

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
ACQUISITION OF 100% OF THE SHARES IN
SILVER TIME (H.K.) LIMITED**

SHARE TRANSFER AGREEMENT

On 25 September 2023 (after trading hours of the Stock Exchange), Goster Resources, the Sellers and the Target Company entered into the Share Transfer Agreement pursuant to which Seller A, Seller B, Seller C and Seller D agreed to sell 91%, 3%, 3%, and 3% equity interest of the Target Company, respectively, and Goster Resources agreed to acquire 100% equity interest of the Target Company for a Consideration of HK\$898,000,000 (subject to adjustments), which shall be paid by Goster Resources to the Sellers in cash.

As at the date of this announcement, the entire issued share capital of the Target Company is legally and beneficially owned by the Sellers, collectively. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

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 Acquisition exceeds 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent under the Share Transfer Agreement. As Completion may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

BACKGROUND

Reference is made to the announcement of the Company dated 28 July 2023 in relation to the potential acquisition of the Properties at a consideration of HK\$900 million.

On 25 September 2023 (after trading hours of the Stock Exchange), Goster Resources, the Sellers and the Target Company entered into the Share Transfer Agreement pursuant to which Seller A, Seller B, Seller C and Seller D agreed to sell 91%, 3%, 3%, and 3% equity interest of the Target Company, respectively, and Goster Resources agreed to acquire 100% equity interest of the Target Company for a Consideration of HK\$898,000,000 (subject to adjustments), which shall be paid by Goster Resources to the Sellers in cash.

THE SHARE TRANSFER AGREEMENT

Date

25 September 2023

Parties

- | | |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| 1. Purchaser | Goster Resources Limited |
| 2. Sellers | Leung Tat Bor, as Seller A;
Leung Kwok Wai, as Seller B;
Leung Kwok Ho, as Seller C; and
Leung Shuk Yan, Amy, as Seller D |
| 3. Target Company | Silver Time (H.K.) Limited |

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers and the Target Company is an Independent Third Party.

Assets to be acquired

Pursuant to the Share Transfer Agreement, Goster Resources has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, collectively the entire issued share capital of the Target Company.

The table below sets out the number of shares and shareholding of the Target Company (i) as at the date of this announcement; and (ii) immediately upon Completion:

	As at the date of this announcement		Immediately upon Completion	
	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)
Seller A	9,100	91	–	–
Seller B	300	3	–	–
Seller C	300	3	–	–
Seller D	300	3	–	–
Goster Resources	–	–	10,000	100
Total	10,000	100	10,000	100

All the existing fixtures, furniture and fittings in the Properties shall have been transferred to the Target Company upon Completion.

Consideration

The consideration for the Acquisition is HK\$898,000,000 (subject to adjustments), which shall be settled in the following manner:

- (a) HK\$89,800,000, being 10% of the Consideration, shall be paid by way of cashier's order by Goster Resources to the Sellers' solicitors on the date of signing of the Share Transfer Agreement; and
- (b) HK\$808,200,000 (the "**Final Payment**"), being the 90% balance of the Consideration, shall be paid by way of cashier's order by Goster Resources on the date of Completion, subject to an upward adjustment by an amount equivalent to the Estimated Net Cash Balance (in the case of a positive figure) or a downward adjustment by an amount equivalent to the Estimated Net Cash Balance (in the case of a negative figure). The Final Payment shall be settled in the following manner:
 - (i) Goster Resources shall deliver a cashier's order to the Sellers (the payee of which shall be Bank of China (Hong Kong) Limited or such other payee as specified in the payment instruction issued by Bank of China (Hong Kong) Limited before the date of Completion in relation to the repayment of the existing loan under the Existing Loan Agreement). The Sellers shall repay all unsettled loan amounts under the Existing Loan Agreement (the "**Existing Loan Amounts**", estimated to be in the amount of HK\$573,647,000 as at the date of the Share Transfer Agreement) by delivering the cashier's order to Bank of China (Hong Kong) Limited for and on behalf of the Target Company. The Existing Loan Amounts shall be subject to the payment instruction in respect of the settlement of the Existing Loan Amounts issued by Bank of China (Hong Kong) Limited to the Target Company before the date of Completion. The payment of the Existing Loan Amounts by Goster Resources shall constitute part payment of the Final Payment.

- (ii) The balance of the Final Payment shall be paid by Goster Resources to Seller A by way of cashier's order.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiation between Goster Resources and the Sellers with reference to, among others, (i) the appraised value of the Target Shares as at 31 May 2023 of approximately HK\$1,040,000,000 after taking into account the Excluded Assets and Liabilities, as assessed by an independent professional valuer using asset-based approach; (ii) the current market price of comparable properties in the vicinity of the Properties; and (iii) the benefits of the Acquisition brought about to the Group upon Completion as set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below in this announcement.

Excluded Assets and Liabilities

It was agreed by the parties that certain of the assets and liabilities of the Target Company, including financial assets, the amounts due from related companies and amounts due to related companies (the "**Excluded Assets and Liabilities**") will be excluded from the Acquisition and disposed of, settled or waived (as the case may be) before Completion. Goster Resources will repay the Existing Loan Amounts for the Target Company on the date of Completion as part payment of the Final Payment as disclosed in the paragraph headed "Consideration" above.

Post-Completion Payments

Within 20 days following the end of the month in which Completion takes place, Goster Resources shall pay the Sellers an amount (the "**Post-Completion Payment**") equivalent to:

- (i) the surplus of the actual Net Cash Balance of the Target Company at the date of Completion over the Estimated Net Cash Balance as stated in the Net Cash Report; plus
- (ii) the utility and other sundry deposits in respect of the Properties paid by the Sellers and/or the Target Company before the date of Completion; plus
- (iii) rents and rates paid by the Sellers and/or the Target Company in advance for the most recent quarter before the date of Completion, minus any such rents and rates payable by the Target Company for the period up until and including the date of Completion (calculated on a daily basis); plus
- (iv) public liability insurance premium paid by the Target Company, minus any such premium payable by the Target Company for the period up until and including the date of Completion (calculated on a daily basis); minus
- (v) any utilities and other sundry expenses incurred and payable by the Target Company for the period up until and including the date of Completion (calculated on a daily basis).

If the above Post-Completion Payment is a negative figure, the Sellers shall pay Goster Resources the corresponding amount equivalent to the Post-Completion Payment.

The Consideration will be satisfied by the internal resources of the Group and banking facilities available to the Group.

Conditions precedent

Completion is conditional upon fulfilment (or waiver) of the following condition:

- The board of directors of the Target Company having approved the transactions contemplated under the Share Transfer Agreement and other transaction documents.

Completion

Subject to the fulfillment or waiver (as the case may be) of the conditions precedent, Completion shall take place on 16 October 2023 (or such other date and time as may be agreed by the parties in writing), subject to the fulfillment or waiver of all the conditions precedent.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTIES

The Target Company is a company incorporated in Hong Kong and its principal activity is the operation of a block of serviced apartments and shops for rental and management fee income. The Target Company is the sole owner of the Properties.

The principal asset of the Target Company is the Properties. As at the date of this announcement, the Properties are known as De Fenwick, Nos. 8-12 Fenwick Street & Nos. 42-50 Lockhart Road, Wanchai, Hong Kong, with a total approved gross floor area of approximately 56,754 square feet. Set out below is the financial information of the Target Company for the financial years ended 31 March 2022 and 2023:

	For the years ended 31 March	
	2022	2023
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(Audited)	(Audited)
Loss before taxation	135,579	118,874
Loss for the year	135,723	118,618

The audited net asset of the Target Company as at 31 March 2023 and the unaudited net asset of the Target Company as at 31 May 2023 was approximately HK\$697,105,000 and HK\$679,891,000 respectively.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Properties is located in the core business district of Wanchai, Hong Kong, surrounded by a number of office buildings and hotels in a strong commercial ambience. With convenient transportation network in the area, the Properties is mainly used as serviced apartments with some shops on the ground floor.

The current status of the Properties is a 15-storey serviced apartment building with a basement. The floors below the third floor are mainly used for commercial purpose while the third floor and above are used for apartments with long-term leases. After reopening of the borders between Hong Kong and the Mainland China and the recovery of economy, it is expected that the rental rates will pick up in the future.

Kew Green Hotel Wanchai Hong Kong owned by the Company and the Properties were split from one single land parcel. According to the government's statutory plan, the land parcel is zoned for commercial use, which can be used for the construction of commercial, hotel and office buildings. Upon the Acquisition, the Company can explore the opportunity of merging the two land parcels for development and make good use of the area of the rear lane between the two buildings.

Enjoying significant geographical advantages, the Properties is located in close proximity to Kew Green Hotel Wanchai Hong Kong, thereby demonstrating high operational synergy value. Upon Completion, the Properties can be considered to be operated as one with Kew Green Hotel Wanchai Hong Kong to achieve synergy in management services (integrated management of room services, laundry, merchandising, etc.) and sharing of resources and facilities (restaurants, gym room, etc.) to enhance the overall operational efficiency. It can also be considered to simply merge and redevelop the two buildings into one quality commercial property in a core location to further enhance the Group's reputation in Hong Kong as well as expand and strengthen its businesses in Hong Kong.

Therefore, the Directors (including the independent non-executive Directors) are of the view that the Share Transfer Agreement is entered into after arm's length negotiations and the terms are on normal commercial terms, the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is a company incorporated in Hong Kong with limited liability. The principal business activities of the Group include operations of travel destinations (including hotels, theme parks, natural and cultural scenic spots, and leisure resorts), travel document and related operations, and passenger transportation operations.

Each of the Sellers is a natural person and a resident of Hong Kong and the legal and beneficial owner of the Target Shares respectively prior to the entering of the Share Transfer Agreement.

Goster Resources is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

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 Acquisition exceeds 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent under the Share Transfer Agreement. As Completion may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Target Shares by Goster Resources from the Sellers pursuant to the Share Transfer Agreement
“Board”	the board of Directors
“Business Day”	any day (other than Saturdays, Sundays and public holidays) on which the Stock Exchange is open for the business of dealing in securities and on which banks are open for business in Hong Kong
“Company”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 308)
“Completion”	Completion of the Acquisition in accordance with the terms and conditions of the Share Transfer Agreement
“connected person(s)”, “subsidiary(ies)”	each of which has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration in respect of the Acquisition, being HK\$898,000,000 (subject to adjustments)
“Directors”	the directors of the Company

“Existing Loan Agreement”	the loans agreement entered into between the Target Company (as borrower) and Bank of China (Hong Kong) Limited (as lender), Fee Tat Investment Company Limited (as guarantor) and Lucky Trend International Enterprise Limited (as guarantor) on 26 February 2019 in respect of two term loans in the amount of HK\$165,646,897.29 and HK\$330,000,000, respectively, and a revolving loan of HK\$104,000,000
“Goster Resources”	Goster Resources Limited, a direct wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and the purchaser of the Target Shares
“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
“Independent Third Party(ies)”	parties who are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Cash Balance”	total bank balances of the Target Company at the date of Completion minus rental deposit, rent received in advance, and other account payables and accruals as stated in the Share Transfer Agreement
“Net Cash Report”	the report stating the Sellers’ genuine estimation of the estimated Net Cash Balance (the “ Estimated Net Cash Balance ”) of the Target Company as at the date of Completion be drawn up by the Sellers and delivered to Goster Resources not less than three Business Days prior to the date of Completion
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement)
“Properties”	the properties located at Inland Lot 2823 Remaining Portion, Nos. 8-12 Fenwick Street & Nos. 42-50 Lockhart Road, Wanchai, Hong Kong, with a total approved gross floor area of approximately 56,754 square feet
“Seller A”	Leung Tat Bor (梁達波), a natural person and a resident of Hong Kong
“Seller B”	Leung Kwok Wai (梁國偉), a natural person and a resident of Hong Kong

“Seller C”	Leung Kwok Ho (梁國豪), a natural person and a resident of Hong Kong
“Seller D”	Leung Shuk Yan, Amy (梁淑恩), a natural person and a resident of Hong Kong
“Seller(s)”	collectively, Seller A, Seller B, Seller C, and Seller D
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Share Transfer Agreement”	the share transfer agreement entered into among Goster Resources, the Sellers and the Target Company on 25 September 2023 in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Silver Time (H.K.) Limited, a company incorporated in Hong Kong with limited liability and owned as to 91%, 3%, 3% and 3% by Seller A, Seller B, Seller C and Seller D, respectively, as at the date of this announcement
“Target Shares”	means 10,000 ordinary shares of the Target Company, representing 100% of its entire issued share capital
“%”	per cent.

By Order of the Board
China Travel International Investment Hong Kong Limited
Wu Qiang
Chairman

Hong Kong, 25 September 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wu Qiang, Mr. Feng Gang and Mr. Li Pengyu; three non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi; and five independent non-executive Directors, namely Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui, Mr. Chen Johnny and Mr. Song Dawei.