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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 308)

CONNECTED TRANSACTION – PROVISION OF LOAN

The Board announces that on 2 August 2019, CTS (Shenzhen), as lender, entered into the Loan Agreement with CTS (China) Investment, as borrower, for a term of three years commencing from 2 August 2019 and ending on 1 August 2022, pursuant to which CTS (Shenzhen) has agreed to provide a loan of RMB 210,000,000 to CTS (China) Investment.

CTS (Holdings) is a controlling shareholder of the Company. CTS (China) Investment is an indirect wholly-owned subsidiary of CTS (Holdings) and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Loan Agreement constitutes connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Loan Agreement is more than 0.1% but less than 5% and the transaction under the Loan Agreement has an annual consideration of more than HK\$3,000,000, the Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but is exempt from the circular (including financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE LOAN AGREEMENT

Date

2 August 2019

Parties

- (a) CTS (Shenzhen), as lender; and
- (b) CTS (China) Investment, as borrower

PRINCIPAL TERMS AND CONDITIONS OF THE LOAN AGREEMENT

Term

The Loan Agreement shall become effective from 2 August 2019 to 1 August 2022.

Loan Principal

RMB 210,000,000, to be drawn down on the date of the Loan Agreement.

Interest Rate and Security

The interest rate shall be 5.225% per annum. Interest will be charged and calculated from the date of the Loan Agreement, and will be paid half-yearly by CTS (China) Investment.

No guarantee or security is given by CTS (China) Investment for the Loan.

Purpose of the Loan

The Loan is provided to CTS (China) Investment for the purpose of general working capital.

Repayment terms

The outstanding principal amount of the Loan together with all accrued interests are to be repaid at the end of the term of the Loan Agreement.

Within 10 business days prior to the end of the term of the Loan Agreement, CTS (China) Investment may submit an application to CTS (Shenzhen) and, with the consent of CTS (Shenzhen), enter into a new loan agreement with CTS (Shenzhen), provided that the principal amount of the Loan and interests accrued shall be repaid at the end of the term of the Loan Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

Having considered the background of CTS (China) Investment and that a stable revenue and cashflow stream from the interest income is expected, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Loan Agreement have been negotiated on an arm's length basis and on normal commercial terms and in the ordinary and usual course of business of the Group, and the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Fu Zhuoyang is a director of CTS (Holdings), therefore he is regarded as having material interest in the transaction and has thereby abstained from voting on the Board resolutions approving the transactions contemplated under the Loan Agreement. Mr. Jiang Hong, Mr. Chen Xianjun and Mr. Yang Hao hold executive or senior management positions at CTS (Holdings) or its subsidiaries and have therefore voluntarily abstained from voting on the Board resolution approving the transactions contemplated under the Loan Agreement. Save as disclosed above, none of the Directors have a material interest in the transactions contemplated under the Loan Agreement and were required to abstain from voting on the Board resolutions for considering and approving the same.

LISTING RULES IMPLICATIONS

CTS (Holdings) is a controlling shareholder of the Company. CTS (China) Investment is an indirect wholly-owned subsidiary of CTS (Holdings) and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Loan Agreement constitutes connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Loan Agreement is more than 0.1% but less than 5% and the transaction under the Loan Agreement has an annual consideration of more than HK\$3,000,000, the Loan Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but is exempt from the circular (including financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

CTS (Shenzhen) is a wholly-owned subsidiary of the Company and its principal activities is investment holding.

The principal business activities of the Group include operations of travel destinations (including hotels, theme parks, natural and cultural spots, and leisure resorts), travel agency, travel documents and related operations, passenger transportation operations.

CTS (China) Investment is an indirect wholly-owned subsidiary of CTS (Holdings). Its principal business includes real estate development and management.

The CTS (Holdings) Group is principally engaged in travel business, real estate development and finance.

DEFINITIONS

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

“associates”	has the same meaning as ascribed thereto in the Listing Rules
"Board"	the board of directors of the Company
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“CTS (China) Investment”	Hong Kong China Travel Service Investment (China) Limited, a company established in the PRC and an indirect wholly-owned subsidiary of CTS (Holdings)
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited, a company interested in 60.05% of the issued share capital of the Company and a controlling shareholder of the Company
“CTS (Holdings) Group”	CTS (Holdings) and its associates, but excluding the Group for the purpose of this announcement
“CTS (Shenzhen)”	CTS (Shenzhen) Travel Management Company Limited, a company established in the PRC and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan in the amount of RMB 210,000,000 granted by CTS (Shenzhen) to CTS (China) Investment pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 2 August 2019 entered into between the CTS (Shenzhen) as lender and CTS (China) Investment as borrower for a term of three years, pursuant to which CTS (Shenzhen) has agreed to provide a loan of RMB 210,000,000 to CTS (China) Investment
“PRC”	the People’s Republic of China, for the purpose of this announcement, exclusively refer to Mainland China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
China Travel International Investment Hong Kong Limited
Fu Zhuoyang
Chairman

Hong Kong, 2 August 2019

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Fu Zhuoyang, Mr. Lo Sui On, Mr. Jiang Hong, Mr. Chen Xianjun, Mr. You Cheng, Mr. Yang Hao and Mr. Wu Qiang and four independent non-executive Directors, namely Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui and Mr. Chen Johnny.