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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 CAPS

(1) REVISION OF ANNUAL CAPS FOR THE FRANCHISE FEES PAYABLE BY CTS (DENGFENG) TO SONGSHAN MANAGEMENT

Reference is made to the announcement of the Company dated 24 December 2009 in respect of the continuing connected transactions between CTS (Dengfeng) and Songshan Management under the Franchise Agreement.

As the aggregate amount of Franchise Fees for the two years ending 31 December 2012 may exceed the original projection, the Company has resolved to revise the annual caps for the two years ending 31 December 2012 to re-comply with Rule 14A.35 in accordance with Rule 14A.36 of the Listing Rules.

(2) REVISION OF ANNUAL CAPS FOR THE PROVISION OF ASP RELATED SERVICES TO THE CTS (HOLDINGS) GROUP

Reference is made to the announcement of the Company dated 18 November 2009 and 29 November 2010 in respect of the continuing connected transactions involving the provision of ASP related services to the CTS (Holdings) Group under the 2009 CTSH Master Agreement and the ASP First Supplemental Agreement.

As the aggregate amount of ASP related services actually required by the CTS (Holdings) Group for the two years ending 31 December 2012 may exceed the original projection, the Company and CTS (Holdings) entered into the ASP Second Supplemental Agreement on 14 October 2011 to revise the annual caps for the two years ending 31 December 2012 to re-comply with Rule 14A.35 in accordance with Rule 14A.36 of the Listing Rules.

(3) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROVISION OF TOUR GROUP SERVICES BY THE GROUP AND THE CHINA CTS (HK) GROUP TO EACH OTHER

Reference is made to the announcements of the Company dated 19 August 2008 and 22 June 2009 in respect of the continuing connected transactions in relation to the provision of tour group services by the Group and the China CTS (HK) Group to each other under the 2008 Tour Group Services Master Agreement and the Tour Group Services Supplemental Agreement.

As the Tour Group Services Supplemental Agreement relating to the continuing connected transactions provided thereunder will expire on 31 December 2011, the Company entered into the 2011 Tour Group Services Master Agreement with China CTS (HK) on 14 October 2011 to renew the terms of such continuing connected transactions for a term commencing from 1 January 2012 to 31 December 2014, where the Group and the China CTS (HK) Group will continue to provide tour group services to each other.

(1) REVISION OF ANNUAL CAPS FOR THE FRANCHISE FEES PAYABLE BY CTS (DENGFENG) TO SONGSHAN MANAGEMENT

Reference is made to the announcement of the Company dated 24 December 2009 in respect of the continuing connected transactions between CTS (Dengfeng) and Songshan Management under the Franchise Agreement.

Background Information

On 4 January 2010, CTS (Dengfeng) and Songshan Management entered into the Franchise Agreement, pursuant to which Songshan Management agreed to appoint CTS (Dengfeng) to exclusively manage and operate the ticket sales, sales proceeds collection and the car parks of the Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Yang Scenic Spot under the Songshan Scenic Spot for a period of 40 years in exchange for the Franchise Fees and CTS (Dengfeng) shall assume management responsibility and other responsibilities.

As the aggregate amount of Franchise Fees for the two years ending 31 December 2012 may exceed the original projection, the Company has resolved to revise the annual caps for the two years ending 31 December 2012 to re-comply with Rule 14A.35 in accordance with Rule 14A.36 of the Listing Rules.

Pricing Basis

50% of the net ticket sales, being the ticket sales of the Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Scenic Spot under the Songshan Scenic Spot after deducting business tax, ticket design and production fee and insurance expenses of the scenic spots, will be payable by CTS (Dengfeng) to Songshan Management as Franchise Fees. This pricing basis is comparable to those of similar franchise arrangements in scenic spots in the PRC.

The Franchise Fees shall be payable to Songshan Management within 10 workings days upon the end of each month.

Historical Figures

For the year ended 31 December 2010 and the eight months ended 31 August 2011, the aggregate amount of the Franchise Fees payable by CTS (Dengfeng) are as follows:

| | For the year ended 31 December 2010 <i>RMB'000</i> | For the eight months ended 31 August 2011 <i>RMB'000</i> |
|----------------|--|--|
| Franchise Fees | 73,290 | 62,308 |

Revised Annual Caps

The Company has resolved to revise the annual caps for the Franchise Fees as follows:

| | For the year ending 31 December 2011 <i>RMB'000</i> | | For the year ending 31 December 2012 <i>RMB'000</i> | |
|----------------|---|-------------|---|-------------|
| | Original Cap | Revised Cap | Original Cap | Revised Cap |
| Franchise Fees | 84,015 | 105,000 | 88,241 | 126,000 |

The revised annual caps for the two years ending 31 December 2012 for the Franchise Fees payable by CTS (Dengfeng) to Songshan Management are determined based on the following:

- (i) historical ticket sales of Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Yang Scenic Spot and the terms of the Franchise Agreement;
- (ii) the actual amount of Franchise Fees payable by CTS (Dengfeng) to Songshan Management; and
- (iii) the Company's internal projection after taking into account the expected growth prospects of the Authorized Operations.

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 continuing connected transactions contemplated under the Franchise Agreement 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.

(2) REVISION OF ANNUAL CAPS FOR THE PROVISION OF ASP RELATED SERVICES TO THE CTS (HOLDINGS) GROUP

Reference is made to the announcement of the Company dated 18 November 2009 and 29 November 2010 in respect of the continuing connected transactions involving the provision of ASP related services to the CTS (Holdings) Group under the 2009 CTSH Master Agreement and the ASP First Supplemental Agreement.

Background Information

As the aggregate amount of ASP related services actually required by the CTS (Holdings) Group for the two years ending 31 December 2012 may exceed the original projection, the Company and CTS (Holdings) entered into the ASP Second Supplemental Agreement on 14 October 2011 to revise the annual caps for the two years ending 31 December 2012 to re-comply with Rule 14A.35 in accordance with Rule 14A.36 of the Listing Rules. Save for the revision of the annual caps for the provision of ASP related services to the CTS (Holdings) Group, all other terms and conditions of the 2009 CTSH Master Agreement and the ASP First Supplemental 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 2010 and the eight months ended 31 August 2011, the amount of service fees payable by the CTS (Holdings) Group are as follows:

| | For the year ended 31 December 2008 <i>HK\$'000</i> | For the year ended 31 December 2009 <i>HK\$'000</i> | For the year ended 31 December 2010 <i>HK\$'000</i> | For the eight months ended 31 August 2011 <i>HK\$'000</i> |
|---------------------------|--|--|--|--|
| ASP related services fees | 9,734 | 11,717 | 15,219 | 12,871 |

Revised Annual Caps

The Company has resolved to revise the annual caps for the ASP related services fees as follows:

| | For the year ending 31 December 2011 | | For the year ending 31 December 2012 | |
|---------------------------|---|-------------|---|-------------|
| | <i>HK'000</i> | | <i>HK'000</i> | |
| | Original Cap | Revised Cap | Original Cap | Revised Cap |
| ASP related services fees | 23,000 | 30,000 | 18,000 | 36,000 |

The revised annual caps are determined based on the following:

- (i) historical transaction amounts for the three years ended 31 December 2010 and the eight months ended 31 August 2011;
- (ii) the actual amount of ASP related services used by the CTS (Holdings) Group; and
- (iii) the Company's internal projection after taking into account the expected increasing demand for ASP related services by the 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 terms of the ASP Second Supplemental Agreement, the provision of ASP related services and the revised annual caps contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders as a whole.

(3) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROVISION OF TOUR GROUP SERVICES BY THE GROUP AND THE CHINA CTS (HK) GROUP TO EACH OTHER

Reference is made to the announcements of the Company dated 19 August 2008 and 22 June 2009 in respect of the continuing connected transactions in relation to the provision of tour group services by the Group and the China CTS (HK) Group to each other under the 2008 Tour Group Services Master Agreement and the Tour Group Services Supplemental Agreement.

Background Information

On 19 August 2008, the Company and China CTS (HK) entered into the 2008 Tour Group Services Master Agreement in relation to the CTII Tour CCT and the China CTS Tour CCT. On 22 June 2009, the Company and China CTS (HK) entered into the Tour Group Services Supplemental Agreement to extend the term of the 2008 Tour Group Services Master Agreement to 31 December 2011. All other terms and conditions of the 2008 Tour Group Services Master Agreement remain unchanged.

As the Tour Group Services Supplemental Agreement relating to the continuing connected transactions provided thereunder will expire on 31 December 2011, the Company entered into the 2011 Tour Group Services Master Agreement with China CTS (HK) on 14 October 2011 to renew the terms of such continuing connected transactions for a term commencing from 1 January 2012 and ending on 31 December 2014, where the Group and the China CTS (HK) Group will continue to provide tour group services to each other.

Terms of the 2011 Tour Group Services Master Agreement

The services charges under the 2011 Tour Group Services Master Agreement shall be determined based on the following:

- (i) In relation to the provision of tour group services by the Group to the China CTS (HK) Group, the charges of such services shall not be lower than the services fees which those services are charged by the Group to any Independent Third Parties.
- (ii) In relation to the provision of tour group services by the China CTS (HK) Group to the Group, the charges of such services shall not be higher than the prevailing market price at which those services are charged by any Independent Third Parties to the Group.

The payment terms of each individual transaction under the 2011 Tour Group Services Master Agreement will be agreed by the relevant parties on an arm's length basis and according to the prevailing fair and usual market practice from time to time.

Reasons for and Benefits of the CTII Tour CCT and the China CTS Tour CCT

China CTS (HK) is engaged in travel business. In view of past operational convenience and benefits brought to the Group, the Board considers it to be in the interests of the Group to engage in the CTII Tour CCT and the China CTS Tour CCT and that the Group will benefit from the extensive coverage of the travelling network of the China CTS (HK) Group. The CTII Tour CCT and the China CTS Tour CCT will enable the Group to launch new products with the China CTS (HK) Group and to provide one-stop services to clients. The Board believes that the resources of the Group will be allocated more efficiently and the cost will be lowered as a result.

Historical Figures and Renewed Annual Caps

| | For the year ended 31 December 2008 Actual Amount HK\$'000 | For the year ended 31 December 2009 Actual Amount HK\$'000 | For the year ended 31 December 2010 Actual Amount HK\$'000 | For the eight months ended 31 August 2011 Actual Amount HK\$'000 | For the year ending 31 December 2012 Proposed Cap HK\$'000 | For the year ending 31 December 2013 Proposed Cap HK\$'000 | For the year ending 31 December 2014 Proposed Cap HK\$'000 |
|---|--|--|--|---|--|--|--|
| Provision of tour group services by the Group to the China CTS (HK) Group | 6,867 | 8,943 | 9,757 | 8,348 | 16,000 | 19,200 | 23,040 |
| Provision of tour group services by the China CTS (HK) Group to the Group | 15,659 | 16,893 | 69,692 | 53,128 | 100,000 | 120,000 | 144,000 |

Renewed Annual Caps for the CTII Tour CCT and the China CTS Tour CCT

The renewed annual caps for the three years ending 31 December 2014 for the CTII Tour CCT and the China CTS Tour CCT are determined based on the following:

- (i) historical transaction amounts as detailed in the table above; and
- (ii) the Company's internal projection after taking into account the organic growth of the travel agency business of the China CTS (HK) Group and the Group.

The Directors (including the independent non-executive Directors) consider that the 2011 Tour Group Services Master Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms and the renewed annual caps are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Shareholders and the Group as a whole.

LISTING RULES IMPLICATIONS

Songshan Management, which owns 100% of the equity interest in Deng Feng, which in turn holds 49% of the equity interest in CTS (Dengfeng), is a connected person of the Company. The transactions contemplated under the Franchise Agreement therefore constitute continuing connected transactions for the Company under the Listing Rules.

As China CTS (HK) holds the entire issued share capital of CTS (Holdings) and CTS (Holdings) is a substantial shareholder of the Company, both China CTS (HK) and CTS (Holdings) are connected persons of the Company under the Listing Rules. Hence, the ASP related services provided by the Group to the CTS (Holdings) Group constitute continuing connected transactions for the Company and the CTII Tour CCT and China CTS Tour CCT between the Group and the China CTS (HK) Group also constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the continuing connected transactions contemplated under the Franchise Agreement, the ASP Second Supplemental Agreement and the 2011 Tour Group Services Master Agreement, on an annual basis, exceed 0.1% but less than 5%, the said continuing connected transactions are therefore only subject to the reporting, annual review and announcement requirements and are exempt from the independent shareholders' approval requirements under the Listing Rules.

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.

PRINCIPAL BUSINESS ACTIVITIES OF THE PARTIES

The principal businesses of the Group include travel agency and related operations, hotels, scenic spots, resorts, passenger transportation, golf club, arts performance and power generation.

China CTS (HK), the ultimate controlling shareholder of CTS (Holdings) and the Company, is a central state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The China CTS (HK) Group and the CTS (Holdings) Group are principally engaged in travel business, industrial investment in steel, real estate development, logistics and trading.

CTS (Dengfeng), which is owned as to 51% by the Company, is authorized to exclusively manage and operate the Authorized Operations. CTS (Dengfeng) is responsible for the housekeeping and landscaping of the core portion of the Shaolin Scenic Spot, the daily maintenance of existing sightseeing roads, bridges and safety facilities of the scenic spots, and the advertising, promotion, sales and marketing of the scenic spots.

Songshan Management, a state administrative institutional unit in the PRC which holds the entire equity interest in Deng Feng, is authorized by the People's Government of Deng Feng Shi to manage the Songshan Scenic Spot which includes the Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Yang Scenic Spot.

DEFINITIONS

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

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| “2008 Tour Group Services Master Agreement” | the master agreement dated 19 August 2008 entered into between the Company and China CTS (HK) in relation to the provision of tour group services by the Group and the China CTS (HK) Group to each other |
| “2009 CTSH Master Agreement” | The master agreement dated 18 November 2009 entered into between the Company and CTS (Holdings) in relation to certain continuing connected transactions of the Company, including the provision of ASP related services to the CTS (Holdings) Group |
| “2011 Tour Group Services Master Agreement” | the master agreement dated 14 October 2011 entered into between the Company and China CTS (HK) in relation to the provision of tour group services by the Group and the China CTS (HK) Group to each other |
| “ASP” | Computer application service provider |
| “ASP First Supplemental Agreement” | the supplemental agreement dated 29 November 2010 entered into between the Company and CTS (Holdings) for the purpose of supplementing the 2009 CTSH Master Agreement in relation to the revision of the annual caps for the provision of ASP related services to the CTS (Holdings) Group |
| “ASP Second Supplemental Agreement” | the supplemental agreement dated 14 October 2011 entered into between the Company and CTS (Holdings) for the purpose of supplementing the 2009 CTSH Master Agreement and the ASP First Supplemental Agreement in relation to the revision of the annual caps for the provision of ASP related services to the CTS (Holdings) Group |
| “associates”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder(s)” | each of which has the meaning ascribed to it under the Listing Rules |

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| “Authorized Operations” | the exclusive management and operation of the ticket sales, sales proceeds collection and the car parks of the Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Yang Scenic Spot under the Songshan Scenic Spot as disclosed in the announcement of the Company dated 24 December 2009 |
| “Board” | the board of Directors |
| “China CTS (HK)” | China National Travel Service (HK) Group Corporation (中國港中旅集團公司), a state-owned enterprise under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC |
| “China CTS (HK) Group” | China CTS (HK) and its subsidiaries, but excluding the Group for the purpose of this announcement |
| “China CTS Tour CCT” | the provision of tour group services by the China CTS (HK) Group to the Group as contemplated under the 2008 Tour Group Services Master Agreement and the 2011 Tour Group Services Master Agreement |
| “Company” | China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| “CTII Tour CCT” | the provision of tour group services by the Group to the China CTS (HK) Group as contemplated under the 2008 Tour Group Services Master Agreement and the 2011 Tour Group Services Master Agreement |
| “CTS (Dengfeng)” | 港中旅(登封)嵩山少林文化旅遊有限公司(CTS (Dengfeng) Songshan Shaolin Culture Tourism Co., Ltd.), a sino-foreign equity joint venture company established in the PRC owned as to 51% by the Company and as to 49% by Deng Feng |
| “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 |

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| “Deng Feng” | 登封嵩山少林文化旅游集團有限公司 (Deng Feng Songshan Shaolin Culture Tourism Group Company Limited*), a wholly state-owned enterprise incorporated in the PRC and wholly owned by Songshan Management |
| “Directors” | the directors of the Company |
| “Franchise Agreement” | the franchise agreement entered into between Songshan Management and CTS (Dengfeng) dated 4 January 2010 in relation to the Authorized Operations as disclosed in the announcement of the Company dated 24 December 2009 |
| “Franchise Fees” | 50% of the net ticket sales, being the ticket sales of the Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Yang Scenic Spot under the Songshan Scenic Spot after deducting business tax, ticket design and production fee and insurance expenses of the scenic spots, will be payable by CTS (Dengfeng) to Songshan Management as franchise fee under the Franchise Agreement as disclosed in the announcement of the Company dated 24 December 2009 |
| “Group” | the Company and its subsidiaries |
| “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 |
| “PRC” | the People’s Republic of China, for the purpose of this announcement, exclusively refer to Mainland China |
| “Shaolin Scenic Spot” | an area of approximately 70.83 square kilometers (with the core portion of area of approximately 2.18 square kilometers) in Songshan, Henan Province, the PRC as defined under the Franchise Agreement where ancient temples, monuments, geopark could be found within the area |

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| “Shareholder(s)” | shareholders of the Company |
| “Songshan Management” | 河南省嵩山風景名勝區管理委員會(Henan Province Songshan Scenic Spot Management Committee*), a state administrative institutional unit in the PRC, which holds the entire equity interest in Deng Feng |
| “Songshan Scenic Spot” | scenic spots including the Shaolin Scenic Spot, Zhong Yue Scenic Spot and Song Yang Scenic Spot |
| “Song Yang Scenic Spot” | an area of approximately 43.4 square kilometers in Songshan, Henan Province, the PRC as defined under the Franchise Agreement where ancient educational institute, temples and monuments could be found within the area |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tour Group Services Supplemental Agreement” | the agreement dated 22 June 2009 entered into between the Company and China CTS (HK) to extend the term of the 2008 Tour Group Services Master Agreement as disclosed in the announcement of the Company dated 22 June 2009 |
| “Zhong Yue Scenic Spot” | an area of approximately 36 square kilometers in Songshan, Henan Province, the PRC as defined under the Franchise Agreement where ancient temple, waterfall and ancient observatory could be found within the area |

By Order of the Board
China Travel International Investment Hong Kong Limited
Wang Shuai Ting
Chairman

Hong Kong, 14 October 2011

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Wang Shuai Ting, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Fang Xiaorong, Mr. Zhang Fengchun, Mr. Xu Muchan 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.

* *For identification purposes only*