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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 PROVISION OF ENTRUSTMENT LOANS

The Board announces that on 13 April 2011 and 29 December 2011, Weihe Power, Industrial Bank and Shaanxi Qinlong entered into the Entrustment Loan Arrangements, for a term of 6 years and 3 years commencing from 13 April 2011 and 29 December 2011 respectively, pursuant to which Weihe Power, with its own funds, had designated Industrial Bank to act as the trustee to release the relevant entrustment loans (each of an amount of RMB75,000,000 and for an aggregate amount of RMB150,000,000) to Shaanxi Qinlong. Shaanxi Qinlong agreed under each loan arrangement to provide a counter-guarantee over each loan amount of up to RMB75,000,000 and for an aggregate amount of up to RMB150,000,000 in respect of the economic benefits it derives from its holding of equity interests in Weihe Power. Shaanxi Qinlong shall use the funds from the Entrustment Loan Arrangements for funding Shaanxi Qinyuan in carrying out the heating network project complementary to the conversion of Weihe Power to a combined heat and power plant.

Shaanxi Qinlong is a substantial shareholder of Weihe Power, a 51% owned subsidiary of the Company for the purposes of the Listing Rules. Shaanxi Qinlong is therefore a connected person of the Company. Each transaction under the Entrustment Loan Arrangements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transactions under the entrustment loan agreement entered into on 13 April 2011 are less than 1%, such transaction was not subject to any reporting, announcement and independent shareholders' approval requirement at the time it was entered into. With the entering into of a further entrustment loan agreement on 29 December 2011, however, pursuant to Rule 14A.25 of the Listing Rules, the entrustment loans under the Entrustment Loan Arrangements will be aggregated and treated as if they were one transaction.

As one or more of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the transactions under the Entrustment Loan Arrangements on an aggregate basis is or are more than 1% but less than 5%, accordingly, the Entrustment Loan Arrangements are only subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that Weihe Power, Industrial Bank and Shaanxi Qinlong entered into the Entrustment Loan Arrangements, for a term of 6 years and 3 years commencing from 13 April 2011 and 29 December 2011 respectively, pursuant to which Weihe Power, with its own funds, had designated Industrial Bank to act as the trustee to release the relevant entrustment loans (each of an amount of RMB75,000,000 and for an aggregate amount of RMB150,000,000) to Shaanxi Qinlong. Shaanxi Qinlong agreed under each loan arrangement to provide a counter-guarantee over each loan amount of up to RMB75,000,000 and for an aggregate amount of up to RMB150,000,000 in respect of the economic benefits it derives from its holding of equity interests in Weihe Power. Shaanxi Qinlong shall use the funds from the Entrustment Loan Arrangements for funding Shaanxi Qinyuan in carrying out the heating network project complementary to the conversion of Weihe Power to a combined heat and power plant.

ENTRUSTMENT LOAN ARRANGEMENTS

Dates:	13 April 2011 and 29 December 2011
Parties:	(1) Weihe Power (2) Industrial Bank (3) Shaanxi Qinlong
Entrustment Loan Arrangements:	Pursuant to the Entrustment Loan Arrangements, Weihe Power, with its own funds, designates the Industrial Bank to act as the trustee to release the relevant entrustment loans to Shaanxi Qinlong with Shaanxi Qinlong providing a counter-guarantee over such entrustment loans in the form of the economic benefits it derives from its equity interests in Weihe Power, and the use of the entrustment loan shall be for funding Shaanxi Qinyuan in carrying out the heating network project complementary to the conversion of Weihe Power to a combined heat and power plant
Principal Amounts of the Entrustment Loans:	RMB75,000,000 each, aggregate of RMB150,000,000
Interest Rate:	The interest rate is referred to the applicable annual benchmark lending rate of the People's Bank of China and shall be payable quarterly during the term of each respective entrustment loan.
Term:	6 years commencing from 13 April 2011 and 3 years commencing from 29 December 2011 in relation to each respective entrustment loan

Handling Charges: 0.1% of the total amount of each respective entrustment loan, which shall be paid by Shaanxi Qinlong in one lump sum prior to the release of the relevant entrustment loan to Shaanxi Qinlong

Repayment: Shaanxi Qinlong shall repay each loan in the total amount of RMB75,000,000 together with any unpaid accrued interest once the loan expires

The terms of the Entrustment Loan Arrangements were determined after arm's length negotiations between Weihe Power, Industrial Bank and Shaanxi Qinlong.

REASONS FOR ENTERING INTO THE ENTRUSTMENT LOAN ARRANGEMENTS

The Directors consider that the extension of funds to Shaanxi Qinlong through the Entrustment Loan Arrangements will enhance the business operations of Weihe Power through enabling Shaanxi Qinyuan to carry out the heating network project complementary to the conversion of Weihe Power to a combined heat and power plant, and the interests charged in the Entrustment Loan Arrangements provide satisfactory returns for the surplus funds of Weihe Power.

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

LISTING RULES IMPLICATIONS

Shaanxi Qinlong is a substantial shareholder of Weihe Power, a 51% owned subsidiary of the Company for the purposes of the Listing Rules. Shaanxi Qinlong is therefore a connected person of the Company. Each transaction under the Entrustment Loan Arrangements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transactions under the entrustment loan agreement entered into on 13 April 2011 are less than 1%, such transaction was not subject to any reporting, announcement and independent shareholders' approval requirement at the time it was entered into. With the entering into of a further entrustment loan agreement on 29 December 2011, however, pursuant to Rule 14A.25 of the Listing Rules, the entrustment loans under the Entrustment Loan Arrangements will be aggregated and treated as if they were one transaction.

As one or more of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the transactions under the Entrustment Loan Arrangements on an aggregate basis is or are more than 1% but less than 5%, accordingly, the Entrustment Loan Arrangements are only subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Entrustment Loan Arrangements and the transactions contemplated thereunder and accordingly, none of them was required to abstain from voting on the Board resolutions for considering and approving the same.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other connected transaction entered into between any member of the Group and Shaanxi Qinlong and its ultimate beneficial owners or otherwise related, which would be, together with the transaction contemplated under the Entrustment Loan Arrangements, aggregated under Rule 14A.25 of the Listing Rules.

GENERAL

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. Weihe Power, held as to 51% by the Company, is principally engaged in the production and supply of electricity. Shaanxi Qinlong, which holds 19% equity interest in Weihe Power, is principally engaged in power generation and power resources development. Industrial Bank is a joint-stock commercial bank incorporated in the PRC, with shares listed on the Shanghai Stock Exchange, 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, Industrial Bank and its ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

DEFINITION

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

“associates”, “connected person(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each of which has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Industrial Bank”	興業銀行股份有限公司西安分行 (Industrial Bank Co., Ltd., Xian branch), a joint-stock commercial bank incorporated in the PRC with limited liability, with shares listed on the Shanghai Stock Exchange
“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

“Director(s)”	the directors of the Company
“Entrustment Loan Arrangements”	collectively, the entrustment loan agreements entered into between Weihe Power, Industrial Bank and Shaanxi Qinlong for a term of 6 years and 3 years commencing from 13 April 2011 and 29 December 2011 respectively, pursuant to which Weihe Power, with its own funds, had designated Industrial Bank to act as the trustee to release the relevant entrustment loans (each of an amount of RMB75,000,000 and for an aggregate amount of RMB150,000,000) to Shaanxi Qinlong and Shaanxi Qinlong agreed under each loan arrangement to provide a counter-guarantee over each loan amount of up to RMB75,000,000 and for an aggregate amount of up to RMB150,000,000 in respect of the economic benefits it derives from its holding of equity interests in Weihe Power
“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
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclusively refer to Mainland China
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Qinlong”	陝西秦龍電力股份有限公司 (Shaanxi Qinlong Electric Power Co., Ltd.), a state-owned company established in the PRC
“Shaanxi Qinyuan”	陝西秦元熱電有限公司 (Shaanxi Qinyuan Thermal Power Co., Ltd.), a company established in the PRC and is a subsidiary of Shaanxi Qinlong
“Shareholders”	the shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Weihe Power”

陝西渭河發電有限公司 (Shaanxi Weihe Power Co., Ltd.), a Sino-foreign co-operative joint venture established in the PRC

By order of the Board

China Travel International Investment Hong Kong Limited

Wang Shuai Ting

Chairman

Hong Kong, 29 December 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 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.