 |
| | | | | <i>HK\$'000</i> |
| Hotel management fees | <u>5,451</u> | <u>8,128</u> | <u>7,803</u> | <u>7,843</u> |

Revised Annual Caps

The Company has resolved to revise the annual caps for the hotel management fees under the HMS Master Agreement as follows:–

| | Year ending 31 December | | |
|-----------------------|--------------------------------|-----------------|-----------------|
| | 2011 | 2012 | 2013 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Hotel management fees | <u>20,000</u> | <u>22,000</u> | <u>24,200</u> |

The above revised annual caps are determined based on the following:

- (i) historical transaction amounts for the three financial years ended 31 December 2010 and the seven months ended 31 July 2011;
- (ii) the actual amount of the hotel management services used by CTS (Holdings) Group; and
- (iii) the Company's internal projection after taking into account the expected increasing demand for the hotel management services by CTS (Holdings) Group.

The above is merely assumed for the purpose of determining the revised annual caps 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 provision of the hotel management services and the revised annual caps are 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 CTS (Holdings) Group are connected persons of the Company and the provision of the hotel management services to CTS (Holdings) Group constitute a continuing connected transaction of the Company. As each of the relevant percentage ratios applicable to the revised annual caps for the hotel management fees to be paid by CTS (Holdings) Group under the HMS Master Agreement for the three financial years ending 31 December 2013 will exceed 0.1% but is less than 5%, the revised annual caps for the hotel management fees under the HMS Master Agreement will continue to be a continuing connected transaction of the Company subject to the announcement, reporting and annual review requirements under the Listing Rules, and will continue to be exempt from the independent shareholders' approval requirement.

As none of the Directors has any material interest in the above transaction, no Director has abstained from voting on the board resolution approving the revised annual caps for the hotel management fees under the HMS Master Agreement.

INFORMATION OF THE PARTIES

The principal business activities of the Group include travel agencies and related operations, hotels, scenic spots, resorts, passenger transportation, golf clubs, arts performance and power generation.

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:

| | |
|-------------------------|---|
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “CTS (Holdings)” | China Travel Service (Holdings) Hong Kong Limited, a company interested in approximately 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 |
| “HMS Master Agreement” | the master agreement entered into between CTS (Holdings) and the Company on 9 May 2008, pursuant to which the Company shall provide or procure its subsidiaries to provide hotel management services to CTS (Holdings) and its associates |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “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

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

Hong Kong, 8 September, 2011

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.