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香港中旅國際投資有限公司
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

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

The Board is pleased to announce that on 27 March 2014 (after the close of trading hours of the Stock Exchange), 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 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 are principally engaged in online travel agency business and operate Mangocity.com.

LISTING RULES IMPLICATIONS

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.

A circular containing, among other things, (i) further details of the Disposal Agreement; (ii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; and (iv) the notice of the AGM is expected to be despatched to the Shareholders not more than 15 Business Days after the publication of this announcement in accordance with the relevant requirements of the Listing Rules, i.e. on or before 17 April 2014.

The Disposal is conditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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 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 (net of working capital cash amount of RMB10 million) and financial assets, which comprise fixed deposits, wealth management products and entrustment loans.

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 valuation report of the properties owned by the Mangocity Group with a valuation date of 31 January 2014 and the business valuation report of the Mangocity Group with a valuation date of 31 December 2013 issued by the Valuer; and (iv) the valuation of certain listed companies comparable to the Mangocity Group.

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 AGM (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 accordance 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

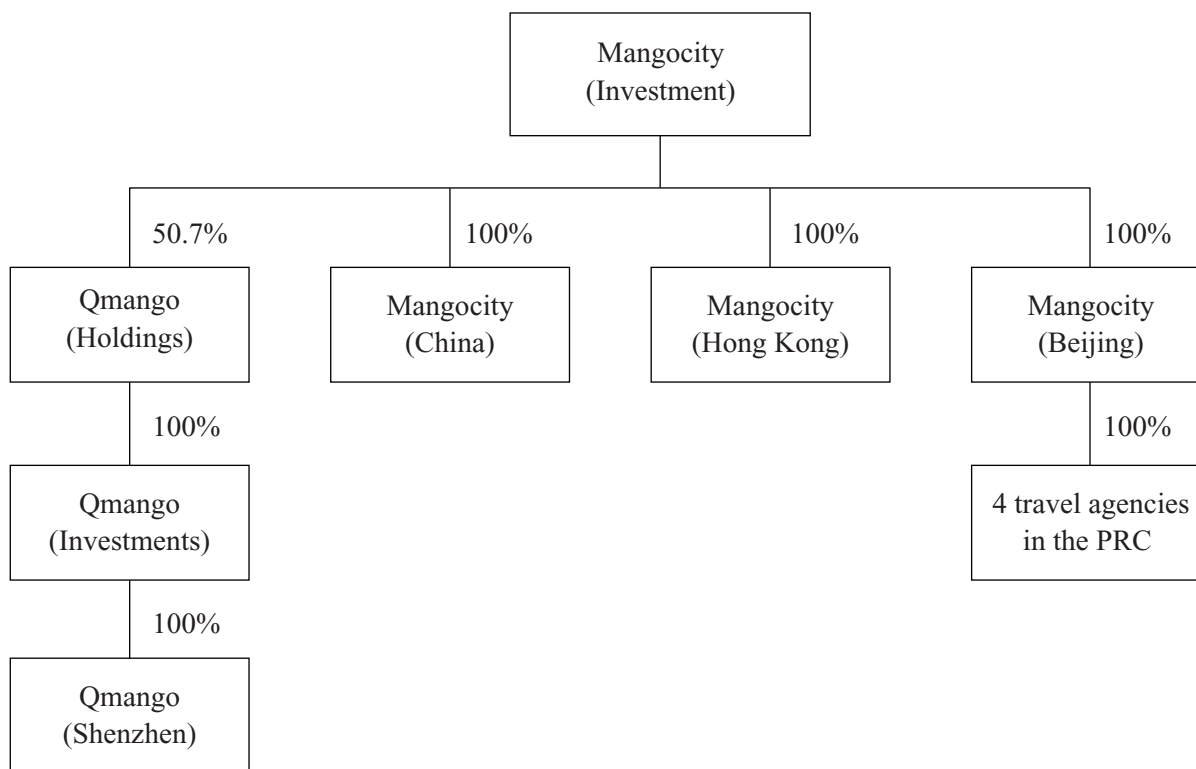
Completion shall take place on the Completion Date.

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.

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
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Loss before interest income and tax	(15,403)	(27,154)
Profit before tax	21,403	16,234
Profit after tax	21,438	16,452
	<u>207,329</u>	<u>178,558</u>
	As at 31 December	
	2012	2013
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net liabilities	207,329	178,558
	<u>207,329</u>	<u>178,558</u>

As at 31 December 2013, the unaudited amount of the Mangocity (Investment) Shareholder's Loan was approximately RMB1,053 million. Before Completion, the Mangocity Group shall repay part of the Mangocity (Investment) Shareholder's Loan with its excess cash (net of working capital cash amount of RMB10 million) and financial assets, which comprise fixed deposits, wealth management products and entrustment loans, with an aggregate unaudited amount of approximately RMB721 million. Assuming the Mangocity Group paid down the Mangocity (Investment) Shareholder's Loan with its excess cash and financial assets on 31 December 2013, the aggregate amount of unaudited net liabilities of the Mangocity Group and the Mangocity (Investment) Shareholder's Loan would have been approximately RMB153 million as at 31 December 2013.

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.

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 travel businesses and as general working capital.

Save and except for Mr. Wang Shuai Ting and Mr. Lo Sui On, who have abstained from voting on the Board resolutions approving the Disposal Agreement as they are also directors of CTS (Holdings), the Directors who have voted on such Board Resolutions (other than the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders together with the advice of the independent financial adviser) consider the terms of the Disposal Agreement, including the Consideration, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the Disposal is in the interests of the Company and its Shareholders as a whole.

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.

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.

The Disposal is conditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

GENERAL INFORMATION

The Disposal is subject to the approval by the Independent Shareholders at the AGM under Rule 14A.17 of the Listing Rules. CTS (Holdings) and its associates will abstain from voting in relation to the ordinary resolution to be put forward at the AGM 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.

A circular containing, among other things, (i) further details of the Disposal Agreement; (ii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; and (iv) the notice of the AGM is expected to be despatched to the Shareholders not more than 15 Business Days after the publication of this announcement in accordance with the relevant requirements of the Listing Rules, i.e. on or before 17 April 2014.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on 23 May 2014 to consider the ordinary resolutions to be proposed to approve, among others, the Disposal Agreement and the transactions contemplated thereunder
“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 announcement

“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
“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 AGM
“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
“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 April of 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 announcement, 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

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

Hong Kong, 27 March 2014

As at the date of this announcement, the Board of the Company comprises six executive Directors, namely 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, namely Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.

* *For identification purpose only*