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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**

### **BACKGROUND**

Reference is made to the announcement of the Company dated 2 August 2019 in respect of the provision of the Previous Loan by CTS (Shenzhen) to CTS (China) Investment under the Previous Loan Agreement. CTS (China) Investment has, pursuant to the terms of the Previous Loan Agreement, submitted the Application to CTS (Shenzhen) within 10 business days prior to the end of the term of the Previous Loan Agreement for entering into a new agreement with CTS (Shenzhen) and repaid the principal and accrued interests of the Previous Loan to CTS (Shenzhen).

### **THE LOAN AGREEMENT**

The Board announces that, after considering the Application, CTS (Shenzhen), as lender, entered into the Loan Agreement with CTS (China) Investment, as borrower, on 2 August 2022 for a term of one year commencing from 2 August 2022 and ending on 1 August 2023, pursuant to which CTS (Shenzhen) has agreed to provide the Loan of RMB210,000,000 to CTS (China) Investment.

### **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 Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Loan exceed(s) 0.1% but all are less than 5% and the principal amount of Loan under the Loan Agreement is over HK\$3,000,000, the Loan Agreement and the transaction contemplated thereunder are therefore subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 2 August 2019 in respect of the provision of the Previous Loan by CTS (Shenzhen) to CTS (China) Investment under the Previous Loan Agreement. CTS (China) Investment has, pursuant to the terms of the Previous Loan Agreement, submitted an application to CTS (Shenzhen) within 10 business days prior to the end of the term of the Previous Loan Agreement for entering into a new agreement with CTS (Shenzhen) (the “**Application**”) and repaid the principal and accrued interests of the Previous Loan to CTS (Shenzhen).

## **THE LOAN AGREEMENT**

The Board announces that on 2 August 2022, after considering the Application, CTS (Shenzhen), as lender, entered into the Loan Agreement with CTS (China) Investment, as borrower, pursuant to which CTS (Shenzhen) has agreed to provide the Loan in the principal amount of RMB210,000,000 to CTS (China) Investment.

The principal terms of and the arrangement under the Loan Agreement are set out below:

### **Date**

2 August 2022

### **Parties**

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

### **Term**

The Loan Agreement shall be effective for a term from 2 August 2022 to 1 August 2023.

### **Loan Principal**

RMB210,000,000, to be drawn down on the date of the Loan Agreement.

### **Interest Rate and Security**

The interest rate shall be 4.35% per annum. Interest will be charged and calculated from the date of the Loan Agreement and on the basis of the actual number of days elapsed and a year of 360 days.

No guarantee or security is to be 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 in one lump sum at the end of the term of the Loan Agreement.

CTS (China) Investment may make early repayment of the Loan to CTS (Shenzhen) before the maturity date with the consent of CTS (Shenzhen).

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 has been repaid at the end of the term of the Loan Agreement.

The provision of the Loan under the Loan Agreement will be funded by the internal resources of the Group.

## **BASIS FOR DETERMINATION OF LOAN AMOUNT AND TERMS OF LOAN AGREEMENT**

The principal amount of the Loan and other terms of the Loan Agreement (including the annual interest rate) were agreed upon by the parties after arm's length negotiations and having regard to, among other things, the prevailing market terms of transactions of similar nature, the financial conditions and other background of CTS (China) Investment, credit profile of CTS (China) Investment and normal commercial practices.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

Having considered the background (including the financial strength and repayment ability) of CTS (China) Investment and the expected stable revenue and cashflow stream may be derived from the interest income upon the provision of Loan under the Loan Agreement, the Directors (including the independent non-executive Directors) considered that the Loan Agreement and the transaction contemplated thereunder were entered into in the ordinary and usual course of business of the Group, and the terms of the Loan Agreement, including the principal amount of Loan and the annual interest rate, were determined between parties after arm's length negotiation, are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

Under the Loan Agreement, CTS (China) Investment shall, at the request of CTS (Shenzhen), provide it with the information and documents in relation to the Loan. CTS (Shenzhen) is also entitled to ascertain, inspect and request documents and information in relation to the operating activities, financial activities and material legal disputes of CTS (China) Investment (including but not limited to the bank accounts, savings balance, outstanding indebtedness and bank statements etc.). The Company considers that the above measures would assist it with its assessment and monitoring of CTS (China) Investment's financial conditions and credit position, and enable the Company to control its credit risks and hence safeguard the interest of the Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Jiang Hong, Mr. Tang Yong and Mr. Chen Xianjun are directors of certain subsidiaries of China CTS, Mr. Wu Qiang holds certain executive positions at CTS (Holdings), and Mr. Tsang Wai Hung is a director of CTS (Holdings). Such Directors are considered to be having material interest in and have therefore abstained from voting on the Board resolutions approving the Loan Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the other Directors has any material interest in the Loan Agreement and the transaction contemplated thereunder and accordingly, none of them was required to abstain from voting on the Board resolutions thereof.

## **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 one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Loan exceed(s) 0.1% but all are less than 5% and the principal amount of Loan under the Loan Agreement is over HK\$3,000,000, the Loan Agreement and the transaction contemplated thereunder are therefore subject to the reporting and announcement requirements but are exempt from the circular (including independent 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 scenic spots, and leisure resorts), travel documents and related operations, and passenger transportation operations.

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

CTS (Holdings) is a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company. The CTS (Holdings) Group is principally engaged in travel business and real estate development.

China CTS, the ultimate controlling shareholder of CTS (Holdings) and the Company, is a central state-owned enterprise under the direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The China CTS 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
“China CTS”	China National Travel Service Group Corporation Limited, a central state-owned enterprise under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, which owns the entire issued share capital of CTS (Holdings)
“China CTS Group”	China CTS and its subsidiaries, but excluding the Group for the purpose of this announcement
“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 to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CTS (China) Investment”	港中旅(中國)投資有限公司 (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 incorporated in Hong Kong and a controlling shareholder of the Company
“CTS (Holdings) Group”	CTS (Holdings) and its subsidiaries, but excluding the Group for the purpose of this announcement
“CTS (Shenzhen)”	港中旅(深圳)旅遊管理有限公司 (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 PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of RMB210,000,000 granted by CTS (Shenzhen) to CTS (China) Investment pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 2 August 2022 entered into between CTS (Shenzhen), as lender, and CTS (China) Investment, as borrower, for a term of one year, pursuant to which CTS (Shenzhen) has agreed to provide the Loan of RMB210,000,000 to CTS (China) Investment
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement)
“Previous Loan”	the loan in the amount of RMB210,000,000, granted by CTS (Shenzhen) to CTS (China) Investment pursuant to the terms of the Previous Loan Agreement
“Previous 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) agreed to provide a loan of RMB210,000,000 to CTS (China) Investment
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By Order of the Board  
**China Travel International Investment Hong Kong Limited**  
**Jiang Hong**  
*Chairman*

Hong Kong, 2 August 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Jiang Hong, Mr. Lo Sui On, Mr. Chen Xianjun and Mr. Tong Yong; two non-executive Directors, namely Mr. Wu Qiang and Mr. Tsang Wai Hung; 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.*