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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)

BUSINESS UPDATE
THE COMPLETION OF JOINT VENTURE OF SHAPOTAO SCENIC SPOT PROJECT

This is a business update made by the Company for keeping the shareholders of the Company and potential investors informed of the latest business development of the Group.

FORMATION OF THE SCENIC SPOT JV COMPANY

The Board is pleased to announce that the Company entered into the Scenic Spot Company Framework Agreement and the Scenic Spot Company Capital Increase and Subscription Agreement on 14 April 2014 and entered into the Scenic Spot Company JV Contract and Scenic Spot Company Articles of Association on 29 April 2014 (collectively the “Scenic Spot Company Agreements”). Pursuant to the Scenic Spot Company Agreements, the Company agreed to subscribe for 51% of the enlarged registered capital of the Scenic Spot Company by contributing RMB236,829,900 in cash (RMB97,980,100 of which will be contributed towards the registered capital and the remaining RMB138,849,900 will be treated as capital reserve) and convert the Scenic Spot Company into a Sino-foreign joint venture- the Scenic Spot JV Company. The business license of the Scenic Spot JV Company was issued on 11 September 2014 and hence the Scenic Spot JV Company was formally established and registered.

FORMATION OF THE CABLE CAR JV COMPANY

The Company also entered into the Cable Car Company Framework Agreement and Cable Car Company Equity Transfer Agreement on 14 April 2014 and entered into the Cable Car Company JV Contract and Cable Car Company Articles of Association on 29 April 2014 (collectively the “Cable Car Company Agreements”). Pursuant to the Cable Car Company Agreements, the Company agreed to acquire 51% of the registered capital of the Cable Car Company for RMB24,765,100 in cash and convert the Cable Car Company into a Sino-foreign joint venture- the Cable Car JV Company. The business license of the Cable Car JV Company was issued on 21 July 2014 and hence the Cable Car JV Company was formally established and registered.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Scenic Spot Company

Agreements and the Cable Car Company Agreements (aggregated under Rules 14.22 and 14.23 of the Listing Rules) do not exceed 5%, such transactions do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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FORMATION OF THE SCENIC SPOT JV COMPANY

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FORMATION OF THE CABLE CAR JV COMPANY

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INFORMATION ON THE SCENIC SPOT JV COMPANY

The Scenic Spot JV Company operates Shapotou Scenic Spot, a national 5A scenic spot 16 kilometers west of Zhongwei City, Ningxia where the Yellow River flows into the Sichuan Province. It also lies on the passage between Europe and Asia and along the ancient Silk Road. Shapotou Scenic Spot has unique natural scenery and abundant cultural heritage with desert, Yellow River, hills and oasis, all in one place. It is widely recognized as the leading dessert travel brand in the PRC where tourists can enjoy sand sliding, camel riding and goatskin rafting across the Yellow River.

INFORMATION ON THE CABLE CAR JV COMPANY

The Cable Car JV Company operates the entertainment projects of sand sliding, cableway slide, bungee jumping, microlight flight and desert escalator in Shapotou Scenic Spot.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE SCENIC SPOT JV COMPANY AND THE CABLE CAR JV COMPANY

It is the strategy of the Group to offer new travel destination lifestyle to its customers. On one hand, the Group will acquire scarce natural and cultural scenic spots such as places of renown, consolidate resources and create synergies, enhance their management, extend their industry chain and prolong the staying time of customers, so as to develop travel destination life circle. The successful formation of the Scenic Spot JV Company and the Cable Car JV Company marked a major step forward in respect of the implementation of the Group's strategy. The Scenic Spot Company and the Cable Car Company are profit-making companies and since the joint venture is completed, they will effectively increase the business foundation and market influence of the Group's natural and cultural scenic spots and contribute new revenue and profit. The Group will continue its efforts and actively push forward the negotiation and finalization of other natural and cultural scenic spots and integrated travel destination projects.

GENERAL INFORMATION

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Scenic Spot Company Agreements and the Cable Car Company Agreements (aggregated under Rules 14.22 and 14.23 of the Listing Rules) do not exceed 5%, such transactions do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	the board of directors of the Company
“Cable Car Company”	寧夏沙坡頭索道有限責任公司, a company incorporated in the PRC with limited liability
“Cable Car Company Agreements”	The Cable Car Company Framework Agreement, the Cable Car Company Equity Transfer Agreement, the Cable Car Company JV Contract and the Cable Car Company Articles of Association
“Cable Car Company Articles of Association”	the new articles of association entered into by the Company, Yinchuan Eastern Company and Lu Xuefeng on 29 April 2014 and to be adopted by the Cable Car Company upon it becoming a Sino-foreign joint venture- the Cable Car JV Company

“Cable Car Company Equity Transfer Agreement”	the agreement dated 14 April 2014 entered into by the Company, Shapotao Tourism Group, Yinchuan Eastern Company (as witness) and Lu Xuefeng (as witness) in relation to the acquisition of 51% equity interest of the Cable Car Company by the Company from Shapotao Tourism Group
“Cable Car Company Framework Agreement”	<p>the agreement dated 14 April 2014 entered into by the Company, Shapotao Tourism Group, Yinchuan Eastern Company, Lu Xuefeng, the Cable Car Company and the Zhongwei Municipal People’s Government (as witness) in relation to the joint venture of the Cable Car Company by the Company, Yinchuan Eastern Company and Lu Xuefeng by the acquisition of 51% equity interest of the Cable Car Company by the Company from Shapotao Tourism Group. The Cable Car Company will be converted to a Sino-foreign joint venture- the Cable Car JV Company. Before the joint venture, Shapotao Tourism Group, Yinchuan Eastern Company and Lu Xuefeng held 51%, 40% and 9% equity interest in the Cable Car Company. After the joint venture, the Company, Yinchuan Eastern Company and Lu Xuefeng hold 51%, 40% and 9% equity interest in the Cable Car JV Company.</p> <p>To the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, Shapotao Tourism Group, Yinchuan Eastern Company, Lu Xuefeng and their ultimate beneficial owners were third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of the Cable Car Company Framework Agreement</p>
“Cable Car Company JV Contract”	the joint venture agreement dated 29 April 2014 entered into by the Company, Yinchuan Eastern Company and Lu Xuefeng in relation to the conversion of the Cable Car Company into a Sino-foreign joint venture- the Cable Car JV Company
“Cable Car JV Company”	港中旅（寧夏）沙坡頭索道遊樂有限公司, a Sino-foreign joint venture formed by converting the Cable Car Company pursuant to the Cable Car Company Agreements
“Company”	China Travel International Investment Hong Kong Limited（香港中旅國際投資有限公司），a company incorporated in Hong Kong with limited liability and the securities of which are listed on the main board of the Stock Exchange (stock code: 308)

“Directors”		the directors of the Company
“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
“Scenic Company”	Spot	寧夏沙坡頭旅遊景區有限責任公司, a company incorporated in the PRC with limited liability
“Scenic Spot Company Agreements”		The Scenic Spot Company Framework Agreement, the Scenic Spot Company Capital Increase and Subscription Agreement, the Scenic Spot Company JV Contract and the Scenic Spot Company Articles of Association
“Scenic Spot Company Articles of Association”	of	the new articles of association entered into by the Company, Shapotao Tourism Group and Yinchuan Eastern Company on 29 April 2014 and to be adopted by the Scenic Spot Company upon it becoming a Sino-foreign joint venture - the Scenic Spot JV Company
“Scenic Spot Company Capital Increase and Subscription Agreement”		the agreement dated 14 April 2014 entered into by the Company, Shapotao Tourism Group, Yinchuan Eastern Company and the Scenic Spot Company in relation to the increase in the registered capital of the Scenic Spot Company and the subscription for 51% of the enlarged registered capital of the Scenic Spot Company by the Company
“Scenic Spot Company Framework Agreement”		the agreement dated 14 April 2014 entered into by the Company, Shapotao Tourism Group, Yinchuan Eastern Company, the Scenic Spot Company and the Zhongwei Municipal People’s Government (as witness) in relation to the joint venture of the Scenic Spot Company by the Company, Shapotao Tourism Group and Yinchuan Eastern Company by increase in the registered capital of the Scenic Spot Company and the subscription for 51% of the enlarged

registered capital of the Scenic Spot Company by the Company. The Scenic Spot Company will be converted to a Sino-foreign joint venture- the Scenic Spot JV Company. Before the joint venture, Shapotao Tourism Group and Yinchuan Eastern Company held 60% and 40% equity interest in the Scenic Spot Company. After the joint venture, the Company, Shapotao Tourism Group and Yinchuan Eastern Company hold 51%, 29.4% and 19.6% equity interest in the Scenic Spot JV Company.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, Shapotao Tourism Group, Yinchuan Eastern Company and their ultimate beneficial owners were third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of the Scenic Spot Company Framework Agreement

“Scenic Spot Company JV Contract”		the joint venture agreement dated 29 April 2014 entered into by the Company, Shapotao Tourism Group and Yinchuan Eastern Company in relation to the conversion of the Scenic Spot Company into a Sino-foreign joint venture- the Scenic Spot JV Company
“Scenic Spot JV Company”		港中旅（寧夏）沙坡頭旅遊景區有限責任公司, a Sino-foreign joint venture formed by converting the Scenic Spot Company pursuant to the Scenic Spot Company Agreements
“Shapotao Tourism Group”		寧夏沙坡頭旅遊產業集團有限責任公司, a company incorporated in the PRC with limited liability
“Stock Exchange”		The Stock Exchange of Hong Kong Limited
“Yinchuan Eastern Company”		銀川東方運輸設備有限公司, a company incorporated in the PRC with limited liability

By Order of the Board
China Travel International Investment Hong Kong Limited
Xu Muhan
Executive Director and General Manager

Hong Kong, 13 October 2014

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Ms. Jiang Yan, Mr. Lo Sui On, 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.