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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  
IN RELATION TO THE DISPOSAL OF THE MONG KOK PROPERTY**

On 28 December 2011 (after the trading hours of the Stock Exchange), CTSHK, a wholly-owned subsidiary of the Company, has entered into the Memorandum of Sale and Purchase of the Mong Kok Property with CTS (Holdings) pursuant to which CTSHK, as vendor, has agreed to sell and CTS (Holdings), as purchaser, has agreed to purchase the Mong Kok Property, at the Consideration of HK\$188,000,000 which will be settled entirely in cash.

As at the date of this announcement, CTS (Holdings), the purchaser of the Mong Kok Property, is a substantial shareholder of the Company and thus a connected person of the Company. Therefore, the Disposal of the Mong Kok Property constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal of the Mong Kok Property are over 0.1% but less than 5%, the Disposal of the Mong Kok Property is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

**THE MEMORANDUM OF SALE AND PURCHASE OF THE MONG KOK PROPERTY**

**Date:** 28 December 2011 (entered into after the trading hours of the Stock Exchange)

**Parties:**

- (1) Vendor: CTSHK, a wholly-owned subsidiary of the Company
- (2) Purchaser: CTS (Holdings)

The Company confirmed that the Group did not have any prior transactions with CTS (Holdings) or parties connected or otherwise associated with it that require aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

**Property:** Nos. 361-367, Portland Street, Kowloon, Hong Kong together with the messuages erections and buildings thereon

### **The Consideration**

The Consideration is HK\$188,000,000, which was agreed after arm's length negotiations between CTSHK and CTS (Holdings) with reference to the valuation of the Mong Kok Property of HK\$187 million as at 30 September 2011 prepared by RHL, an independent valuer. It will be settled entirely in cash upon Completion.

### **Completion**

Completion shall take place on the same date as the Memorandum of Sale and Purchase of the Mong Kok Property.

### **Consultancy Fees and Other Costs**

Within 21 days after Completion, CTS (Holdings) agrees to pay to CTSHK on actual cost basis certain consultancy fees and other costs in connection with the redevelopment potential and demolition of the Mong Kok Property which have been incurred and paid or payable by CTSHK up to and inclusive of the Completion Date provided that such payment shall in no event exceed the sum of HK\$4 million. Further, all the remaining obligations and liabilities of CTSHK under the agreement(s)/contract(s) for the said consultancy fees and other costs in connection with the re-development potential and intended demolition of the existing buildings erected on the lands at which the Mong Kok Property is situate payable by CTSHK as from but exclusive of the date of Completion shall be borne by CTS (Holdings) who shall assume all such remaining obligations and liabilities thereunder and that CTS (Holdings) agrees to indemnify CTSHK against all claims and demands in respect of the breach or the non-payment thereof.

### **INFORMATION ON THE MONG KOK PROPERTY**

The Mong Kok Property, which was completed in about 1960, has a total gross floor area of approximately 23,322 square feet and is currently vacant and under demolition due to structural concerns. The book value of the Mong Kok Property as at 30 September 2011 was HK\$187 million and the valuation of the Mong Kok Property as at 30 September 2011 prepared by RHL was HK\$187 million. A profit of approximately HK\$1 million will be recognized by the Group upon Completion. The net profits before and after taxation attributable to the Mong Kok Property were approximately HK\$1.79 million and HK\$1.49 million respectively for the year ended 31 December 2009 and approximately HK\$1.38 million and HK\$1.15 million respectively for the year ended 31 December 2010.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MEMORANDUM OF SALE AND PURCHASE OF THE MONG KOK PROPERTY**

Taking into account the recent prevailing market conditions in Hong Kong property market, the Board is of the opinion that it is a good opportunity to dispose of the Mong Kok Property and to increase the cash flow and enhance the working capital of the Group. As the Mong Kok Property is currently vacant and under demolition, the Board considers that the Disposal of the Mong Kok Property can enable the Group to divest its idle assets with nil income return and, if completed, will provide the Group with additional financial resources for better utilization in other aspects of development without any adverse impact on the business operation of the Group. The net proceeds from the Disposal of the Mong Kok Property will be used as general working capital of the Group.

The Directors (including independent non-executive Directors) consider that the Disposal of the Mong Kok Property is on normal commercial terms and the terms of the Memorandum of Sale and Purchase of the Mong Kok Property, including the Consideration are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON CTSHK AND THE GROUP**

As at the date of this announcement, CTSHK is principally engaged in the business of travel agency and related operations. 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.

## **INFORMATION ON CTS (HOLDINGS)**

CTS (Holdings) was incorporated in Hong Kong with limited liability on 29 October 1985. It and its subsidiaries are principally engaged in travel business, industrial investment in steel, real estate development, logistics and trading. As at the date of this announcement, CTS (Holdings) is interested in approximately 54% equity interest in the Company and thus a substantial shareholder and a connected person of the Company.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CTS (Holdings), the purchaser of the Mong Kok Property, is a substantial shareholder of the Company and thus a connected person of the Company. Therefore, the Disposal of the Mong Kok Property constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal of the Mong Kok Property are over 0.1% but less than 5%, this Disposal of the Mong Kok Property is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors has any material interest in the Disposal of the Mong Kok Property, no Director has abstained from voting on the board resolution approving the Disposal of the Mong Kok Property.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business
“CTSHK”	China Travel Service (Hong Kong) Limited (香港中國旅行社有限公司), a company incorporated in Hong Kong on 10 June 1954 with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited (香港中旅(集團)有限公司), a company incorporated in Hong Kong on 29 October 1985 with limited liability and a controlling Shareholder holding approximately 54% of the total issued share capital of the Company as at the date of this announcement
“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 shares of which are listed on the main board of the Stock Exchange (stock code: 308)
“Completion”	the completion of the Disposal of the Mong Kok Property pursuant to the Memorandum of Sale and Purchase of the Mong Kok Property
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal of the Mong Kok Property
“Directors”	the directors of the Company
“Disposal of the Mong Kok Property”	the disposal of the Mong Kok Property by CTSHK to CTS (Holdings) pursuant to the Memorandum of Sale and Purchase of the Mong Kok Property

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Sale and Purchase of the Mong Kok Property”	the memorandum of sale and purchase entered into on 28 December 2011 (entered into after the trading hours of the Stock Exchange) between CTSHK and CTS (Holdings) in relation to the Disposal of the Mong Kok Property
“Mong Kok Property”	the real property located at Nos. 361-367, Portland Street, Kowloon, Hong Kong together with the messuages erections and buildings thereon and is wholly-owned by CTSHK before Completion
“RHL”	RHL Appraisal Ltd., an independent property valuer
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

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

Hong Kong, 28 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.*