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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 TRANSACTION DISPOSAL OF A SUBSIDIARY**

Reference is made to the announcement of the Company dated 3 October 2014 in relation to the proposed disposal of 100% equity interest in Ruskin Overseas by Allied Well, a wholly-owned subsidiary of the Company, through an open tender process in an Assets and Equity Exchange in the PRC and the proposed transfer of the Shareholder's Loan of Ruskin Overseas by the Company at the same time.

The Board is pleased to announce that on 10 October 2014, Allied Well made an open tender at China Beijing Equity Exchange to dispose of its 100% equity interest in Ruskin Overseas. On 12 December 2014 (after the close of trading hours of the Stock Exchange), after the tender process has been concluded, Allied Well, Assets Dynasty and Ruskin Overseas have entered into the Equity Transfer Agreement, pursuant to which Allied Well has conditionally agreed to dispose of and Assets Dynasty has conditionally agreed to purchase 100% equity interest in Ruskin Overseas for a Share Consideration of RMB 582,150,000 (subject to adjustment) (equivalent to approximately HK\$735,721,170) (payable in cash in RMB or US\$ or HK\$). On 12 December 2014 (after the close of trading hours of the Stock Exchange), the Company, Assets Dynasty and Ruskin Overseas have entered into the Loan Transfer Agreement, pursuant to which the Company has agreed to transfer and Assets Dynasty has agreed to acquire the Shareholder's Loan of Ruskin Overseas for a Loan Consideration of RMB130,947,399 (subject to adjustment) (equivalent to approximately HK\$165,491,323) (payable in cash in RMB or US\$ or HK\$). On 12 December 2014 (after the close of trading hours of the Stock Exchange), Allied Well, the Company, as the guarantor, and Assets Dynasty have entered into the Supplemental Agreement to supplement and perfect the relevant undertakings under the Equity Transfer Agreement.

It is expected that the Group will record a profit of approximately RMB250 million (equivalent to approximately HK\$315,950,000) as a result of the Disposal.

Since one or more of the applicable percentage ratios (within the meaning of Rule 14.07 of the Listing Rules) for the Disposal is or are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and accordingly, is subject to the announcement and reporting requirements.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 3 October 2014 in relation to the proposed disposal of 100% equity interest in Ruskin Overseas by Allied Well, a wholly-owned subsidiary of the Company, through an open tender process in an Assets and Equity Exchange in the PRC and the proposed transfer of the Shareholder's Loan of Ruskin Overseas by the Company at the same time.

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## **THE MAJOR TERMS OF THE EQUITY TRANSFER AGREEMENT**

### **Date**

12 December 2014 (after the close of trading hours of the Stock Exchange)

### **Parties**

- (1) Vendor: Allied Well
- (2) Purchaser: Assets Dynasty
- (3) Subject enterprise: Ruskin Overseas

### **Asset to be disposed of**

Pursuant to the Equity Transfer Agreement, Allied Well has conditionally agreed to sell and Assets Dynasty has conditionally agreed to purchase 100% equity interest in Ruskin Overseas in accordance with the terms and conditions under the Equity Transfer Agreement at the Share Consideration.

### **Conditions Precedent**

- (1) Allied Well has obtained all approval or completed all authorization procedures required under the laws of its place of incorporation and the Articles of Association in respect of the disposal of its 100% equity interest in Ruskin Overseas according to the terms of the Equity Transfer Agreement.

- (2) Assets Dynasty has obtained all approval or completed all authorization procedures required under the laws of its place of incorporation and the Articles of Association in respect of the purchase of 100% equity interest in Ruskin Overseas according to the terms of the Equity Transfer Agreement.
- (3) Ruskin Overseas has obtained all approval or completed all authorization procedures required under the laws of its place of incorporation and the Articles of Association.
- (4) Open tender and/or bidding process in respect of the equity transfer under the Equity Transfer Agreement has been completed by Allied Well at China Beijing Equity Exchange in accordance the requirements under the relevant laws, regulations and policies.
- (5) The representations and warranties made by Allied Well and Assets Dynasty in the Equity Transfer Agreement are true, accurate and valid.
- (6) Other conditions precedent to payment and the conditions precedent to the transfer of 100% equity interest in Ruskin Overseas as otherwise agreed by Allied Well and Assets Dynasty.

### **Share Consideration and Payment Terms**

The Share Consideration amounts to RMB582,150,000 (subject to adjustment) (equivalent to approximately HK\$735,721,170), with reference to, among others, the appraised value of RMB556,918,100 (equivalent to approximately HK\$703,833,095) in respect of the entire shareholder's equity of the Ruskin Overseas Group as at 31 December 2013 prepared by China Enterprise Appraisals Co., Ltd., the independent valuer. On the premise that Allied Well has satisfied all conditions precedent to payment as agreed by both parties, Assets Dynasty shall, at the Completion Date, make payment to Allied Well in cash (in RMB or US\$ or HK\$) for the Share Consideration as determined by both parties. Assets Dynasty may apply the Caution Money and other monies paid to Allied Well before the Completion Date as partial payment of the Share Consideration as mentioned above on the Completion Date.

### **Completion**

After satisfying each of the conditions precedent under the Equity Transfer Agreement and other undertakings between Allied Well and Assets Dynasty, and Assets Dynasty pays the Share Consideration in accordance with the Equity Transfer Agreement, Ruskin Overseas shall issue the original copy of share certificate to Assets Dynasty and update the register of members. The date on which Ruskin Overseas registered Assets Dynasty as the sole shareholder represents the completion date for the transfer of equity interests in Ruskin Overseas (the "Completion Date").

## **THE MAJOR TERMS OF THE LOAN TRANSFER AGREEMENT**

### **Date**

12 December 2014 (after the close of trading hours of the Stock Exchange)

## **Parties**

- (1) Transferor: the Company
- (2) Transferee: Assets Dynasty
- (3) Debtor: Ruskin Overseas Limited

## **Loan to be transferred**

Pursuant to the Loan Transfer Agreement, the Company has agreed to transfer and Assets Dynasty has agreed to acquire the Shareholder's Loan of Ruskin Overseas.

## **Loan Consideration and Payment Terms**

The Loan Consideration amounts to RMB130,947,399 (subject to adjustment) (equivalent to approximately HK\$165,491,323), which shall be paid by Assets Dynasty to the Company no later than the Completion Date.

Allied Well will provide the audited financial statements of the Ruskin Overseas Group as at the Completion Date. The Loan Consideration is subject to the Shareholder's Loan of Ruskin Overseas as set out in such audited financial statements.

## **THE MAJOR TERMS OF THE SUPPLEMENTAL AGREEMENT**

### **Date**

12 December 2014 (after the close of trading hours of the Stock Exchange)

### **Parties**

- (1) Vendor: Allied Well
- (2) Guarantor: the Company
- (3) Purchaser: Assets Dynasty

## **Supplement the relevant undertakings under the Equity Transfer Agreement**

Allied Well, the Company, as the guarantor, and Assets Dynasty have entered into the Supplemental Agreement to supplement and perfect the relevant undertakings under the Equity Transfer Agreement. The purpose of signing the Supplemental Agreement by the Company is to provide warranty to Assets Dynasty that Allied Well would perform each of its obligations under the Supplemental Agreement.

## Price Adjustment Mechanism

Allied Well will provide the audited financial statements of the Ruskin Overseas Group as at the Completion Date. If there are any differences between the net asset value as set out in such audited financial statements and the net asset value stated in the estimated financial statements of the Ruskin Overseas Group as at the Completion Date, Allied Well or Assets Dynasty will make payment in cash for the difference in net asset value to each other according to the requirements under the Supplemental Agreement.

## Liability for Default

In the event that Assets Dynasty refuses to perform its obligations or responsibilities under the Equity Transfer Agreement and Supplemental Agreement, such that the completion would not take place on the Completion Date, Allied Well may unilaterally terminate the Supplemental Agreement without returning the Caution Money to Assets Dynasty.

## INFORMATION OF THE RUSKIN OVERSEAS GROUP

The corporate structure of the Ruskin Overseas Group is set out below:



Ruskin Overseas is a limited liability company incorporated in British Virgin Islands and is a wholly-owned subsidiary of Allied Well. Its principal business is investment holding.

Kinetic Profit Company Limited is a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of Ruskin Overseas. Its principal business is investment in hotel and providing related services.

Kinetic Profit Real Estate (Shanghai) Co., Ltd. is a limited liability company incorporated in the PRC and owns and operates Metropark Service Apartment Shanghai.

The unaudited consolidated financial information of the Ruskin Overseas Group for two years ended 31 December 2013 and nine months ended 30 September 2014, which has been prepared on the basis of the PRC Accounting Standards for Business Enterprises, is set out below:

	<b>Year ended</b>		<b>Nine months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2012</b>	<b>2013</b>	<b>30 September</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before tax	11,210	11,821	11,913
Profit after tax	8,978	9,303	8,927
			<b>As at</b>
	<b>As at 31 December</b>		<b>30 September</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net asset/(liability)	(21,245)	(4,789)	2,314

On 30 November 2014, the amount of unaudited Shareholder's Loan of Ruskin Overseas was approximately RMB130,947,399 (equivalent to approximately HK\$165,491,323).

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group's hotel operations comprise operation of self-owned hotels and provision of hotel management service to third party hotel owners. Our development strategy is to combine asset-heavy and asset-light approaches and focus on the asset-light approach, i.e. provision of hotel management service, in the long term.

The Group's hotel brand "Metropark" is a leading Chinese hotel brand which focuses mainly on the 4-star and 5-star hotel market. The target market of Metropark Service Apartment Shanghai is not the main market focused by the "Metropark" brand. In addition, the asset return of Metropark Service Apartment Shanghai is comparatively low. The Disposal will help to improve the quality of the Group's hotel portfolio, enhance asset liquidity and increase working capital. The Group intends to use the proceeds from the Disposal as general working capital of the Group or use it to invest in travel destination projects which provide better return to our shareholders.

The Directors consider the terms of Equity Transfer Agreement, the Loan Transfer Agreement and the Supplemental Agreement to be fair and reasonable and the Disposal to be in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

Allied Well is a limited liability company incorporated in British Virgin Islands and is a wholly-owned subsidiary of the Company. Its principal business is investment holding.

The Group's principal business includes operation of tourist attraction, hotel, travel agency and related business operations, passenger transportation, golf club, arts performance and power generation.

Assets Dynasty is a limited liability company incorporated in British Virgin Islands. Its principal business is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Assets Dynasty and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

Upon the completion of the Equity Transfer Agreement, the Group will no longer hold any equity interest in Ruskin Overseas and Ruskin Overseas will cease to be a subsidiary of the Company.

It is expected that the Group will record a profit of approximately RMB250 million (equivalent to approximately HK\$315,950,000) as a result of the Disposal, which is arrived after taking into consideration the difference between (i) Share Consideration and (ii) anticipated net asset value of the Ruskin Overseas Group attributable to the Group upon completion. Such amount is subject to change depending on the actual net asset value of the Ruskin Overseas Group attributable to the Group upon completion.

## **LISTING RULES' IMPLICATIONS**

Since one or more of the applicable percentage ratios (within the meaning of Rule 14.07 of the Listing Rules) for the Disposal is or are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and accordingly, is subject to the announcement and reporting requirements.

## **DEFINITIONS**

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

“Allied Well”	Allied Well Holdings Ltd., a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Assets Dynasty”	Assets Dynasty Limited, a company incorporated in British Virgin Islands with limited liability

“Board”	the board of directors of the Company
“Caution Money”	Assets Dynasty paid the caution money of RMB174,640,000 to the account designated by Allied Well and the Company according to the requirements stated by Allied Well and China Beijing Equity Exchange, as the warranty for acquiring 100% equity interest in Ruskin Overseas and the Shareholder’s Loan of Ruskin Overseas by Assets Dynasty
“Company”	China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 308)
“Directors”	the directors of the Company
“Disposal”	Disposal of 100% equity interest in Ruskin Overseas by Allied Well to Assets Dynasty in accordance with the Share Transfer Agreement and transfer of the Shareholder’s Loan of Ruskin Overseas by the Company to Assets Dynasty in accordance with the Loan Transfer Agreement
“Equity Transfer Agreement”	Equity transfer agreement dated 12 December 2014 (after the close of trading hours of the Stock Exchange) entered into between Allied Well, Assets Dynasty and Ruskin Overseas in respect of the disposal of 100% equity interest in Ruskin Overseas
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	Consideration for the transfer of Shareholder’s Loan of Ruskin Overseas under the Loan Transfer Agreement
“Loan Transfer Agreement”	Loan transfer agreement dated 12 December 2014 (after the close of trading hours of the Stock Exchange) entered into between the Company, Assets Dynasty and Ruskin Overseas in respect of the transfer of Shareholder’s Loan of Ruskin Overseas
“Metropark Service Apartment Shanghai”	The service apartments situated in Yanan West Road, Changning District, Shanghai and the adjacent club houses with gross floor area of approximately 24,522.71 m <sup>2</sup>
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclusively refer to Mainland China
“RMB”	Renminbi, the lawful currency of the PRC



“Ruskin Overseas”	Ruskin Overseas Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of Allied Well
“Ruskin Overseas Group”	Ruskin Overseas Limited and its subsidiaries
“Shareholder’s Loan of Ruskin Overseas”	Entire shareholder’s loan owed by the Ruskin Overseas Group to the Group
“Share Consideration”	Consideration for the disposal of 100% equity interest in Ruskin Overseas in accordance with the Equity Transfer Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	The supplemental agreement dated 12 December 2014 (after the close of trading hours of the Stock Exchange) entered into between Allied Well, the Company, as the guarantor, and Assets Dynasty to supplement and perfect the relevant undertakings under the Equity Transfer Agreement
“US\$”	US dollars, the lawful currency of the United States
“%”	per cent

Unless otherwise stated in this announcement, translations of RMB into HK\$ are made at the rate of RMB1.00 to HK\$1.2638 for information purpose only. Such conversion should not be construed as a representation that any amount has been, could have been or may be converted at the above rate or at all.

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

Hong Kong, 12 December 2014

*As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Ms. Jiang Yan, Mr. Lo Sui On, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Fu Zhuoyang and four independent non-executive Directors, namely Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.*