THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should obtain independent professional advice or consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Travel International Investment Hong Kong Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE INTEREST IN MANGOCITY.COM (INVESTMENT) LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting of the Company to be held at Cafe Parc, 2nd Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Friday, 23 May 2014 at 11:15 a.m. is set out on pages 60 to 61 of this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event, by no later than 48 hours before the time appointed for the holding of the meeting (or adjourned meeting or of the poll, as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

30 April 2014

CONTENT

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

"Articles"	articles of association of the Company, as amended from time to time
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	British Virgin Islands
"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)
"Completion"	the completion of the Disposal pursuant to the Disposal Agreement
"Completion Date"	the 10th Business Day after fulfillment (or waiver) of all of the conditions precedents in the Disposal Agreement or such other date as may be agreed by the parties thereto
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of the Disposal
"CT Online"	China Travel Online Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"CTS (Holdings)"	China Travel Service (Holdings) Hong Kong Limited, a company interested in 57.36% of the issued share capital of the Company and a connected person of the Company
"CTS (Holdings) Group"	CTS (Holdings) and its associates, but excluding the Group for the purpose of this circular

"Dean Success"	Dean Success Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of CTS (Holdings)
"Directors"	the directors of the Company
"Disposal"	the disposal of (i) the entire issued share capital of Mangocity (Investment); and (ii) the Mangocity (Investment) Shareholder's Loan as at Completion, by CT Online to Dean Success pursuant to the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement entered into on 27 March 2014 (entered into after the close of trading hours of the Stock Exchange) between CT Online and Dean Success in relation to the Disposal
"EGM"	the extraordinary general meeting of the Company to be held at Cafe du Parc, 2nd Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Friday, 23 May 2014 at 11:15 a.m. or any adjournment thereof
"Excess Cash"	excess cash net of working capital cash amount of RMB10 million
"Financial Assets"	comprise fixed deposits, wealth management products and entrustment loans
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	the Hong Kong Financial Reporting Standards
"Independent Board Committee"	an independent board committee of the Company comprising all of the 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 established for the purpose of considering, among other things, the terms of the Disposal Agreement, and advising and making recommendations to the Independent Shareholders as to how to vote at the EGM

"Independent Shareholders"	Shareholders other than CTS (Holdings) and its associates and any other person and its associates which has a material interest in the Disposal
"Independent Third Party(ies)"	party which is not a connected person (as defined in the Listing Rules) and "Independent Third Parties" shall be construed accordingly
"Latest Practicable Date"	25 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	not later than 6 months after the date of the Disposal Agreement
"Mangocity (Beijing)"	Beijing Mangocity Information Services Limited* (北京芒果網互聯網信息服務有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary (held by trustee through trust arrangement) of Mangocity (Investment) and holding 4 travel agencies in the PRC
"Mangocity (China)"	Mangocity.com Limited* (芒果網有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Mangocity (Investment)
"Mangocity (Hong Kong)"	Mangocity.com Limited (芒果網有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Mangocity (Investment)
"Mangocity (Investment)"	Mangocity.com (Investment) Limited (芒果網(投資)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CT Online
"Mangocity (Investment) Shareholder's Loan"	represents the entire shareholder's loan and other indebtedness owed by Mangocity (Investment) to CT Online
"Mangocity Group"	consists of Mangocity (Investment) and its subsidiaries

"Mangocity Property"	the real property is expected to be completed in May 2014 located at Reclamation Region VI, Southern District of High-Tech Industrial Park, Shenzhen, the PRC and is wholly-owned by Mangocity (China)
"Mangocity Property Construction Payables"	any outstanding payables, whether billed or unbilled, in respect of the construction of Mangocity Property
"PRC"	the People's Republic of China, for the purpose of this circular, exclusively refer to Mainland China
"Qmango Group"	consists of QMango (Holdings) and its subsidiaries
"Qmango (Holdings)"	QMango Holdings Limited（青芒果控股有限公司）, a company incorporated in the BVI with limited liability and a 50.7% owned associated company of Mangocity (Investment)
"Qmango (Investments)"	QMango Investments Limited（青芒果投資有限公司）, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Qmango (Holdings)
"Qmango (Shenzhen)"	QMango Trading (Shenzhen) Company Limited*（青芒果貿易（深圳）有限公司）, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Qmango (Investments)
"RMB"	Renminbi, the lawful currency of the PRC
"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
"Valuer"	American Appraisal China Limited, an independent valuer

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)

DIRECTORS:
Executive Directors:
Mr. Wang Shuai Ting *(Chairman)*
Mr. Lo Sui On *(Vice-Chairman)*
Ms. Jiang Yan
Mr. Zhang Fengchun
Mr. Xu Muhan *(General Manager)*
Mr. Fu Zhuoyang

Independent Non-Executive Directors:
Dr. Fong Yun Wah
Mr. Wong Man Kong, Peter
Mr. Sze, Robert Tsai To
Mr. Chan Wing Kee

REGISTERED OFFICE:
12th Floor, CTS House
78-83 Connaught Road
Central
Hong Kong

30 April 2014

To Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF THE ENTIRE INTEREST IN
MANGOCITY.COM (INVESTMENT) LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A. THE DISPOSAL OF THE ENTIRE INTEREST IN MANGOCITY.COM (INVESTMENT) LIMITED

1. INTRODUCTION

Reference is made to the Company's announcement dated 27 March 2014.

On 27 March 2014, CT Online, a wholly-owned subsidiary of the Company, has entered into the Disposal Agreement with Dean Success, a wholly-owned subsidiary of CTS (Holdings), pursuant to which CT Online, as the vendor, has conditionally agreed to dispose of and Dean Success, as the purchaser, has conditionally agreed to acquire (i) the entire issued share capital of Mangocity (Investment); and (ii) the Mangocity (Investment) Shareholder's Loan as at Completion, at the Consideration of RMB602 million (subject to the adjustment as discussed in the 'Consideration' section below) which will be settled entirely in Hong Kong Dollars and in cash. Mangocity (Investment) and its subsidiaries operate Mangocity.com, an online travel consolidator.

2. THE DISPOSAL AGREEMENT

Date

27 March 2014 (entered into after the close of trading hours of the Stock Exchange)

Parties

(1)	Vendor	:	CT Online, a wholly-owned subsidiary of the Company
(2)	Purchaser	:	Dean Success, a wholly-owned subsidiary of CTS (Holdings)

Assets to be disposed of

Pursuant to the Disposal Agreement, CT Online, as the vendor, has conditionally agreed to dispose of and Dean Success, as the purchaser, has conditionally agreed to acquire (i) the entire issued share capital of Mangocity (Investment); and (ii) the Mangocity (Investment) Shareholder's Loan as at Completion.

Before Completion, the Mangocity Group shall repay part of the Mangocity (Investment) Shareholder's Loan with its Excess Cash and Financial Assets.

Consideration

The Consideration of RMB602 million was determined after arm's length negotiation between CT Online and Dean Success and after taking into consideration various relevant factors including (i) the financial position, business outlook and future prospects of the Mangocity Group; (ii) the unaudited book value of assets attributable to the Disposal; (iii) the business valuation report (Appendix IA) and the property valuation report (Appendix IB) issued by the Valuer; and (iv) the valuation of certain listed companies comparable to the Mangocity Group.

The business valuation report was prepared for the consideration by the Board and the Shareholders in relation to the Disposal whereas the property valuation report was prepared for the compliance of requirements under Chapter 5 of the Listing Rules.

The valuation date of the business valuation report is 31 December 2013 and it is more than three months but within four months from the date of dispatch of this circular. As the Company is not aware of the occurrence of any event or series of events that have materially affected the business valuation result of the Mangocity Group from the valuation date up to the Latest Practicable Date, the Company believes that the business valuation report conducted by the professional Valuer is accurate and not misleading when the circular is published.

The Consideration will be satisfied entirely in Hong Kong Dollars and in cash, and payable by Dean Success upon Completion.

The Consideration is subject to a downward adjustment of an amount equal to the Mangocity Property Construction Payables as at Completion. Such adjustment shall, in any event, not exceed RMB73 million and is to be verified by CT Online and Dean Success.

Conditions precedent of the Disposal Agreement

Completion is conditional upon fulfillment of the following conditions:

(i) the passing by the Independent Shareholders at the EGM (with CTS (Holdings) and its associates abstaining from voting) of resolution(s) approving, among other things, the Disposal Agreement and the transaction contemplated thereunder in according with the requirements of the Listing Rules;

(ii) the completion of due diligence reviews by Dean Success of the Mangocity Group and such reviews having been accepted by Dean Success; and

(iii) the obtaining of all approval or consent from the relevant PRC government or regulatory authorities, banks or other third parties which are necessary in connection with the execution and performance of the Disposal Agreement and the transactions contemplated thereunder.

If any of the conditions above are not fulfilled or, if applicable, waived on or before the Long Stop Date or such other extended date as mutually agreed by the parties to the Disposal Agreement, Dean Success may terminate the Disposal Agreement in writing upon expiry of the aforesaid period and all obligations of the parties under the Disposal Agreement shall cease, unless otherwise expressly stated to be subsisting in the Disposal Agreement.

Other terms of the Disposal Agreement

Pursuant to the Disposal Agreement, Dean Success have unconditionally and irrevocably granted, subject to regulatory approval (if any), at nil consideration an option to CT Online or its assignee for CT Online or its assignee to acquire the business of Mangocity Group as adjusted from time to time ("**Adjusted Business of Mangocity Group**") as recognized by CT Online or its assignee within a period of three years after the Completion Date or such extended period of up to six years after the Completion Date upon request by CT Online or its assignee (the "**Option Exercise Period**"), at a consideration to be negotiated at arm's length between CT Online or its assignee and Dean Success. CT Online or its assignee also has a first right of refusal to acquire the Adjusted Business of Mangocity Group.

Completion

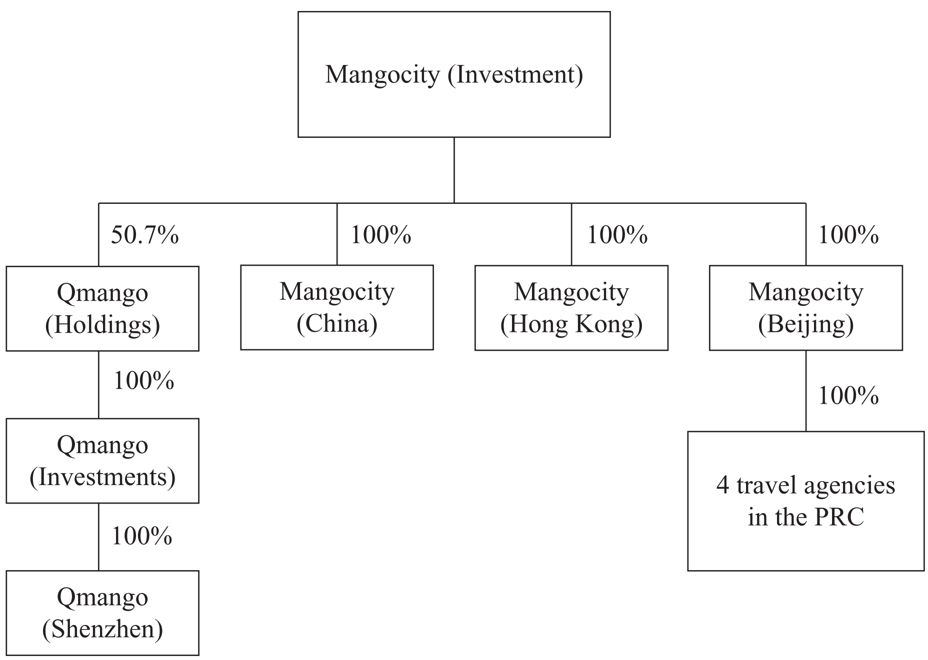
Completion shall take place on the Completion Date.

CT Online warrants to Dean Success that the Mangocity Group will, upon Completion, have RMB10 million in cash as working capital and that any surplus will be used to repay part of the Mangocity (Investment) Shareholder's Loan before Completion.

Upon Completion, Mangocity (Investment) and its subsidiaries will cease to be subsidiaries of the Company and the Company will no longer have any interest in the Mangocity Group.

3. INFORMATION ON THE MANGOCITY GROUP

The chart below sets out the corporate structure of the Mangocity Group:



Mangocity (Investment) and Mangocity (Hong Kong) are limited liability companies incorporated in Hong Kong, whilst Mangocity (China), Mangocity (Beijing) and the 4 travel agencies are limited liability companies established in the PRC. Mangocity (Investment) is wholly-owned by CT Online.

Mangocity (Investment) is an investment holding company.

Mangocity (China) is a consolidated platform for online travel business, focusing on reservation and sales of air tickets, hotels accommodations and travel related products, management service for corporate travel and operation of mangocity.com, which officially commenced operation in March 2006. Mangocity (China) holds the Mangocity Property.

Mangocity (Hong Kong) is principally engaged in the business of preserving the demand of members of Mangocity.com in Hong Kong and Macau, and expanding the market share in Hong Kong and Macau.

Mangocity (Beijing) is principally engaged in the business of undertaking the advertising business and internet operation qualification of Mangocity.com.

As at 31 December 2013, the Mangocity Group has approximately 7.375 million registered members.

Qmango (Holdings) and Qmango (Investments) are investment holding companies.

Qmango (Shenzhen) is principally engaged in the development of software and hardware information technology, provision of related consultancy services, reservation of hotel and operation of Qmango.com. Qmango.com is an online reservation platform of budget hotels.

The unaudited consolidated financial information of the Mangocity Group for each of the two years ended 31 December 2013 prepared in accordance with the HKFRS is as follows:–

	For the year ended 31 December	
	2012	**2013**
	(RMB'000)	*(RMB'000)*
Loss before interest income and tax	(15,403)	(27,154)
Profit before tax	21,403	16,234
Profit after tax	21,438	16,452

	As at 31 December	
	2012	**2013**
	(RMB'000)	*(RMB'000)*
Net liabilities	207,329	178,558

As at 31 December 2013, the unaudited amount of the Mangocity (Investment) Shareholder's Loan was approximately RMB1,053 million. Pursuant to the Disposal Agreement, before Completion, the Mangocity Group shall repay part of the Mangocity (Investment) Shareholder's Loan with its Excess Cash and Financial Assets with an aggregate unaudited amount of approximately RMB721 million as at 31 December 2013. Assuming the Mangocity Group paid down the Mangocity (Investment)

Shareholder's Loan with its Excess Cash and Financial Assets on 31 December 2013, the Mangocity (Investment) Shareholder's Loan would have been reduced to approximately RMB332 million (the "Mangocity (Investment) Shareholder's Loan Net of Excess Cash and Financial Assets") as at 31 December 2013. As at 31 December 2013, the aggregate amount of unaudited net liabilities of the Mangocity Group and the Mangocity (Investment) Shareholder's Loan Net of Excess Cash and Financial Assets was approximately RMB153 million.

As at 31 March 2014, the unaudited amount of the Mangocity (Investment) Shareholder's Loan Net of Excess Cash and Financial Assets was approximately RMB356 million, as compared to that of RMB332 million as at 31 December 2013. The Company expects the unaudited amount of the Mangocity (Investment) Shareholder's Loan Net of Excess Cash and Financial Assets as at Completion will not differ materially from that of RMB356 million as at 31 March 2014.

As at the Latest Practicable Date, the unaudited amount of the Mangocity (Investment) Shareholder's Loan was reduced to approximately RMB907 million as some Financial Assets of the Mangocity Group had matured and were used to repay part of the Mangocity (Investment) Shareholder's Loan.

The profit before tax of the Mangocity Group was derived from interest income generated from cash and financial assets, and excluding such interest income, the loss before interest income and tax of the Mangocity Group for each of the two years ended 31 December 2013 would have been RMB15,403,000 and RMB27,154,000 respectively.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL AGREEMENT

The online travel agency market in the PRC has been growing but the competition is fierce and the market share of the Mangocity Group is small and has been declining. The revenues of the two leading online travel agencies in the PRC recorded double-digit growth in 2012 and 2013 whereas the revenue of the Mangocity Group decreased by 12% in 2012 due to fierce competition and price war and increased by only 2% in 2013. Excluding the interest income generated from cash and Financial Assets which are not related to the operation of the Mangocity Group, the Mangocity Group would have been incurring losses since its commencement of business in 2006. The Directors consider the near term prospects of the Mangocity Group look dim and it is uncertain when the operation of the Mangocity Group will breakeven. In addition, there is little synergy between the Mangocity Group and the other businesses of the Group. The Directors consider that the Disposal represents a good opportunity for the Group to realize its investment in the Mangocity Group at a fair and reasonable price and to seek alternative uses of resources which would offer better returns to the Shareholders. In addition, the Directors consider that the Disposal provides the Group with an opportunity to enhance its profitability and streamline its business model to focus on the development of travel destination and tourism real estate which have better earnings potentials.

The CTS (Holdings) Group operates one of the largest travel agency network in the PRC and after acquiring the Mangocity Group through Dean Success, it will consolidate its travel agency network with the Mangocity Group with an aim to offer more comprehensive travel related services and products, achieve synergy and enhance competitiveness. As disclosed above, CT Online has retained an option to acquire the Adjusted Business of Mangocity Group so that after the Disposal, the Group is still able to maintain a potential and long-term interest in the on-line travel agency business.

The Group expects to record a gain of RMB350 million as a result of the Disposal and this figure may change depending on the actual amount of assets attributable to the Disposal upon Completion. The sales proceeds will be used by the Group for developing its existing travel businesses and as general working capital.

5. INFORMATION OF THE PARTIES

CT Online is an investment holding company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company.

The principal business activities of the Group include travel agency and related operations, tourist attraction, hotel, passenger transportation, golf club, arts performance and power generation operations.

Dean Success is an investment holding company incorporated in the BVI and is a wholly-owned subsidiary of CTS (Holdings).

The CTS (Holdings) Group is principally engaged in travel business, industrial investment in steel, real estate development, logistics and trading.

6. LISTING RULES IMPLICATIONS FOR THE DISPOSAL

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Disposal shall exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder. Dean Success, the purchaser in the Disposal, is a wholly-owned subsidiary of CTS (Holdings) which in turn is a substantial shareholder of the Company and thus a connected person of the Company. Therefore, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the independent shareholders' approval and the reporting and announcement requirements thereunder.

7. GENERAL INFORMATION / INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Disposal is subject to the approval by the Independent Shareholders at the EGM under Rule 14A.17 of the Listing Rules. CTS (Holdings) and its associates, which hold 57.36% of the issued share capital of the Company, will abstain from voting in relation to the ordinary resolution to be put forward at the EGM for the purpose of approving the Disposal Agreement and the transactions contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the Disposal Agreement and the transactions contemplated thereunder so far as the Independent Shareholders are concerned. First Shanghai Capital Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder.

The text of the letter from First Shanghai Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular. The text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 14 to 15 of this circular.

B. EGM

A notice convening the EGM is set out on pages 60 to 61 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 48 hours before the time appointed for the holding of the EGM (or adjourned meeting or of the poll, as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting at the EGM (or adjourned meeting or of the poll, as the case may be) if you so wish.

As required under rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the Chairman of the EGM will exercise his right under Article 73 of the Articles to demand a poll on each of the resolutions to be proposed at the EGM.

C. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

D. RECOMMENDATIONS

The Independent Board Committee, having taken into account the advice of First Shanghai Capital Limited, is of the opinion that the terms of the Disposal Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

The Board (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee on pages 14 to 15 of this circular after taking into account the advice of First Shanghai Capital Limited) considers that the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM. Mr. Wang Shuai Ting and Mr. Lo Sui On, both executive Directors, have abstained from voting on the Board resolutions approving the Disposal Agreement as they are also directors of CTS (Holdings).

E. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Completion is conditional upon, among other things, the satisfaction of the conditions precedent of the Disposal Agreement, and the Disposal may or may not materialise. Shareholders and investors are reminded to exercise caution when dealing with the Shares.

Yours faithfully,
By Order of the Board
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED
Wang Shuai Ting
Chairman

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated therein.

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)

30 April 2014

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE INTEREST IN MANGOCITY.COM (INVESTMENT) LIMITED

We refer to the circular issued by the Company to the Shareholders dated 30 April 2014 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise you on the terms of the Disposal Agreement and the transactions contemplated therein as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Disposal Agreement and the transactions contemplated therein as set out in the Circular. First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 16 to 27 of the Circular.

RECOMMENDATION

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to the Disposal Agreement and the transactions contemplated therein.

Having taken into account principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider the terms of the Disposal Agreement and the transactions contemplated therein as set out in the Circular to be fair and reasonable so far as the interests of the Independent Shareholders are concerned and to be in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to support and to vote in favour of the ordinary resolution to approve the Disposal Agreement and the transactions contemplated therein.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED
Dr. Fong Yun Wah
Mr. Wong Man Kong, Peter
Mr. Sze, Robert Tsai To
Mr. Chan Wing Kee
Independent Non-executive Directors

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai for the purpose of incorporation into this circular.

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

30 April 2014

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE INTEREST IN MANGOCITY.COM (INVESTMENT) LIMITED

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal Agreement and the transactions contemplated thereunder, details of which are set out in the circular of the Company to the Shareholders dated 30 April 2014 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 March 2014, CT Online (a wholly-owned subsidiary of the Company) and Dean Success (a wholly-owned subsidiary of CTS (Holdings)) entered into the Disposal Agreement, pursuant to which CT Online conditionally agreed to dispose of and Dean Success conditionally agreed to acquire (i) the entire issued share capital of Mangocity (Investment); and (ii) the Mangocity (Investment) Shareholder's Loan at the aggregate Consideration of RMB602 million (subject to adjustment), which will be settled entirely in Hong Kong Dollars and in cash. The Mangocity Group is principally engaged in online travel agency business and operates Mangocity.com.

Dean Success is a wholly-owned subsidiary of CTS (Holdings), which is a substantial shareholder of the Company. Pursuant to the Listing Rules, Dean Success is a connected person of the Company and the Disposal constitutes a connected transaction for the Company. Accordingly, the Disposal is subject to, among other requirements, the approval by the Independent Shareholders at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee, has been formed to advise the Independent Shareholders in respect of the terms of the Disposal Agreement and the transactions contemplated thereunder. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group. We have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and continue to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group (including the Mangocity Group) and Dean Success.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Disposal Agreement and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:–

1. Background and benefits of the Disposal

I. Background information on the Group

The principal business activities of the Group include travel agency and related operations (the "**Travel Agency Business**"), tourist attraction, hotel, passenger transportation, golf club, arts performance and power generation operations. The table below is an overview of the historical financial performance of the Group based on information in the annual reports of the Company for each of the years ended 31 December 2012 and 2013 (the "**2012 Annual Report**" and the "**2013 Annual Report**", respectively).

	For the year ended 31 December		
	2011	2012	2013
	HK$ million	*HK$ million*	*HK$ million*
	(audited)	*(audited)*	*(audited)*
Revenue	4,353	4,668	4,360
Gross profit	2,100	2,153	2,084
Profit before taxation	961	1,120	1,479
Profit for the year	781	902	1,254

For the past three years, the Group has recorded increasing profit. According to the 2012 Annual Report, the overall businesses achieved steady growth for the year ended 31 December 2012, where four operations, namely hotel, passenger transportation, golf club and power generation operations, delivered better results while three others, namely travel permit and Mangocity.com under the Travel Agency Business, tourist attraction and arts performance operations delivered weaker results. According to the 2013 Annual Report, excluding the effect of revaluation of investment properties and certain non-recurring items, profit attributable to owners of the Company was approximately HK$864 million for the year ended 31 December 2013, representing an approximately 46% increase compared to the previous year, of which profit attributable to core travel operations and non-core power generation operations recorded an increase of approximately 26% and 122% compared to the previous year, respectively.

II. Background information on the Travel Agency Business

The Travel Agency Business primarily comprises (i) travel agency business, which is operated through China Travel Service (Hong Kong) Limited and overseas travel agencies; (ii) travel document business; and (iii) the online travel agency business operated through the Mangocity Group. The Travel Agency Business accounted for approximately 38%, 38% and 35% of the revenue of the Group for each of the years ended 31 December 2011, 2012 and 2013, respectively, and has been the largest revenue segment of the Group for the past three years. The table below is an overview of the historical financial performance of the Travel Agency Business based on information in the 2012 Annual Report and the 2013 Annual Report.

	For the year ended 31 December		
	2011	2012	2013
	HK$ million	*HK$ million*	*HK$ million*
	(audited)	*(audited)*	*(audited)*
Segment revenue	1,665	1,765	1,512
Segment results	162	144	165

The Travel Agency Business has recorded segment profit for the past three years. According to the 2012 Annual Report, despite the improvement in segment revenue, the decline in segment results was mainly attributable to the decreased contribution from the travel permit business and the increased losses of Mangocity.com under fierce competition for the year ended 31 December 2012. With reference to the 2013 Annual Report, the decrease in revenue of the Travel Agency Business for the year ended 31 December 2013 was mainly due to weak global economy, avian influenza in eastern PRC and structural adjustment of travel agency, but segment results improved due to strengthening of internal and cost control.

III. Background information on the Mangocity Group

Mangocity (Investment) is a wholly-owned subsidiary of the Company. The Mangocity Group is principally engaged in online travel agency business and operates Mangocity.com, which allows clients to, among other services, reserve airline tickets, hotels and cruises via an online platform. The Mangocity Group also owns the Mangocity Property, the construction of which commenced in 2010 and is expected to be completed in May 2014 as advised by the management of the Group. The table below is an overview of the historical financial performance of the Mangocity Group based on the management accounts of the Mangocity Group prepared in accordance with the HKFRS (the "**Target Accounts**").

	For the year ended 31 December		
	2011	**2012**	**2013**
	HK$ million	*HK$ million*	*HK$ million*
	(unaudited)	*(unaudited)*	*(unaudited)*
Revenue (after sales taxes and surcharges)	130	111	114
Operating expenses (excluding interest income)	(204)	(174)	(149)
Operating loss before interest income	(74)	(63)	(35)
Interest income	5	45	54
Operating (loss)/income	(69)	(18)	19
Gain on disposal of fixed assets	66	44	–
Other items	(1)	–	1
Net (loss)/profit before taxation	(4)	26	20
Taxation	–	–	1
Net (loss)/profit after taxation	(4)	26	21

Revenue (after sales taxes and surcharges) of the Mangocity Group failed to show significant improvement and represented approximately 8%, 6% and 8% of the segment revenue of the Travel Agency Business for each of the years ended 31 December 2011, 2012 and 2013, respectively. The operating business of the Mangocity Group has been loss making, where the Mangocity Group recorded operating loss before interest income of approximately HK$74 million, HK$63 million and HK$35 million for each of the years ended 31 December 2011, 2012 and 2013, respectively. The operating losses before interest income were mainly attributable to staff costs, which amounted to approximately HK$112 million, HK$118 million and HK$84 million for each of the years ended 31 December 2011, 2012 and 2013, respectively. The operating losses before interest income narrowed for the year ended 31 December 2013 mainly because of the reduction in staff costs, which was attributable to the optimisation of organisational structure during the year. We are advised by the management of the Group that the significant amount of interest income of the Mangocity Group, being approximately HK$45 million and HK$54 million for each of the years ended 31 December 2012 and 2013, respectively, were mainly generated from cash and the Financial Assets. We are also advised by the management of the Group that (i) the significant amount of gain on disposal of fixed assets of the Mangocity Group, being approximately HK$66 million and HK$44 million for each of the years ended 31 December 2011 and 2012, respectively, were mainly attributable to non-recurring sales of office premises which the Mangocity Group had once occupied; and (ii) currently the Mangocity Group is renting office premises.

As at 31 December 2013, the Mangocity Group recorded net liabilities of approximately HK$227 million, which we are advised by the management of the Group that the principal assets and liabilities included (i) the Financial Assets of approximately HK$554 million; (ii) fixed assets of approximately HK$266 million, which included land costs and construction in progress related to the Mangocity Property of approximately HK$225 million; (iii) cash and cash equivalents of approximately HK$168 million; and (iv) the Mangocity (Investment) Shareholder's Loan of approximately HK$1,339 million.

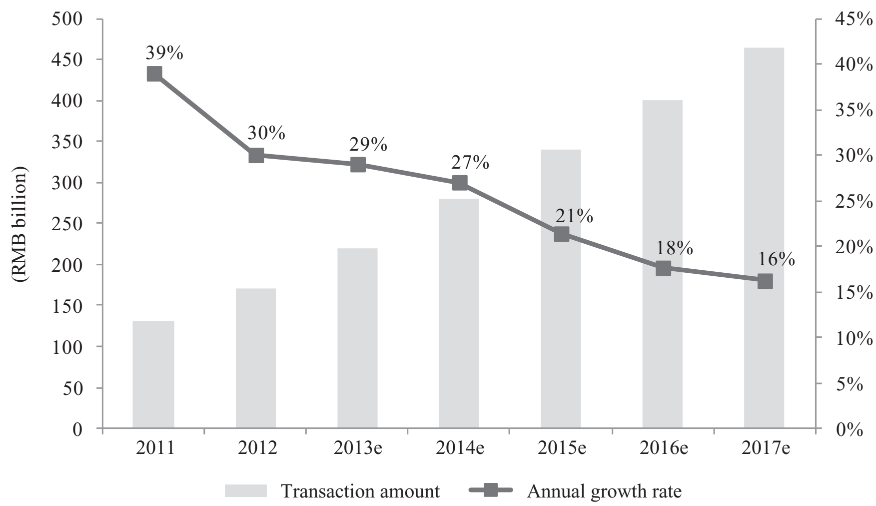
IV. Background information on Dean Success

Dean Success is an investment holding company incorporated in the BVI. Dean Success is wholly-owned by CTS (Holdings), which is a Hong Kong incorporated and PRC state-owned company under the direction of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC（中國國務院國有資產監督管理委員會）and the holding company of the Company. The CTS (Holdings) Group is principally engaged in travel business, industrial investment in steel, real estate development, logistics and trading.

V. Reasons for and benefits of the Disposal

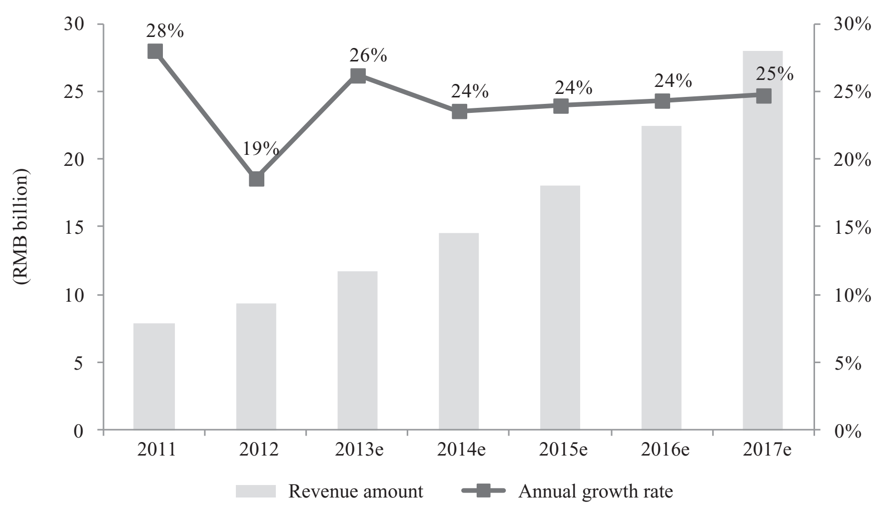
We have reviewed industry research information published on the website of iResearch Consulting Group, which is an organisation focusing on research in the PRC internet industry with research results quoted in, among other publications, the listing documents of several Hong Kong listed companies. The charts below set out the industry trends and key players related to the PRC online travel agency market as extracted from two articles published by iResearch Consulting Group on its website, namely "2013 PRC online travel market transaction amount of RMB220.46 billion" dated 13 January 2014 and "PRC OTA's Revenues Surges 26.2% in 2013" dated 17 February 2014 (together, the "**iResearch Articles**").

PRC online travel market transaction (2011-2017)



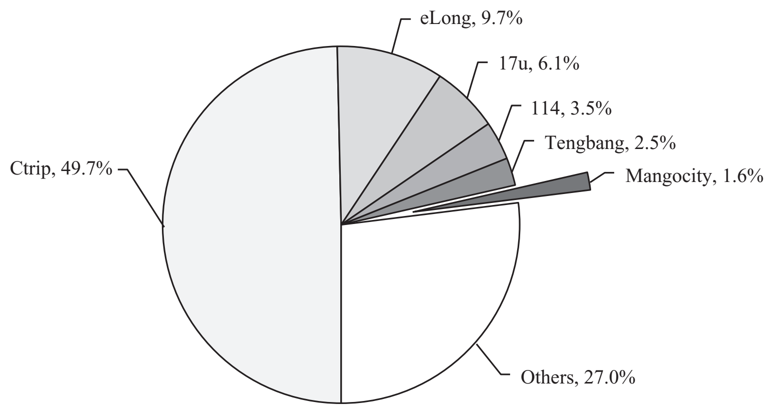
Source: iResearch Articles

PRC online travel agency market revenue (2011-2017)



Source: iResearch Articles

PRC online travel agency market revenue (2011-2017)



Source: iResearch Articles

With reference to the iResearch Articles, the PRC online travel market is expected to record transaction amount of approximately RMB220 billion for the year ended 31 December 2013 and approximately RMB465 billion for the year ending 31 December 2017, representing a compound annual growth rate of approximately 21% during the period. Nonetheless, the annual growth rate is expected to continue to slow down from approximately 39% for the year ended 31 December 2011 to approximately 16% for the year ending 31 December 2017. The iResearch Articles also mentioned that, due to the ongoing and extensive price war, the revenue growth of online travel agencies for the year ended 31 December 2013 was slower than that of the whole online travel market and, nevertheless, such revenue growth of online travel agencies is expected to sustain in the upcoming years.

Despite the industry has been growing in the recent years, the business operation of the Mangocity Group (excluding interest income from cash and the Financial Assets) has been loss making since its commencement of business in 2006. As stated in the 2012 Annual Report, Mangocity.com was expected to encounter intense price competition and its operating environment remained challenging. According to the iResearch Articles, the PRC market share of the Mangocity Group in terms of revenue was merely 1.6% for the year ended 31 December 2013. With reference to the letter from the Board in the Circular, market competition is fierce and the market share of the Mangocity Group is small and declining, where the prospects of the Mangocity Group look dim in the near term and the timing for the business operation of the Mangocity Group to breakeven is uncertain. Therefore, the Disposal could relieve the Group from the poor financial performance and business uncertainties associated with the Mangocity Group.

According to the letter from the Board in the Circular, the Mangocity Group and the other businesses of the Group have little synergy and, as previously mentioned, the Mangocity Group represents an insignificant percentage of revenue of the Travel Agency Business. The Disposal not only streamlines the business model of the Group but also allows the Group to immediately realise its investment in the Mangocity

Group and utilise such resources to develop its other businesses, particularly travel destination and tourism real estate, where we note that the travel related businesses of the Group have overall been profitable for the past three years.

Having principally considered that (i) the business operation of the Mangocity Group has been loss making since its commencement of business in 2006; (ii) the Mangocity Group has a very minor market share and the industry environment is challenging with the ongoing extensive price war; (iii) the business of the Mangocity Group is small to the Group and has little synergy with the other businesses of the Group; (iv) the Disposal could relieve the Group from the poor financial performance and business uncertainties associated with the Mangocity Group; (v) the Disposal would allow the Group to immediately realise its investment in the Mangocity Group and utilise such resources on areas with higher profit potentials; and (vi) the terms of the Disposal Agreement are fair and reasonable as concluded below, we are of the view that the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Disposal Agreement

Pursuant to the Disposal Agreement, CT Online has conditionally agreed to dispose of and Dean Success agreed to acquire (i) the entire issued share capital of Mangocity (Investment); and (ii) the Mangocity (Investment) Shareholder's Loan.

I. Consideration

The Consideration amounts to RMB602 million (subject to adjustment) and shall be settled entirely in Hong Kong Dollars and in cash by Dean Success upon Completion. The Consideration equals the business enterprise value of the Mangocity Group appraised by the Valuer for the purpose of the Disposal. According to the business valuation report, the Excess Cash and the Financial Assets shall be excluded from the Disposal pursuant to the Disposal Agreement and hence were excluded from the business enterprise. We are advised by the Valuer and the management of the Group that, for the purpose of the Disposal, the appraised business enterprise value of the Mangocity Group equals the value of the entire equity interest of Mangocity (Investment) and the Mangocity (Investment) Shareholder's Loan. The business valuation report is set out in Appendix IA to the Circular.

We have reviewed the valuation report prepared by the Valuer. We have also discussed with the Valuer regarding the methodology of and the principal bases and assumptions adopted for the business valuation of the Mangocity Group. We understand that the business enterprise of the online travel business of the Mangocity Group (the "**Online Business**") and the potential rental saving (the "**Rental Saving**") attributable to the Mangocity Property, being the asset of the Mangocity Group not involved in the operation of the Online Business, are separately valuated. Therefore, we consider the adoption of the sum of the appraised values of the Online Business and the Rental Saving as the value of the Mangocity Group to be appropriate. We also understand that the common valuation approaches are the market approach, the income approach and the cost approach. The market approach, which is primarily based on the ratio analysis of comparable listed companies, was adopted for the valuation of the Online Business in the business valuation report given (i) the income approach was not appropriate because, in view of the loss making status of the Mangocity Group at operating level, financial forecasts would involve high level of uncertainties; and (ii) the cost approach was also not appropriate because it could not capture earning potentials. The income approach, which is primarily based on the capitalisation of rental saving, was adopted to quantify the Rental Saving in the business valuation report given (i) the market approach was not appropriate because of the restrictions of the Mangocity Property detailed in the property valuation report in Appendix IB to the Circular and no comparable transaction was identified; and (ii) the cost approach was also not appropriate because it could not reflect income generation or cost saving potentials. We have interviewed the Valuer as to its expertise and we have obtained knowledge about the qualification and experience of the Valuer. Based on our discussion with the Valuer and also with the management team of the Group, we understand that, to the best of their knowledge, (i) apart from the appraisal of the Mangocity Group for the Disposal, the Valuer has no other current or prior relationships with the Company, CT Online, Dean Success and connected persons of either the Company, CT Online or Dean Success for the past three years; and (ii) we are not aware the Company, CT Online or Dean Success has made any formal or informal representation to the Valuer which are not in accordance with our knowledge. We have also obtained understanding about the major parameters adopted in the business valuation, for instance, we understand that (i) the leasable areas adopted in the business valuation were derived from the floor plan of the Mangocity Property and had excluded common areas, such as lobby and server room, from the gross floor area stated in the valuation certificate in the property valuation report; (ii) the expected rental rates adopted in the business valuation had made reference to adjacent market data, which were relevant information for the assessment of the rates applicable to the properties in the subject region; and (iii) the gross yield adopted in the business valuation was primarily based on the weighted average cost of capital approach, the parameters of which had made reference to, among other sources, Bloomberg and relevant valuation yearbook. During the course of our discussion with the Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the business valuation of the Mangocity Group.

The construction of the Mangocity Property, which commenced in 2010, is expected to be completed in May 2014. The calculation of the appraised business enterprise value of the Mangocity Group by the Valuer has included the costs to complete the construction of the Mangocity Property. We are advised by the management of the Group that the Mangocity Property Construction Payables at Completion were agreed to be borne by the Group in respect of the Disposal and to be settled by a downward adjustment of an amount equal to the Mangocity Property Construction Payables, which shall not exceed RMB73 million and to be verified by CT Online and Dean Success, to the Consideration as at Completion.

The Independent Shareholders should note that the income approach was adopted in the business valuation report to quantify the Rental Saving, whereas the cost approach was adopted in the property valuation report for the appraisal of the Mangocity Property. We understand that the two valuation reports were prepared from different points of view as set out in Appendix I to the Circular, therefore the approaches were different and the valuation results were different. Taking into account (i) the business valuation was performed primarily for the assessment of the Consideration for the Disposal, whereas the property valuation was performed primarily for compliance with the Listing Rules for disclosure purpose; (ii) the cost approach adopted in the property valuation report primarily considered the historical cost of the Mangocity Property without regard to the rental income generating potentials of the Mangocity Property or the potential rental expense saving to be enjoyed by Dean Success; and (iii) the value of the Rental Saving in the business valuation report was higher than the value of the Mangocity Property in the property valuation report, we are of the view that the Independent Shareholders should rely on the appraisal in the business valuation report for the purpose of the assessment of the Consideration for the Disposal.

The Independent Shareholders should also note that the reference date of the business valuation report is 31 December 2013, which is slightly over three months from the Latest Practicable Date. Nonetheless, after taking into account, (i) the reference date is within four months from the Latest Practicable Date; (ii) the subject transaction involves the disposal of Mangocity (Investment), which is wholly-owned and managed by the Company; and (iii) the Valuer and the management of the Group have advised us that they are not aware of the occurrence of any event or series of events that have materially affected the business valuation result of the Mangocity Group from the reference date up to the Latest Practicable Date, we are of the view that the reference date of the business valuation is acceptable for the purpose of the assessment of the Consideration for the Disposal.

After taking into account, in particular, (i) the Consideration equals the business enterprise value of the Mangocity Group appraised by the Valuer for the purpose of the Disposal; (ii) the Consideration shall be entirely settled in cash upon Completion; (iii) the possible downward adjustment equals the outstanding payables in respect of the construction of the Mangocity Property and such adjustment is capped; and (iv) the benefits of entering into the Disposal Agreement as previously discussed, particularly the Disposal could relieve the Group from the poor financial performance and business uncertainties associated with the Mangocity Group, we are of the view that the Consideration is acceptable.

II. Purchase option and first right of refusal

Pursuant to the Disposal Agreement, Dean Success unconditionally and irrevocably granted an option at nil consideration to CT Online (or its assignee) for CT Online (or its assignee) to acquire the business of the Mangocity Group as adjusted from time to time (the "**Adjusted Business of Mangocity Group**") within a period of three years after the Completion Date or such extended period of up to six years after the Completion Date upon request by CT Online (or its assignee) at a consideration to be negotiated at arm's length between CT Online (or its assignee) and Dean Success. CT Online (or its assignee) also has a first right of refusal to acquire the Adjusted Business of Mangocity Group.

After taking into account, in particular, (i) the purchase option and first right of refusal would provide CT Online the flexibility (not obligation) to acquire the Mangocity Group in future; and (ii) the purchase option and first right of refusal are granted to CT Online at nil consideration, we are of the view that the purchase option and the first right of refusal are acceptable.

III. Cash warranty

CT Online warrants to Dean Success that the Mangocity Group shall have RMB10 million in cash as working capital upon Completion and the Excess Cash shall be used to repay part of the Mangocity (Investment) Shareholder's Loan before Completion.

Taking into account, in particular, (i) the Mangocity Group had cash and cash equivalents of approximately HK$168 million as at 31 December 2013, which was significantly higher than the cash warranty amount; and (ii) the Excess Cash shall be applied to the repayment of the Mangocity (Investment) Shareholder's Loan due to CT Online, we are of the view that such cash warranty is acceptable.

IV. Conclusion

Having collectively considered our above analysis, we are of the view that the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible financial effects of the Disposal

I. Earnings

According to the 2013 Annual Report, the Group recorded profit attributable to owners of the Company of approximately HK$1,152 million for the year ended 31 December 2013. Based on the Target Accounts, the Mangocity Group recorded profit attributable to owners of the company of approximately HK$21 million and operating loss before interest income of approximately HK$35 million for the year ended 31 December 2013. We understand the Group is expected to record a non-recurring gain on the Disposal upon Completion (the "**One-off Gain**") and, according to the letter from the Board in the Circular, the One-off Gain is estimated to be approximately RMB350 million, where the actual amount would depend on the amount of assets attributable to the Disposal upon Completion. Following Completion, the Company would no longer hold any equity interest in the Mangocity Group, where the members of the Mangocity Group would cease to be subsidiaries of the Company and the profits or losses of the Mangocity Group would no longer be consolidated into the income statement of the Group. As previously mentioned, the Disposal would not only allow the Group to realise its investments in the Mangocity Group, but also relieve the Group from the poor financial performance and business uncertainties associated with the Mangocity Group.

II. Net assets

According to the 2013 Annual Report, the Group had net assets attributable to owners of the Company of approximately HK$14,493 million as at 31 December 2013. Based on the Target Accounts, the Mangocity Group recorded net liabilities attributable to owners of the company of approximately HK$227 million as at 31 December 2013. We are advised by the management of the Group that the net assets attributable to owners of the Company of the Group is expected to increase approximately by the amount of the One-off Gain upon Completion. Following Completion, the Company would no longer hold any equity interest in the Mangocity Group, where the members of the Mangocity Group would cease to be subsidiaries of the Company and the assets and liabilities of the Mangocity Group would no longer be consolidated into the statement of financial position of the Group.

III. Working capital

According to the 2013 Annual Report, the Group had cash and bank balances of approximately HK$1,967 million as at 31 December 2013. Based on the Target Accounts, the Mangocity Group had cash and cash equivalents of approximately HK$168 million as at 31 December 2013. Given that the Consideration of RMB602 million (subject to adjustment) shall be entirely settled in cash, the working capital of the Group is expected to improve upon Completion.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Eric Lee
Managing Director

Fanny Lee
Managing Director

American Appraisal China Limited
1506 Dah Sing Financial Centre
108 Gloucester Road / Wanchai / Hong Kong
美國評值有限公司
香港灣仔告士打道108號大新金融中心1506室
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Leading / Thinking / Performing

30 April 2014

The Directors
China Travel International Investment Hong Kong Limited
12/F, CTS House,
78-83 Connaught Road, Central,
Hong Kong

Dear Sirs,

VALUATION OF BUSINESS ENTERPRISE

Pursuant to the terms, conditions and purpose of an engagement agreement dated 8 May 2013 and a supplementary agreement dated 29 January 2014 ("Engagement Agreements") between China Travel International Investment Hong Kong Limited ("China Travel" or "Client") and American Appraisal China Limited ("American Appraisal"), we have performed an analysis of fair value of the business enterprise ("Valuation") of Mangocity.com (Investment) Limited ("Mangocity" or the "Company") and its subsidiaries ("Mangocity Group") as of 31 December 2013 ("Valuation Date") for the Client's internal reference in connection with a possible disposal of the Company ("Proposed Transaction"). The Valuation is prepared based on the historical financial information and other relevant information provided by the management of Client and the Company ("Management").

We understand that the Company, with our consent, may disclose this report in the circular to the shareholders and to The Stock Exchange of Hong Kong Limited ("Stock Exchange") in accordance with the requirements of the Rules Governing the Listing of Securities on Stock Exchange ("Listing Rules"). No third party shall have the right of reliance on this report and neither receipt nor possession of this report by any third party shall create any express or implied third-party beneficiary rights.

This report identifies the asset appraised, describes the scope of work, states the basis of value, specifies key inputs and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. In preparing this report, we aim to largely comply with the reporting standards recommended by the International Valuation Standards ("IVS"). The depth of discussion contained in this report is specific to the needs of the Client and for the intended use as stated below. Supporting documentation concerning these matters has been retained in our work papers.

PURPOSE OF VALUATION

Mangocity Group operates online travel agency business in China and is constructing a commercial building ("Mangocity Property") primarily for its own use with approximately 50,000 square meter of gross floor area in Nanshan district, Shenzhen which will be partially lease out upon completion of construction work, expecting in May 2014. China Travel requires an independent analysis of the fair value of business enterprise of online travel business of Mangocity ("Online Business") as of 31 December 2013 with Mangocity Property under construction.

With the Client's approval and as stipulated by the Engagement Agreements in formulating our opinion on the fair value of the business enterprise of Mangocity, we relied upon completeness and accuracy of operational, and historical financial information provided by the Company. The fair value is subject to numerous assumptions adopted in the business plan. To the extent that any of these assumptions or facts changed, the result of our fair value conclusion should be different. American Appraisal can give no assurances, however, that such financial analyses and forecasts can be realized or that actual results will not vary materially from those projected.

The intended use of the Valuation is to serve as the basis for the compliance of the Listing Rules and for internal reference. The ultimate transaction, if happens, and the corresponding acquisition prices would be the results of negotiations between the transacting parties. The responsibility for determining the agreed acquisition price of the Mangocity Group rests solely with the Company. The results of our analysis should not be construed to be a fairness opinion, a solvency opinion, or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the underlying assumptions.

STANDARD AND BASIS OF VALUE

The Valuation was prepared on the basis of fair value. Fair value is defined as the estimated amount at which the company might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

Business enterprise is defined as the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net working capital excluding remaining construction payables in relation to Mangocity Property ("Mangocity Property Construction Payables") and intangible assets of a continuing business. Alternatively, the business enterprise is equivalent to the invested capital of the business, that is, the combination of the value of shareholders' equity, shareholders' loans, interest-bearing debt and Mangocity Property Construction Payables. As agreed between the seller and the buyer in the Proposed Transaction, excess cash (net of working capital cash amount of approximately RMB 10 million) and financial assets, which comprise fixed deposits, wealth management products and entrustment loans, will be excluded from the Proposed Transaction and hence will be excluded from the business enterprise.

DESCRIPTION OF MANGOCITY GROUP

The Company is an investment holding company and has three subsidiaries, known as Mangocity (China), Mangocity (Hong Kong) and Mangocity (Beijing). Mangocity (China) is a consolidated platform for online travel business, focusing on reservation and sales of air tickets, hotels accommodations and travel related products, management service for corporate travel and operation of Mangocity.com which officially commenced operation in March 2006. Mangocity (China) holds the Mangocity Property. Mangocity (Hong Kong) is principally engaged in the business of preserving the demand of members of Mangocity.com in Hong Kong and Macau, and expanding the market share in Hong Kong and Macau. Meanwhile, Mangocity (Beijing) is principally engaged in the business of undertaking the advertising business and internet operation qualification of Mangocity.com.

Mangocity Group provides the reservation services through the internet and the 24-hour call centre. In March 2009, Mangocity Group acquired 1rest.com, the China-based budget hotel reservation website which was subsequently renamed as qmango.com and targets the young people. Qmango.com has become an associate company of Mangocity Group after the disposal of 49% holdings in December 2012.

Mangocity Group derives its agency revenue mainly through:

(1) Hotels

It acts as an agent for a number of hotels and hostels in China, Hong Kong and Macau. Customers make their booking through the websites, mangocity.com, or the 24-hour call centre. They can choose to make prepayments through online payment or pay the hotels directly during the check-in process. Commission revenue is recognized after the customers checked in and completed their stays.

(2) Air tickets

It sells air tickets as an agent for major domestic and international airlines operating flights from cities in China. Air ticket delivery services are provided at free except for remote areas. In order to complete their transactions, customers need to make electronic payment through the reservation websites or customer service centre when booking the tickets. Customer who cancels the flight is required to pay a penalty to the airline.

(3) Packaged tours

It offers guided tours and sales of packages in which transportation and accommodations are bundled together to customers. The package-tour products cover a variety of domestic and international destinations.

(4) Others

It also offers other travel-related services including car rental, aviation insurance, cruise reservation, etc. In addition, it generates advertisement revenue through its reservation websites.

FINANCIAL REVIEW OF MANGOCITY

We have reviewed the 4-year historical unaudited financial summary provided by the Company without further verification. Summary of financial performances is as follows:

	2010	**2011**	**2012**	**2013**
		RMB'000		
Revenue before sales taxes and surcharges	89,702	114,559	96,894	100,610
Gross profit	84,762	108,089	90,504	93,810
Operating expenses	163,201	172,635	161,444	119,108
Net loss before interest income and tax	(74,162)	(7,036)	(15,403)	(27,154)
Total asset	281,652	682,155	1,269,060	1,037,635
Net liability value	(243,008)	(229,011)	(207,329)	(178,558)

Revenue grew from approximately RMB 89.7 million in 2010 to approximately RMB 114.6 million in 2011. In 2012, revenue dropped by 15% to approximately RMB 96.9 million which is mainly due to increased sales rebate and commissions to distributors and customers under keen competition and price war between online travel agencies. Revenue before sales taxes and surcharges was increased by 4% in 2013, primarily due to growth in packaged tours and insurance revenue, offset by decrease in revenue from air-ticketing and hotel reservation. During the past four years, more than 70% of total revenue came from sales of air tickets and hotel rooms.

The cost of revenue mainly represented sales taxes and surcharges, thus gross profit margin was stabilized in the range of 93% to 95% during the past four years.

Staff costs accounted for over 50% of the operating expenses and the remaining mainly represents depreciation and amortization, promotion expenses and transaction fee. The operating expenses to sales ratio increased from 151% in 2011 to 167% in 2012 and then dropped to 118% in 2013 due to reduction in staff headcount.

Given its loss-making status, the Company has maintained a net liability position during the past four years.

ECONOMIC OUTLOOK

A sound appraisal of a business or business interest must consider current and prospective economic conditions of the national economy. The major variables reviewed in order to evaluate the overall state of the national economy include the current level of and changes in the gross domestic product (GDP), exchange rate, and the inflation rate. An overview of the national economies of China was essential to develop this outlook. The following economic discussion was extracted from Economist Intelligence Unit ("EIU").

"China: Country Forecast Summary" 17 January 2014

ECONOMIC GROWTH: EIU estimates that economic expansion averaged 7.7% in 2013 as a whole. As the government's campaign against extravagant public spending moderates, growth in consumption (both public and private) should accelerate in 2014. China's export performance will also firm as external demand conditions improve, especially in the US and the EU. However, the tightening of credit conditions is likely to ensure a continued slowdown in investment growth in 2014.

INFLATION: EIU estimate that consumer price inflation remained subdued in 2013, at 2.6% on average. Annual inflation is forecast to average 3.8% in 2014-18. An expected decline in global oil costs will help to rein in price increases over the forecast period. However, strong domestic demand growth and weaker expansion in the supply of products (as investment slows) will generate significant inflationary pressures. The threat of a bad harvest pushing food prices sharply higher will remain a concern for policymakers. Producer prices declined by an estimated 1.9% on average in 2013. However, they will be subject to upward forces in 2014-18, partly as a result of policy-driven rises in utility costs. EIU expect producer prices to increase by 3% a year on average during the forecast period, with soaring wages putting upward pressure on costs. Uncertainty could cause asset-price volatility in the next five years. Should asset holders become concerned about economic stability-particularly in the banking sector-funds could flow rapidly between different asset classes, or even out of China, with dramatic effects on prices.

EXCHANGE RATES: EIU believe that the Renminbi will strengthen against the US dollar in 2014-17, by a modest annual average of 0.9%, owing to forecast higher productivity growth in China than in the US. The fact that the pace of appreciation will be subdued will partly reflect the strength of the US currency in the period; the value of the Renminbi will rise more swiftly against the euro and the yen.

EXTERNAL SECTOR: EIU expect China's current-account balance to move from a surplus equivalent to an estimated 1.9% of GDP in 2013 to a deficit of 0.8% by 2018. In value terms, merchandise exports will grow by 8.7% a year on average in 2014-18, a significantly slower rate than average expansion over the past decade-owing to the erosion of the country's price competitiveness. A large proportion of China's imports consist of components that are assembled locally before being shipped overseas, and imports and exports therefore tend to expand at similar rates. However, a growing proportion of imports are used for domestic consumption. Partly as a result, merchandise import growth will outpace export expansion in 2014-18, with goods imports rising by an average of 11.2% a year.

INDUSTRY OVERVIEW

According to the 32nd Statistical Report on Internet Development in China issued in July 2013, the number of Internet users that had booked air tickets, hotel rooms, train tickets and travel itinerary on the Internet had reached 133 million by the end of June 2013, accounting for 22.4% of the total Internet users. The proportion of Chinese Internet users who had booked train tickets, air tickets, hotel rooms and travel itinerary online were 2.8%, 9.1%, 7.6% and 5.3% respectively, remaining roughly the same as that at the end of 2012.

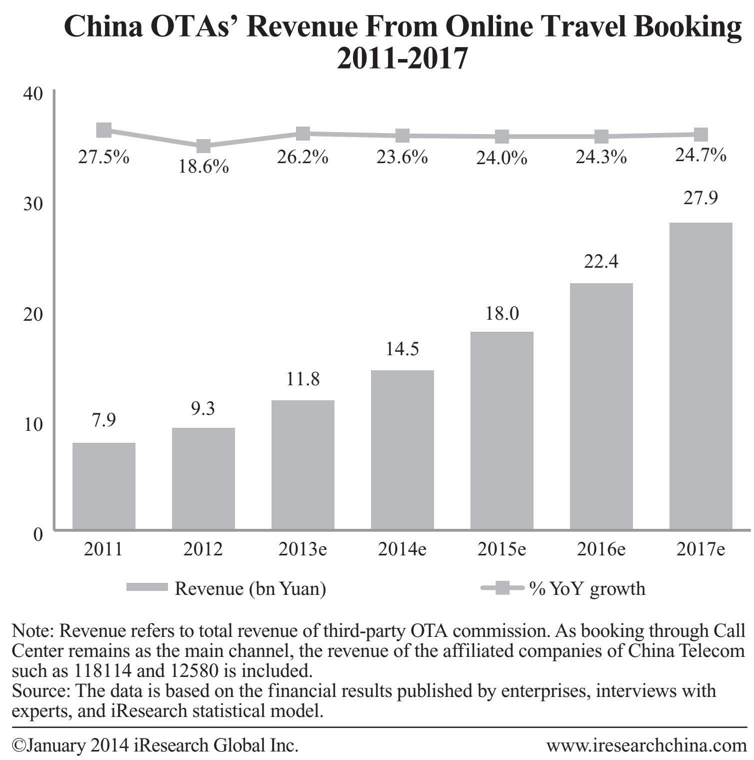
Thanks to the distinct advantages of online booking, online booking of train tickets grew rapidly and its utilization ratio increased by 2.8% over that at the end of 2012. Compared with other business applications, China's online booking markets of air tickets, hotel rooms and travel itinerary remain in a rapid-growing period and there is a great possibility for growth of Internet users. Along with the increase of the residents' consumption level and the desires for travel as well as significant price reduction of travel-related products, the utilization ratio of various travel-related booking services will increase significantly, and the online travel booking market enjoys a promising prospect.

In 2013, mobile Internet applications have penetrated into the online travel booking market, and major vertical travelling websites and App service providers started making inroads into this potential market. The potentials of the travel booking market are shown in the following aspects: First of all, various travel booking applications based on mobile terminal consolidates various Internet information for inquiry, comparison and booking anytime and anywhere. Second, travel booking applications based on mobile terminal will exist in the whole travelling itinerary. It includes pre-booking information inquiry and comparison, in-booking online payment, in-travel picture information sharing and post-travel notes sharing, etc. Third, location based services ("LBS") function can meet the immediate demands. For example, the user searches for hotels, gourmets and recreational places near a certain place. In the future, the seamless joint between mobile Internet and online travel is expected to greatly stimulate the demand of consumers and promote the development of the online travel booking market.

The industry research below was extracted from the article "China OTA's Revenues Surges 26.2% in 2013" published by iResearch on 17 February 2014.

Online travel agents' (OTA) revenue hit RMB 11.76 Billion in 2013, surging 26.2% compared with 2012.

Due to the ongoing and extensive price war, the growth of online travel agents in 2013 was slower than that of the whole online travel market. Since Q3 2013, OTA players including Ctrip and eLong launched price battle on mobile. OTA companies invested heavily in mobile services to vie for mobile travel market share. The frequent cash rebates gave rise to a decline in the commissions of hotel and air ticket bookings. We predict that the price war will go on in mobile travel sector and other segments. Nevertheless, OTA revenue will maintain robust growth in the long run.

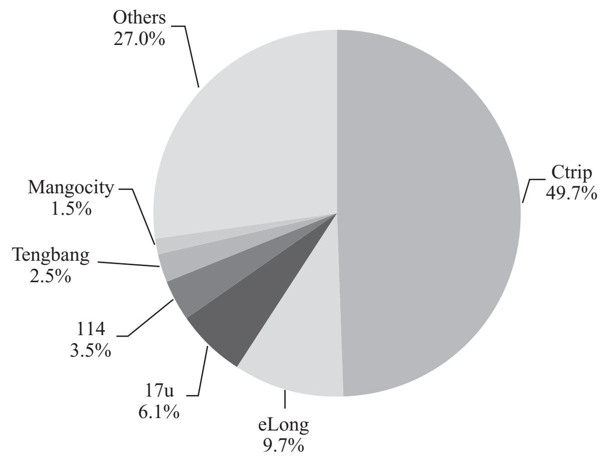


Ctrip captured almost half of the market share. According to iResearch, Ctrip made up 49.7% of China OTA revenue in 2013, followed in turn by eLong at 9.7% and 17u at 6.1% in the China OTA market.

Top players enjoyed respective advantages in the market and OTA landscape remained stable. Ctrip and eLong had good control over the channel and strong bargaining power. Their ongoing hotel promotions in 2013 drove up their share in the market. 17u had been leading travel ticket booking market. However, along with the establishment of Ctrip's Offline Sales Team which focuses on admission tickets, 17u will be challenged in ticket sales. 118114 maintained stable growth by leveraging its strength in flight and hotel bookings.

In the second half of 2013, OTA players eyed mobile travel market. As Ctrip, eLong and others launched heavy promotions on their mobile apps, mobile travel sector became the new battlefield for OTA participants.

China Third-Party OTA Market Share by Revenue in 2013



Note: Revenue refers to total revenue of third-party OTA commission. As booking through Call Center remains as the main channel, the revenue of the affiliated companies of China Telecom such as 118114 and 12580 is included.
Source: The data is based on the financial results published by enterprises, interviews with experts, and iResearch statistical model.

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SCOPE OF WORK AND KEY ASSUMPTIONS

Our investigation included discussions with the Management with regard to the history, operations and prospects of Mangocity Group, an overview of certain financial data, an analysis of the industry and competitive environment, an analysis of comparable companies/ transactions, and a review of transactions, operating statistics and other relevant documents. We made reference to or reviewed the following major documents and data in relation to the Company:

- Shareholding structure as of 31 December 2013
- Financial statements for the four fiscal years ended 31 December 2013
- Breakdown of historical revenue and operating expenses
- Industry research reports cited in the section of the report where referenced
- Prior valuation reports and corresponding working files
- Other relevant documents

We assumed that the data we obtained in the course of the Valuation, along with the opinions and representations provided to us by the Company are true and accurate and accepted them without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading. In arriving at our opinion of value, we have considered the following principal factors:

- the stage of development of the Company
- the historical costs and current financial condition of the Company
- the economic outlook for China and specific competitive environments affecting the online travel industry
- the legal and regulatory issues of the online travel industry in general and other specific legal opinions relevant to the Company
- the transaction prices of the comparable companies/transactions properties
- the risks of the Company
- the experience of Mangocity's management team

Due to the changing environments in which the Company is operating, a number of assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation:

- no major changes are expected in political, legal and economic conditions in China;
- regulatory environment and market conditions for travel industry will be developing according to prevailing market expectations;
- there will be no major changes in the current taxation law in China;
- the Company will not be constrained by the availability of finance;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations; and
- Mangocity Group will retain competent management, key personnel and technical staff to support their ongoing operations.

VALUATION METHODOLOGY OVERVIEW

In the appraisal of the equity, or the net assets, of a business, regardless of their diversity, location, or technological complexity, there are three basic approaches to value. The descriptive titles typically attached to these approaches are cost, income, and market. In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

To develop our opinion of value, the three generally accepted approaches to value are considered: cost, market and income.

In this valuation, we have separately valued the business enterprise of the Online Business and calculated potential rental saving attributable to the Mangocity Property.

For the valuation of the Online Business, in view of the loss-making status at operating level, income approach is not used because it would involve a high level of uncertain, long-term forward-looking financial forecast and underlying assumptions. While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern business, as it does not capture future earning potential of the business. Thus cost approach is not utilized in the valuation. In forming our opinion of the Online Business, we rely upon the market approach as the primary valuation method. The market approach may represent more objective view and more weight relatively under fair value measurement hierarchy but have the limitation in the case that those comparable companies or transactions may cover different regions in the world with different technology, scale of operation, market situation, growth potential, business or country risks and tax rate.

To quantify the impact of potential rental saving attributable to the Mangocity Property on Valuation, given the restriction on title transfer and construction-in-progress, no comparable transaction is identified and thus, market approach is not appropriate. Also, cost approach is appropriate if the property is transferred on stand alone basis, but this approach could not reflect the value of the future income generation potential or cost saving potential when the subject business together with the fact that Mangocity Property is still under construction. Therefore, income approach was adopted in the business enterprise valuation assessment for the buyer to acquire the Company which owns the property of Mangocity Property so as to realize the saving as corporate rental expenses at market rent at nearby locations as well as revenue earned by leasing out carparks or retail spaces.

VALUATION OF THE ONLINE BUSINESS

The valuation of the Online Business was conducted by the Guideline Company Method ("GCM") under the market approach. GCM provided value by relating the market values of publicly-traded comparable companies to measures of their financial performance. Such multiples were applied to the relevant parameters of the subject business being appraised.

By using GCM, financial ratios of comparable companies are analyzed to determine a value for the subject business. This method also employs market price data of stocks of corporations engaged in the same or a similar line of business as that of the subject property. Since there is no perfect match of comparable companies with exactly the same performance and business operation as the subject company, we could only identify two comparable companies, namely CTRP US and LONG US with principal operation in China. In order to form a meaningful analysis, we extended the search to include listed companies within the same industry but with operation in Asia Pacific. Selection criteria of comparable companies are listed below:

1. stocks that are actively traded in a public, free, and open market, either on an exchange or over-the-counter;

2. operating in the online travel industry; and

3. major operation in Asia Pacific.

Based on the above criteria, the following described five comparable companies:

Webjet Limited (WEB AU) provides branded online travel services for travelers. The company offers one-stop travel shopping and reservation services, providing real-time access to schedule, pricing, and availability information for airlines hotels, and major car rental companies.

Wotif.com Holdings Ltd. (WTF AU) provides online travel services. The company, via its website offers last-minute travel accommodation. Wotif.com's portfolio includes hotels, motels, serviced apartments, resorts, guesthouses, and bed & breakfasts.

Ctrip.com International, Ltd. (CTRP US) ("Ctrip") is a travel service provider for hotel accommodations, airline tickets and packaged tours in China. It aggregates information on hotels and flights and enable its customers to make informed and cost-effective hotel and flight bookings. It also sells packaged tours that include transportation and accommodations, as well as guided tours in some instances.

eLong Inc. (LONG US) ("eLong") is an independent travel service company with a national presence across China. The company uses Web-based distribution technologies and a 24-hour nationwide call center to provide consumers with travel information, and the ability to access hotel reservations at discounted rates at hotels in major cities across the country.

Cox & Kings Ltd. (COXK IN) is a travel organization. The company offers travel solutions and travel related products including excursions and leisure travel, destination management, incentive and conference solutions, NRI services, trade fairs, transportation bookings, foreign exchange, business travel, private air charter, hotel bookings, and visa/passport/medical insurance assistance.

Based on the definition of business enterprise value, by summing up the market capitalization value of comparable companies extracted from Bloomberg as of the Valuation Date, book value of non-controlling interests and deduct net interest bearing debt as of the latest balance sheet date, we calculated the business enterprise value of the comparable companies. By dividing the enterprise value over revenue, we calculated enterprise value to revenue ("EV to Revenue") ratio of the above five comparable companies. The 2013 estimated financial data was used as revenue denominator of price multiples as financial results were not published near the Valuation Date. The EV to Revenue ratio was selected because Mangocity Group has incurred losses during the past four years and the Management does not expect the Company to achieve a positive earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortization ("EBITDA") in the near future. A comparison was made between the Company and the guideline companies on the basis of revenue size, profitability and historical growth rate as follows:

	Guideline Company			Mangocity
Financial Information	**High**	**Low**	**Median**	**Group**
Revenue in latest financial year (RMB Mn)	4,041	394	768	101
Historical revenue growth (5-year average)	62.0%	4.7%	27.7%	5.4% (2010 to 2013)
EBITDA margin (5-year average)	56.4%	4.8%	32.3%	-47.3% (2010 to 2013)

Mangocity Group achieved a lower revenue as well as a negative operating margin when comparing to the guideline companies.

We have adjusted the multiples devised from guideline companies based on the difference on growth prospect, risk assessment and profitability factors and selected price multiples appropriate to the Company. Details of such adjustments are discussed below.

Growth and risk adjustment

The basis of this adjustment is established by comparing the present values of hypothetical investments between the Company and the guideline companies with same earnings in current year but expected to grow at different rates in next 2 years. Since the Online Business depends on the economic growth to a great extent, the expected growth of the comparable companies and the subject are the respective real GDP growth in the next two years, extracted from Bloomberg. Thereafter, the growth is stated at long-term inflation rate of 3%. The present values of the hypothetical investments have taken into account the relatively risk measures implied by discount rates of the Company and the guideline companies before any company specific unsystematic risks.

	Note	**Subject**	**WEB AU**	**WTF AU**	**CTRP US**	**LONG US**	**COXK IN**
2-year real GDP growth of the country of operation	*1*	7.3%	2.8%	2.8%	7.3%	7.3%	5.1%
Discount rate	*2*	14.1%	12.7%	9.5%	12.7%	9.2%	12.7%
Growth and risk adjustment			0%	-35%	-10%	-45%	-10%

Notes:

1. Bloomberg estimates

2. Based on CAPM model with inputs from Bloomberg data and American Appraisal research

Profitability adjustment

For EV to Revenue ratio, a profit margin adjustment was made to account for the differences of profit margins between the Company and the comparable companies. The rationale behind it is that if a company enjoys higher profit margin than those comparable companies, it generates more value with the same revenue amount and should have higher revenue multiple. EBIT margins for the comparable companies were based on their historical performance extracted from Bloomberg. Since the Online Business and eLong are loss-making in the past two years while the rest of the comparable companies are profit-making, in order to make the adjustment meaningful, we obtained the first forecasted positive EBIT margin of eLong in 2015 from Bloomberg estimates, and assume that the Online Business would ultimately become profitable with a level similar to that of eLong. However, this is only a hypothetical assumption of the profit level of the Online Business for the purpose of adjustment on the market approach, without implying any financial forecast of the Company.

	Note	**Subject**	**WEB AU**	**WTF AU**	**CTRP US**	**LONG US**	**COXK IN**
Hypothetical / Estimated EBIT margin	*1,2*	5.6%	20.7%	45.3%	18.5%	5.6%	31.8%
Profitability adjustment			-75%	-90%	-70%	0%	-85%

Notes:

1. For subject, hypothetical EBIT margin is referenced to eLong's first forecasted positive EBIT margin for the purpose of profitability adjustment

2. For comparable companies, estimated EBIT margins are Bloomberg estimates

Tax adjustment

As the comparable companies are operating in various countries in Asia Pacific, different corporate tax rates were applied and hence, an adjustment based on the respective tax rate was made to the EV to Revenue multiple.

	Note	**Subject**	**WEB AU**	**WTF AU**	**CTRP US**	**LONG US**	**COXK IN**
Applicable tax rate in the country of operation	*1*	25.0%	30.0%	30.0%	25.0%	25.0%	32.5%
Tax adjustment			7%	7%	0%	0%	11%

Note:

1. Based on American Appraisal research

Unadjusted and adjusted multiples are summarized as follows:

Guideline Companies	**Bloomberg Code**	**EV/ Revenue 2013E**	**Adjustments** Growth and risk	Profitability	Taxation	**Adjusted EV/ Revenue 2013E**
Webjet Ltd	WEB AU	1.89	0%	-75%	7%	0.51
Wotif.com Holdings Ltd	WTF AU	3.02	-35%	-90%	7%	0.21
Ctrip.com International Ltd	CTRP US	6.16	-10%	-70%	0%	1.66
eLong Inc	LONG US	2.15	-45%	0%	0%	1.18
Cox & Kings Limited	COXK IN	2.82	-10%	-85%	11%	0.42
	Highest	6.16				1.66
	Lowest	1.89				0.21
	Average	3.21				0.80
	Median	2.82				0.51
	Average of elong and Ctrip	4.16				1.42
Selected Ratio						1.50

	RMB'000
2013 revenue of the Online Business	100,610
Applicable Ratio	1.50
Indicated Value	150,914

Selection of multiple

Among the adjusted EV to Revenue ratio, which ranged from 0.21x to 1.66x. It is noted that the non-Chinese comparable companies are having lower adjusted EV to Revenue ratios (range from 0.2x-0.5x) while Chinese comparable companies including CTRP US and LONG US are having higher adjusted EV to Revenue ratios (1.2x-1.7x), where Chinese online travel operators worth a higher trading multiple. Ctrip and eLong are the only comparable companies with principal operations and target market in China. Despite Ctrip is profit-making while the Online Business is yet to become profit-making, Ctrip's product offerings and hence revenue streams are considered the most similar to the Online Business. Based on the range of results from the two groups, it is concluded that the average adjusted EV to Revenue multiples of Ctrip and eLong of 1.50x is appropriate for the valuation of the Online Business. Having adjustments based on differences in profit margins, the selection based on the two aforesaid multiples for the valuation of the Online Business is considered reasonable.

Using the GCM of the market approach outlined above, the level of value derived represents the business enterprise value on a minority basis, because the pricing data used in deriving the market multiples represents minority interest prices of publicly-traded companies. To arrive at a controlling business enterprise value for the Company, a premium for control should be taken into consideration. We have also applied a discount for lack of marketability ("DLOM"), which represented a cost to dispose a privately held company. For details, please refer to the section named "Additional Valuation Consideration".

ADDITIONAL VALUATION CONSIDERATION

Premium for Control

Premium for control is the additional value inherent in the controlling interest, as contrasted to a minority interest that reflects the power of control. The thousands of daily transaction on stock exchanges are, of course, minority interest transactions. Each year, a controlling interest in a few hundred of these public companies is purchased at a price that is substantially higher than the published market price of the securities. The public markets provide information on control premiums through acquisition transactions. When a controlling interest in a publicly traded firm is acquired and taken private, the purchaser normally pays a premium above the freely traded, minority interest share price. The difference between the published price of the shares before their acquisition and the purchase price of the controlling interest is referred to as the control premium.

When valuing the Online Business based on guideline companies' multiples, the level of value is presented on freely traded and non-controlling basis. A premium for control reflects the degree of control associated with a 100% interest in the shares of the Online Business. To estimate the control premium applicable to the Online Business, we referenced to acquisition premium for transactions in the travel industry within five years before the Valuation Date extracted from Mergermarket, indicating a premium of approximately 25%.

Discount for Lack of Marketability ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

In this valuation, option-pricing method was used to estimate the discount for lack of marketability. Under option-pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. This option-pricing method is one of the methods commonly used in estimating DLOM as it can take into consideration factors like timing of liquidity event (e.g. sales or merger) and estimated volatility of the Company's shares in accordance with Accounting and Valuation guide published by AICPA. The farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. In this valuation, This put price is calculated with a Black-Scholes Model containing five inputs: (1) asset price, (2) strike price, (3) volatility, (4) term, and (5) risk-free rate. The asset and strike price are set equal to each other, because this is the value the investor desires to protect. Setting the asset price and stock price in this manner gives the investor the right, at the maturity of the put option, to sell the asset at the price determined at the valuation date. The volatility of the asset was measured by observing the volatility of comparable publicly traded companies in the same industry. The term of the put-option is the estimated time to liquidity for the interest. Lastly, the risk-free rate should correspond with the term of the put option. As such, a DLOM of 20% is applied.

Based on the Market Approach, the indicated fair value of the Online Business is stated at approximately RMB151 million.

Potential Rental Saving Attributable to Mangocity Property

Mangocity Property which located in Nanshan district, Shenzhen is the headquarter building of Mangocity Group. It is still under construction as of the Valuation Date and will be partially leased out once complete. The construction work commenced in 2010 and was expected to be completed in May 2014. According to the Management, the accumulated capital expenditure (including land use right) as of the Valuation Date is approximately RMB 180 million[(1)] and the total construction cost was estimated to be RMB 260 million. The Mangocity Property is valued separately from the Online Business.

To derive the potential rental saving attributable to Mangocity Property, we adopted the Capitalization method under the Income Approach which explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic

(1) The amount of RMB 180 million is different from the Property Valuation Report (Appendix IB) is due to different valuation date.

benefits such as cost savings in rental expenses. Specifically, indication of value is developed by capitalizing future rental saving using a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment. Although the Mangocity Property is still under construction, potential rental saving attributable to the Mangocity Property would increase the economic benefit to the business enterprise and hence increase the business enterprise value as the owner can save rental expenses by holding the Mangocity Property for self-use, instead of leasing where rental expenses would be paid to third party landlord.

The rate at which the gross rental saving is discounted to present value represents the required rate of return for a typical investor of the property. To derive the capitalization rate, we obtained the gross strata-titled yield by taking reference to the following sources:

(1) The average gross strata-title yields of Grade A offices in Shenzhen with reference to the "Briefing – Office Sector" published by Savills in January and August 2013 was 4-5%.

(2) The estimated weighted average cost of capital based on eight selected real estate investment companies in China and Hong Kong using CAPM of 9% less perpetual growth rate of 3%, i.e. 6%. The 3% represents growth rate of hypothetical rental saving, which is assumed to be in line with long-term inflation rate.

The eight selected companies are all real estate developers and investors in China and Hong Kong, holding properties for lease and earn rental income, which is similar to constructing and holding Mangocity Property for self-use or investment purpose. Details of the selected companies are as follows:

Comparative Companies	**Bloomberg Code**
Sunlight Real Estate Investment Trust	435 HK
Champion REIT	2778 HK
Prosperity REIT	808 HK
Yuexiu Real Estate Investment Trust	405 HK
SOHO China Ltd	410 HK
Shui On Land Ltd	272 HK
Hui Xian Real Estate Investment Trust	87001 HK
Shenzhen Investment Ltd	604 HK

While source (1) only focuses on the grade A office market in Shenzhen, source (2) gives a fairer view on the required return of buildings with different gradings and locations. In addition, the location of Mangocity Building is considered less preferable comparing to traditional central business districts in Shenzhen like Futian and Luohu district, therefore a higher yield of 6% is considered more appropriate. As such, we concluded the higher yield to be 6% as gross strata-titled yield based on (2), which is more representative. An additional risk premium of 1.5% was added on top of the concluded strata-titled yield to account for the fact that Mangocity Property is an en-bloc property instead of strata-titled where en-bloc property involves a larger investment sum that may deserve a higher yield and there are requirements on tenants according to regulation and hence, higher risks involved. As we are not aware of any empirical study regarding the difference in required return on strata-titled yield property and en-bloc property, the risk premium of 1.5% is considered judgmental. By summing up the gross yield of 6% selected above and the additional risk premium of 1.5%, our analysis concludes that a gross yield of 7.5% is considered appropriate for deriving the potential rental saving attributable to the Mangocity Property. To provide more information of the impact of the gross yield on the Valuation, a sensitivity analysis on potential rental saving attributable to the Mangocity Property is presented below.

In using Capitalization method, we relied on hypothetical rental saving from leasing of Mangocity Property, prepared by the Management. Major assumptions on rental saving of office and carparks and a smaller portion of rental revenue from retail leasing are stated as follows:

	Notes	
Rental Saving – Office		
Leasable area	*1*	36,252 m^2
Occupancy rate	*2*	77%
Rental per month	*3*	RMB 90/m^2
Rental Revenue – Commercial		
Leasable area	*1*	2,000 m^2
Occupancy rate	*2*	85%
Rental per month	*3*	RMB 162/m^2
Rental Saving – Car park		
Total no. of car parks		205
Occupancy rate		40%
Rental per month		RMB 300/each

Note 1: The leasable areas are derived from the floor plan of Mangocity Property. The sum of leasable areas above is less than the gross floor area stated in the valuation certificate in the Property Valuation Report (Appendix IB) because common area such as lobby and server room were not counted as rental saving.

Note 2: Based on Management estimation, which is also in line with DTZ Property and Savills – Asian Cities Reports

Note 3: Based on Management estimation with reference to adjacent market data, with judgemental adjustments based on locations and grading of building

By capitalizing the gross rental saving using the gross yield mentioned above, on an as-if completed state, the potential rental saving attributable to Mangocity Property is RMB451 million.

Result of sensitivity analysis on gross yield is presented below:

Gross Yield	**Potential Rental Saving Attributable to Mangocity Property** *(RMB million)*
5.0%	676
5.5%	615
6.0%	564
6.5%	520
7.0%	483
7.5%	451
8.0%	423
8.5%	398
9.0%	376

Arrangement in respect of Mangocity Property Construction Payables

According to the Management, the Mangocity Property Construction Payables as at completion of the Proposed Transaction will be borne by the seller of the Proposed Transaction, and was amounted to RMB 80 million as at the Valuation Date. Given the arrangement is also valid for any potential buyer, the Mangocity Property Construction Payables is not deducted from the indicated value of the Mangocity Property.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above, it is our opinion that the fair value of the business enterprise of Mangocity Group as of the Valuation Date is reasonably represented by the amount of RENMINBI SIX HUNDRED AND TWO MILLION (RMB 602,000,000) ONLY.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We do not provide assurance on the achievability of any financial results estimated by the Company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of Management.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Respectfully submitted,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED
Ricky Lee
Senior Vice President and Director

Note: Mr. Ricky Lee has been involved in business enterprise and intangible asset valuation services for the purposes of joint venture, merger & acquisition and public listing for over fifteen years and is a fellow member of the Association of Chartered Certified Accountants, accredited senior appraiser of the American Society of Appraisers and charter holder of the Chartered Financial Analyst.

This Valuation was prepared under the supervision of Mr. Lee as project-in-charge with significant professional assistance from Ms. Priscilla Cheng and Ms. Stella Chin.

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Leading / Thinking / Performing

30 April 2014

The Directors
China Travel International Investment Hong Kong Limited
12/F, CTS House,
78-83 Connaught Road Central,
Hong Kong

Dear Sirs,

In accordance with the instruction of China Travel International Investment Hong Kong Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") to estimate the market value of the Construction-in-progress (CIP) works located at Reclamation Region VI, Southern District of High-Tech Industrial Park (Southeast Junction of Baishi Road and Xuefu Road), Shenzhen City, Guangdong Province, the People's Republic of China (the "PRC") (the "Property") held by Mangocity.com (Investment) Limited and its subsidiaries (hereinafter together referred to as the "Target Group"), we confirm that we have inspected the Property, made relevant enquiries and obtained such further information as we consider necessary for providing the market value of such property interests as at 31 January 2014 (referred to as the "date of valuation").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the *Market Value* which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

Market Approach

The market approach, also referred to as the sales comparison method, is used to estimate value through the analysis of recent sales of comparable property. In the valuation of real estate, similar properties that have recently sold or are offered for sale in the current market are analyzed and compared with the property being appraised, and adjustments are made for differences in such factors as date of sale; location; size, shape, and topography of the land; type, age, and condition of the structures; and prospective use. As the transfer of the property interests were restricted under the land use right grant contract mentioned in the Note 2 of the Valuation Certificate, market approach was not adopted in the valuation.

Income Approach

The term income as used in this approach is a general term that suggests any future benefits that can be quantified in monetary terms. It does not imply that the income approach should be used only with projections of income in the accounting sense. Rather, the income approach involves two general steps. The first is making a projection of the total monetary benefits expected to accrue to an investor in the property. (Examples include dividends realizable from an investment in common stock, rental savings from the realization of a leasehold interest, or royalty savings from ownership of a patent.) The second step involves discounting these monetary benefits to present worth at a discount rate that considers the degree of risk (or uncertainty) associated with the realization of the projected monetary benefits. Refer to the regulation mentioned in Note 7 of the Valuation Certificate; leasing of the property interests was restricted. Income approach was not adopted in the valuation.

Cost Approach

In the course of our valuation, the property interests are valued by the cost approach which is a technique that uses the reproduction or replacement cost as an initial basis for value. The cost to reproduce or replace the subject asset with a new asset, either identical (reproduction) or having the same utility (replacement), establishes the highest amount a prudent investor is likely to pay. To the extent that the asset being valued provides less utility than a new one, due to physical deterioration, functional obsolescence, and/or economic obsolescence, the value of the subject asset is adjusted for those reductions in value. Adjustments may be made for age, physical wear and tear, technological inefficiencies, changes in price levels, and reduced demand, among other factors.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the property. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group and the PRC legal opinion provided by the PRC legal adviser, Li & Partners Attorneys at Law, on the PRC Law regarding the property interests located in the PRC.

All legal documents disclosed in this letter and valuation certificate are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation certificate.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sell the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the property interests.

Transfer, use or lease of the subject property interests were restricted under the relevant contract and/or regulation mentioned in Notes 2 and 7 of Valuation Certificate.

We have assumed that all consents, approvals and licenses from relevant government authorities for the buildings and structures erected or to be erected thereon have been granted. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the site are held by the owners or permitted to be occupied by the owner.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation certificate.

Other special assumptions of the Property, if any, have been stated in the footnotes of the valuation certificate.

LIMITING CONDITIONS

We have not carried out detailed site measurements to verify the land or building areas in respect of the property but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Benny Huang has inspected the property included in the attached valuation certificate on 17 February 2014. No structural survey has been made and we are therefore unable to report as to whether the property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the development site. Our valuation is made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a lease. Unless otherwise stated, it is assumed that the interests are free of encumbrances, restrictions and outgoings of an onerous nature which could affect its rent.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

We hereby certify that we have neither present nor a prospective interest in the real properties or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED
Calvin K.C. Chan
CFA, MRICS, MHKIS, MCIREA, RPS (GP)
Vice President

Note: Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 18 years' experience in valuation of properties in Hong Kong and the PRC. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with takeovers and mergers.

VALUATION CERTIFICATE

Property	*Description and tenure*	*Particulars of occupancy*	*Market Value In existing state as at 31 January 2014*
Construction-in-progress (CIP) works located at Reclamation Region VI, Southern District of High-Tech Industrial Park (Southeast Junction of Baishi Road and Xuefu Road), Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市高新技術產業園區南區填海六區（白石路與學府路交匯處東南）的在建工程	The Property comprises CIP works erected on a parcel of land with a site area of approximately 4,153.29 sq.m. The CIP works is proposed to be developed into an office/commercial composite building with a total gross floor area of approximately 50,602.03 sq.m., the details are set out below:	The CIP works is expected to be completed in May 2014.	RMB 276,300,000

Level	**Uses**	**GFA (approx.)**
B1-B3	Carpark & Ancillary Facilities	10,782.15 m^2
L1	Lobby & Commercial	1,979.21 m^2
L2	Commercial	1,169.52 m^2
L3-L20	Leased Office	31,322.25 m^2
L21-L23	Self-use Office	4,929.98 m^2
Mechanical Floor	Building Services	418.92 m^2
Total		50,602.03 m^2

Note (5)

The land use rights of the Property have been granted for industrial use with a term to be expired on 9 November 2059.

Notes:

(1) Pursuant to the Real Estate Title Certificate（房地產權證）, Shen Fang Di Zi Di No. 4000442786（深房地字第4000442786號）, issued by the Shenzhen City Real Estate Registration Center（深圳市房地產權登記中心）dated 5 March 2010, the land use rights of the Property with site area of 4,153.29 square meters have been granted to Mangocity.com Limited（芒果網有限公司）for industrial use for a term to be expired on 9 November 2059.

(2) Pursuant to the Shenzhen City Land Use Right Grant Contract（深圳市土地使用權出讓合同書）, Shen De He Zi (2009) No. 0070（深地合字(2009)0070號）, entered between Shenzhen City Planning and Land Resources Committee（深圳市規劃和國土資源委員會）("Party A") and Mangocity.com Limited（芒果網有限公司）("Party B") on 10 November 2009, the land parcel No. T204-0070 with site area of 4,153.29 square meters have been granted for a term to be expired on 9 November 2059.

(a) The Property is subject to the following development conditions:

Usage:	Industrial
Nature:	Commodity house
Nature of main building:	Industrial research and development
Site coverage:	≤70%
Plot ratio:	≤9.5
Height/Storey numbers:	100m

(b) The total permissible plot ratio gross floor area of the Property is approximately 39,456 square meters. The permissible plot ratio gross floor area breakdown as per the Real Estate Title Certificate mentioned in Note (1) above is set out as follows:

Uses	**Permissible Plot Ratio Gross Floor Area** *(sq.m.) approx.*
Industrial research and development	33,156
Canteen	800
Commercial	2,000
Single dormitory	3,500
Total	39,456

(c) When Party B transfer the land use right or compulsory sale by People's Court or realization the land use rights, new assignee shall comply with following conditions, and submit related qualifications during the transfer registration:

(i) The business type is internet sale;

(ii) Registered corporate entity in the PRC, registration (contributed) capital shall not less than RMB 200,000,000;

(iii) Determined high-tech corporate or high-tech project;

(iv) Embark internet sale of travelling product business 3 years or above, the electronic business amount in 2008 shall not less than RMB 500,000,000, total investment amount of proposed development shall not less than RMB 200,000,000;

(v) Proposed development shall comply with related guidelines under industrial project construction land control standard of Shenzhen City and the PRC and related regulations of Shenzhen City High-Tech Industry Land Use Qualification and Regulatory Approach (深圳市高新技術產業帶高新技術項目用地資格審查與監管辦法);

(vi) If new assignee is not Shenzhen corporate, the assignee shall commit to move to Shenzhen within 3 months of transfer as the registration place.

If no assignee comply with above conditions, the Government has priority to use the depreciated cost of land use right, building, structure and ancillary facility to repurchase. The value of the land use rights is based on the total consideration of this contract deducted the apportioned value of the land use term. The value of building, structure and ancillary facility are depreciated costs as of the completion settlement.

(3) As advised by the Company, Mangocity.com Limited (芒果網有限公司) is a wholly-owned subsidiary of Mangocity.com (Investment) Limited (芒果網(投資)有限公司).

(4) Pursuant to the Construction Works Planning Permit（建設工程規劃許可證）, Shen Gui Tu Jian Xu Zi No. ZG-2011-0004（深規土建許字ZG-2011-0004號）, issued by Second Direct Authority of Shenzhen City Planning and Land Resources Committee（深圳市規劃和國土資源委員會第二直屬管理局）dated 18 January 2011, the construction works of the Property with a total gross floor area of approximately 39,456 square metres, approved additional gross floor area of approximately 363.88 square metres for balcony use and non plot ratio counting gross floor area of approximately 10,782.15 square metres for basement carpark and ancillary facilities uses comply with the city planning requirements.

(5) Pursuant to the Construction Works Commencement Permit（建築工程施工許可證）, No. 44030020110425002, issued by Shenzhen City Housing and Construction Bureau（深圳市住房和建設局）dated 28 October 2011, the commencement of the construction works with a total gross floor area of 50,602.03 square metres has been approved.

(6) As advised by the Company, the total construction cost incurred and outstanding construction cost in the CIP works of the said proposed development was about RMB 152,760,000 and RMB 73,220,000 respectively as at the date of valuation, which has been taken into account in the course of our valuation. The estimated capital value after completion is RMB286,400,000.

(7) Pursuant to the Shenzhen Special Economic Zone High-Tech Industrial Park Vacant Factories Adjustments Management Measures（深圳經濟特區高新技術產業園區協議類空置廠房調劑管理辦法）Condition No.3, when the owner occupied not less than 50% of the gross floor area of the subject property, they can submit written applications to administration authorities of High-Tech Industrial Park to lease the remaining portions of the property to third parties. Hence only 50% of the gross floor area of the subject property can be leased to third parties in maximum.

(8) The PRC legal opinion states, inter alias, that:

(a) The land use rights of the Property is legally obtained, by paying the premium and related taxes.

(b) The Property is not subject to mortgage, seize or other limited right/encumbrance.

(c) The Shenzhen City Foreign Investment Projects Approval Notice（深圳市外商投資項目核准通知書）, Shen Fa Gai He Zhun [2010] No. 0114（深發改核准[2010]0114號）has expired, and the "main construction items" have been changed. According to the regulations under People's Government of Shenzhen City on the Issuance of Foreign-invested Enterprises in Fixed Assets Investment Projects Approval Trial Measures Notice（深圳市人民政府關於印發深圳市外商投資企業固定資產投資項目核准試行辦法的通知）, if the new approval document is not obtained, the follow-up procedures (such as acceptance of completion, real estate title registration) may be adversely affected. It is uncertain whether the approval document can successfully obtained and adversely affect the follow-up procedures, the relevant government departments need review of documents/judge the information on site.

(d) Mangocity.com Limited as a foreign-invested enterprise, at the time of transfer, mortgage the Property shall comply with related laws and conditions under Shenzhen City Land Use Right Grant Contract（深圳市土地使用權出讓合同書）, Shen De He Zi (2009) No. 0070（深地合字 (2009) 0070號）, especially Condition No.16 Regulation No.1: "when Mangocity.com Limited transfer the land use right or compulsory sale by People's Court or realization the land use rights, new assignee shall comply with following conditions, and submit related qualifications during the transfer registration to fulfill relevant approval/filing procedures:

(i) The business type is internet sale;

(ii) Registered corporate entity in the PRC, registration (contributed) capital shall not less than RMB200,000,000;

(iii) Determined high-tech corporate or high-tech project;

(iv) Embark internet sale of travelling product business 3 years or above, the electronic business amount in 2008 shall not less than RMB 500,000,000, total investment amount of proposed development shall not less than RMB 200,000,000;

(v) Proposed development shall comply with related guidelines under industrial project construction land control standard of Shenzhen City and the PRC and related regulations of Shenzhen City High-Tech Industry Land Use Qualification and Regulatory Approach (深圳市高新技術產業帶高新技術項目用地資格審查與監管辦法);

(vi) If new assignee is not Shenzhen corporate, the assignee shall commit to move to Shenzhen within 3 months of transfer as the registration place."

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executives

As at the Latest Practicable Date, the interests and short positions of the Directors and the Company's chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Interests in shares Corporate interest	 Family interest	Interests in underlying shares pursuant to share options	Aggregate interests	% of the issued share capital as at the Latest Practicable Date
Mr. Lo Sui On	–	–	1,770,000	1,770,000	0.03%
Ms. Jiang Yan	–	–	1,770,000	1,770,000	0.03%
Mr. Zhang Fengchun	–	–	1,770,000	1,770,000	0.03%
Mr. Xu Muhan	–	2,000 *(Note 1)*	1,850,000	1,852,000	0.03%
Mr. Fu Zhuoyang	–	–	1,770,000	1,770,000	0.03%
Dr. Fong Yun Wah	50,000 *(Note 2)*	–	–	50,000	0.00%

Note 1: Mr. Xu Muhan is deemed to be interested in these shares of the Company held by his spouse.

Note 2: These shares are beneficially owned by certain corporations the voting power at general meetings of which Dr. Fong Yun Wah controlled one-third or more. Dr. Fong Yun Wah is taken to be interested in such shares pursuant to Divisions 7 and 8 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Company's chief executive, had any interests or short positions in the shares underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) were substantial shareholders of the Company (as defined in the Listing Rules) had interests, directly or indirectly, or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the ordinary shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the issued share capital as at the latest practicable date
China National Travel Service (HK) Group Corporation ("China CTS (HK)")	Interest of controlled corporation *(Note 1)*	3,231,822,728	57.36%
CTS (Holdings)	Interest of controlled corporation and beneficial owner	3,231,822,728	57.36%

Note 1: The entire issued share capital of CTS (Holdings) is beneficially owned by China CTS (HK). CTS (Holdings) is the immediate holding company of the Company. Accordingly, China CTS (HK) is taken to be interested in the shares in which CTS (Holdings) is interested pursuant to Part XV of the SFO and the interests of China CTS (HK) in the Company duplicated the interests of CTS (Holdings).

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had any interest, directly or indirectly, or short position in the shares, underlying shares of the Company recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2013 (the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his or her respective associates was considered to have an interest in a business which competed or was likely to compete, enter directly or indirectly, with the business of the Group other than those business to which the Directors and his or her associates were appointed to represent the interests of the Company and/or the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited consolidated accounts of the Group were made up.

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
First Shanghai Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
American Appraisal China Limited	Professional valuer
Li & Partners, Attorney at Law	Qualified PRC lawyers

First Shanghai Capital Limited, American Appraisal China Limited and Li & Partners, Attorney at Law have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter, report and/or reference (as the case may be) references to their names in the form and context in which they appear.

As at the Latest Practicable Date, First Shanghai Capital Limited and American Appraisal China Limited had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, First Shanghai Capital Limited and American Appraisal China Limited were not interested, directly or indirectly, in any assets which had since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

8. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Disposal Agreement will be available for inspection during normal business hours at the registered office of the Company in Hong Kong at 12/F., CTS House, 78-83 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM.

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)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of China Travel International Investment Hong Kong Limited (the "Company") will be held at Cafe du Parc, 2nd Floor, Metropark Hotel Causeway Bay Hong Kong, 148 Tung Lo Wan Road, Causeway Bay, Hong Kong on Friday, 23 May 2014 at 11:15 a.m. to consider as special business and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

1. "**THAT**:

(A) the disposal agreement dated 27 March 2014 entered into between China Travel Online Limited, a wholly-owned subsidiary of the Company as the vendor (the "Vendor") and Dean Success Limited, a wholly-owned subsidiary of China Travel Service (Holdings) Hong Kong Limited as the purchaser (the "Purchaser") (a copy of which has been produced to the meeting marked "A" and initialled by the chairman of the meeting for the purpose of identification) (the "Disposal Agreement"), pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase (i) the entire issued share capital of Mangocity.com (Investment) Limited; and (ii) the entire shareholder's loan and other indebtedness owned by Mangocity.com (Investment) Limited to the Vendor as at Completion, at a consideration of RMB602 million which will be settled entirely in Hong Kong dollars and in cash, and all transactions, matters and amendments contemplated under the Disposal Agreement, and the execution, performance and implementation of the Disposal Agreement and all ancillary matters contemplated under the Disposal Agreement be and are hereby generally and unconditionally approved, confirmed and ratified; and

(B) any one director of the Company or any two directors of the Company, if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to do all such things and exercise all powers which he/she/they consider(s) necessary, desirable or expedient in connection with the Disposal Agreement and otherwise in connection with the implementation of the transactions contemplated therein including without limitation the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements."

By Order of the Board
Wang Shuai Ting
Chairman

Hong Kong, 30 April 2014

Notes:

(1) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxy(ies) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

(2) Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or poll concerned if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.

(3) In order to be valid, the instrument appointing a proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or adjourned meeting or of the poll, as the case may be).

(4) In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

(5) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board of the Company comprises six Executive Directors, being Mr. Wang Shuai Ting, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Fu Zhuoyang; and four Independent Non-Executive directors, being Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.