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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- FORMATION OF JOINT VENTURE COMPANY
AND
INSIDE INFORMATION- EXIT OF SHENZHEN GOLF COURSE**

This part of the announcement 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.

The Board is pleased to announce that the Company and its wholly owned subsidiary China Chance, Diamond Resorts and its indirectly wholly owned subsidiary Diamond Asia, Dorsett Hospitality and its wholly owned subsidiary Ace Green entered into the Equityholders' Agreement on 9 February 2015. Pursuant to the Equityholders' Agreement, China Chance, Diamond Asia and Ace Green agreed to subscribe for 40%, 30% and 30% equity interest of the Joint Venture Company respectively.

The Joint Venture Company is to carry on the business to create, market, sell and service vacation packages and associated benefits (including vacation ownership) to customers in Asia.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture Company do not exceed 5%, the entering into of the Equityholders' Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

This part of the announcement is made pursuant to Part XIVA of the SFO and Rule 13.09 of the Listing Rules. The Board announces that on 30 January 2015, the three committees of the Shenzhen Government issued a joint notice (深發改函[2015]169號) to CTS Tycoon (Shenzhen) Golf Club and demanded it to exit from the drinking water source protection zone occupied by it, make good the area according to the planning and abolish and close down construction project. The exit work should be completed on or before 15 May 2015.

CTS Tycoon (Shenzhen) Golf Club is situated next to a drinking water reservoir. As the environmental laws and regulations underwent changes since CTS Tycoon (Shenzhen) Golf Club commenced operation, construction and operation of golf

course is not allowed in drinking water source protection zone and CTS Tycoon (Shenzhen) Golf Club was demanded to exit. The Group is negotiating with the Shenzhen Government in respect of compensation and it will strive to get reasonable compensation to protect the interest of CTS Tycoon (Shenzhen) Golf Club and the shareholders of the Company.

According to the management account, in 2014, CTS Tycoon (Shenzhen) Golf Club's revenue and profit contribution to the Group was approximately 3% and less than 1% and is an insignificant subsidiary. Its return on asset was less than 1% and is an asset with low return. CTS Tycoon (Shenzhen) Golf Club is a lawful company whose operation is approved by the relevant government department and will receive compensation for the Golf Course Exit. The Group considers that the Golf Course Exit will provide an opportunity for the Group to re-deploy its resources to travel destinations projects or other travel projects which offer higher return potentials.

As the compensation for the Golf Course Exit is still under negotiation and the financial effects on the Group is still under assessment, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

FORMATION OF THE JOINT VENTURE COMPANY

This part of the announcement 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.

The Board is pleased to announce that the Company and its wholly owned subsidiary China Chance, Diamond Resorts and its indirectly wholly owned subsidiary Diamond Asia, Dorsett Hospitality and its wholly owned subsidiary Ace Green entered into the Equityholders' Agreement on 9 February 2015.

THE EQUITYHOLDERS' AGREEMENT

Date

9 February 2015

Parties

- (1) China Chance, a wholly-owned subsidiary of the Company
- (2) the Company, which guarantees the performance of the obligations of China Chance under the Equityholders' Agreement
- (3) Diamond Asia, an indirectly wholly-owned subsidiary of Diamond Resorts
- (4) Diamond Resorts, which guarantees the performance of the obligations of Diamond Asia under the Equityholders' Agreement
- (5) Ace Green, a wholly-owned subsidiary of Dorsett Hospitality
- (6) Dorsett Hospitality, which guarantees the performance of the obligations of Ace Green under the Equityholders' Agreement

Subscription of shares

China Chance, Diamond Asia and Ace Green agreed to subscribe for 40%, 30% and 30% equity interest of the Joint Venture Company respectively.

Business of the Joint Venture Company

The Joint Venture Company is to carry on the business to create, market, sell and service vacation packages and associated benefits (including vacation ownership) to customers in Asia.

INFORMATION ON THE PARTIES

Diamond Resorts International®, with its worldwide network of 313 vacation destinations located in 34 countries, provides guests with choices and flexibility as they design their dream vacation, whether they're traveling an hour away or around the world. Diamond Resorts manages vacation ownership resorts and sells vacation ownership points that provide members and owners with Vacations for Life® through 93 managed resorts, 214 affiliated properties and six cruise itineraries.

Dorsett Hospitality International Limited is a hotel owner and operator listed on the Stock Exchange with three brands under its umbrella, the upscale and midscale Dorsett Hotels & Resorts and d.Collection comprising a range of charismatic boutique hotels; and the value-led Silka Hotels. The group currently owns over 30 hotels in China, Hong Kong, United Kingdom, Singapore and Malaysia; including eight more scheduled to open within the next two years in China, Hong Kong, United Kingdom and Malaysia.

The Group's principal business includes operation of travel destinations (including hotels, theme parks, natural and cultural scenic spots and leisure resorts), travel agency and related business operations, passenger transportation, arts performance and power generation.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Diamond Asia, Diamond Resorts, Ace Green and Dorsett Hospitality and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITYHOLDERS' AGREEMENT

It is the strategy of the Group to offer new travel destination lifestyle to its customers. Firstly, the Group will consolidate its position in city travel destinations through its city hotels and theme parks. Secondly, the Group will aggressively 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. Thirdly, the Group will develop leisure resorts in an orderly manner which focus on and satisfy the lifestyle demand of middle and high-end customers in respect of leisure, holiday, health and entertainment, and uses return from tourism real estate development to enhance the return of tourism projects.

The Group considers that the formation of the Joint Venture Company will provide it with opportunities to develop the vacation ownership business in Asia and enhance the development and sales of the Group's leisure resorts and tourism real estate.

LISTING RULE IMPLICATION

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the formation of the Joint Venture Company do not exceed 5%, the entering into of the Equityholders' Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

EXIT OF SHENZHEN GOLF COURSE

This part of the announcement is made pursuant to Part XIVA of the SFO and Rule 13.09 of the Listing Rules. The Board announces that on 30 January 2015, the three committees (深圳市發展和改革委員會、深圳市人居環境委員會與深圳市規劃和國土資源委員會) of the Shenzhen Municipal People's Government ("Shenzhen Government") issued a joint notice (深發改函 [2015]169 號) to CTS Tycoon (Shenzhen) Golf Club and demanded it to exit from the drinking water source protection zone occupied by it, make good the area according to the planning and abolish and close down construction project. The exit work should be completed on or before 15 May 2015 ("Golf Course Exit").

INFORMATION ON CTS TYCOON (SHENZHEN) GOLF CLUB

CTS Tycoon (Shenzhen) Golf Club is situated in Jiu Wei, Xi Xiang, Bao An District, Shenzhen. It was formerly Bao Ri Golf Club, which started construction in 1986 and commenced operation in 1989, and it was one of the earliest golf courses getting approval for construction in the PRC. Due to tax issues, Bao Ri Golf Club was closed down and auctioned by the Shenzhen Government. Invited by the Shenzhen Government, the Company joined a consortium to bid for the land use right and immovable properties of Bao Ri Golf Club. CTS Tycoon (Shenzhen) Golf Club received its business license in November 1998 and commenced operation in March 1999 to now. CTS Tycoon (Shenzhen) Golf Club became a wholly-owned subsidiary of the Group after the Group acquired all the equity interests from other shareholders of CTS Tycoon (Shenzhen) Golf Club. The operation period of CTS Tycoon (Shenzhen) Golf Club started from 10 October 1997 to 5 August 2037. At present, CTS Tycoon (Shenzhen) Golf Club operates a 45-hole golf course and complementary clubhouse and hotel facilities in Shenzhen.

CTS Tycoon (Shenzhen) Golf Club is situated next to a drinking water reservoir. As the environmental laws and regulations underwent changes since CTS Tycoon (Shenzhen) Golf Club commenced operation, construction and operation of golf course is not allowed in drinking water source protection zone and CTS Tycoon (Shenzhen) Golf Club was demanded to exit. The Group is negotiating with the Shenzhen Government in respect of compensation and it will strive to get reasonable compensation to protect the interest of CTS Tycoon (Shenzhen) Golf Club and the shareholders of the Company.

According to the management account, in 2014, CTS Tycoon (Shenzhen) Golf Club's revenue and profit contribution to the Group was approximately 3% and less than 1% and is an insignificant subsidiary. Its return on asset was less than 1% and is an asset with low return. CTS Tycoon (Shenzhen) Golf Club is a lawful company whose operation is approved by the relevant government department and will receive compensation for the Golf Course Exit. The Group considers that the Golf Course Exit will provide an opportunity for the Group to re-deploy its resources to travel destinations projects or other travel projects which offer higher return potentials.

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DEFINITIONS

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

“Ace Green”	Ace Green Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Dorsett Hospitality
“Board”	the board of directors of the Company
“China Chance”	China Chance Developments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“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 main board of the Stock Exchange (stock code: 308)
“CTS Tycoon (Shenzhen) Golf Club”	CTS Tycoon (Shenzhen) Golf Club Company Limited, a company incorporated in the PRC with limited liability, a wholly foreign-owned enterprise and a wholly-owned subsidiary of the Company
“Diamond Asia”	Diamond Asia Development, Inc., a company incorporated in the United States with limited liability and an indirectly wholly-owned subsidiary of Diamond Resorts
“Diamond Resorts”	Diamond Resorts International, Inc., a company incorporated in the United States with limited liability and the shares of which are listed on the New York

		Stock Exchange
“Directors”		the directors of the Company
“Dorsett Hospitality”		Dorsett Hospitality International Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange (stock code: 2266)
“Equityholders’ Agreement”		The equityholders’ agreement entered into by China Chance, the Company, Diamond Asia, Diamond Resorts, Ace Green and Dorsett Hospitality on 9 February 2015
“Group”		the Company and its subsidiaries
“Joint Company”	Venture	a company incorporated in Hong Kong with limited liability
“HK\$”		Hong Kong dollars, the lawful currency of Hong Kong
“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
“SFO”		Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Stock Exchange”		The Stock Exchange of Hong Kong Limited

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

Hong Kong, 9 February 2015

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.