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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: 00308)

CONNECTED TRANSACTION – ACQUISITION OF 49% OF THE ISSUED SHARES OF USCTS

On 3 December 2008, Pacific Travel and the Purchasers entered into the Agreement to acquire 49% of the issued shares of USCTS for an aggregate consideration of US\$264,000.

Pacific Travel, by virtue of being a substantial shareholder of USCTS, a non wholly-owned subsidiary of the Company, is regarded as a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company. Since one or more of the applicable percentage ratios in respect of the Acquisition is more than 0.1% but are all less than 2.5%, the transaction is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

AGREEMENT

Date: 3 December 2008 (after trading hours)

Parties:

- (1) **Vendor:** Pacific Travel, a substantial shareholder of USCTS, a non wholly-owned subsidiary of the Company
- (2) **Purchasers:** China Travel Service (Hong Kong) Limited
Conffit Investment Limited
Gether Ease Investment Limited
(all of them are wholly-owned subsidiaries of the Company)

Assets to be acquired

4,638,320 shares of USCTS, representing 49% of the issued shares of USCTS. Each of the Purchasers agree that it shall receive one-third of the acquired shares of USCTS.

USCTS, in which the Company holds a 51% equity interest, is owned as to 49% by Pacific Travel. Pacific Travel is wholly owned by a director of USCTS, who is also the brother of another director of USCTS. Accordingly, USCTS is an associate of a substantial shareholder and director of a subsidiary of the Company. After the Acquisition, USCTS will become a wholly-owned subsidiary of the Company.

The unaudited net asset value of USCTS as at 31 December 2007 was approximately US\$820,000 (approximately HK\$6,390,000). The unaudited net loss of USCTS for the year ended 31 December 2006 was approximately US\$34,000 (approximately HK\$260,000) while the unaudited net gain of USCTS for the year ended 31 December 2007 was approximately US\$96,000 (approximately HK\$750,000).

Consideration

The aggregate consideration for the Acquisition is US\$264,000 (approximately HK\$2,044,000) which shall be payable in cash upon the completion of the Acquisition. The consideration for the Acquisition is determined after an arm's length negotiation between the parties on normal commercial terms, having taking into account the unaudited net asset value as at 31 December 2007 and the unaudited net gain of USCTS for the year ended 31 December 2007. The Acquisition will be financed by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The principal businesses of the Group include tour operations, theme parks, hotel and resort operations, passenger transportation, golf club and power generation while USCTS is engaged in the in-bound (tour travel into the United States) and out-bound (tour travel leaving the United States) tour business focusing on the mainstream client market and the Chinese associations and organizations in the United States. The Company has also entered into the Travel Services Agreement dated 29 December 2006 (as supplemented by the Travel Services Supplemental Agreement dated 19 August 2008) pursuant to which the Group and USCTS agree to provide travel related services to each other.

The Board (including the independent non-executive Directors) considers that (1) the Acquisition will bring operation convenience and benefit to the Group as it will enable the Group to have better and more effective management and control over USCTS after it becomes a wholly-owned subsidiary of the Group upon completion of the Acquisition, enable more effective sharing of resources with other subsidiaries of the Group and thus improving their operating efficiencies and in the long run, improve the competitiveness and broaden the earning base of its tour operations; and (2) the Agreement is entered into after an arm's length negotiation between the Purchasers and USCTS and the terms therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole

Implications under the Listing Rules

USCTS, in which the Company holds a 51% equity interest, is owned as to 49% by Pacific Travel. Pacific Travel is wholly owned by a director of USCTS, who is also the brother of another director of USCTS. Pacific Travel, by virtue of being a substantial shareholder of USCTS, a non wholly-owned subsidiary of the Company, is regarded as a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios in respect of the Acquisition is more than 0.1% but are all less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Company did not have any other prior transaction with USCTS which required aggregation with the Acquisition under Rule 14A.25 of the Listing Rules.

GENERAL

HKCTS is a company incorporated in Hong Kong and is principally engaged in travel agency and related operations.

Consfit Investment Limited is a company incorporated in Hong Kong and is an investment holding company.

Gether Ease Investment Limited is a company incorporated in Hong Kong and is an investment holding company.

Pacific Travel is engaged as a consolidator for airline ticket sales and distribution and also in the out-bound (tour travel leaving the United States) tour business focusing on the Asian client market in the United States.

DEFINITIONS

“Acquisition”	the acquisition of the 49% issued shares of USCTS by the Purchasers from Pacific Travel pursuant to the terms of the Agreement
“Agreement”	the agreement entered into between the Purchasers and Pacific Travel on 3 December 2008 in respect of the Acquisition
“associate(s)” and “connected person(s)”	have the meanings as ascribed to them respectively 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, the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKCTS”	China Travel Service (Hong Kong) Limited, a company incorporated in Hong Kong and wholly owned by the Company

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Pacific Travel”	Pacific Travel and Trade Corporation, a corporation incorporated in California, the United States
“Purchasers”	collectively HKCTS, Conffit Investment Limited and Gether Ease Investment Limited
“Travel Services Agreement”	the agreement dated 29 December 2006 entered into between the Company and USCTS in relation to the provision of travel related services by the Group and USCTS to each other
“Travel Services Supplemental Agreement”	the agreement dated 19 August 2008 entered into between the Company and USCTS, which is supplemental to the Travel Services Agreement
“USCTS”	U.S. China Travel Service, Inc., a corporation incorporated in California, the United States
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the legal currency in the United States
“%”	per cent

By Order of the Board
China Travel International Investment Hong Kong Limited
Xiong Weiping
Vice Chairman & General Manager

Hong Kong, 3 December 2008

As at the date of this announcement, the Board comprises nine executive Directors, namely Mr. Zhang Xuewu, Mr. Xiong Weiping, Mr. Zheng Heshui, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Mao Jianjun, Mr. Fang Xiaorong, Mr. Zhang Fengchun and Mr. Xu Muhan 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.