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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 19 May 2017 (before the trading hours of the Stock Exchange), the Company, as lender, entered into the Loan Agreement with CTS Finance Investment, as borrower, for a term of one year commencing from 19 May 2017 and ending on 18 May 2018, pursuant to which the Company has agreed to provide a loan of US\$20,000,000 to CTS Finance Investment.

CTS (Holdings) is a substantial shareholder of the Company. CTS Finance Investment is a wholly-owned subsidiary of CTS (Holdings) and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Loan Agreement will constitute 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 transactions contemplated under the Loan Agreement will be more than 0.1% but less than 5% and have an annual consideration of more than HK\$3,000,000, the entering into of the Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE LOAN AGREEMENT

Date

19 May 2017

Parties

- (a) the Company; and
- (b) CTS Finance Investment

Principal terms of the Loan Agreement

Term

The Loan Agreement shall become effective from 19 May 2017 to 18 May 2018.

Loan Principal

US\$20,000,000, to be drawn down on the date of the Loan Agreement.

Interest Rate and Security

The interest rate shall be the six month US\$ LIBOR plus 2.6% per annum, which will be fixed at the Loan drawdown date and re-fixed on the date falling 6 months from the Loan drawdown date. Interest will be charged and calculated from the Loan drawdown date, and will be paid half-yearly by CTS Finance Investment.

No guarantee or security is given by CTS Finance Investment for the Loan.

Purpose of the Loan

The loan is provided to CTS Finance Investment for the purpose as its general working capital.

Repayment terms

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

Early Repayment

Subject to the Company's consent, CTS Finance Investment may, with at least five business days' prior notice to the Company, make early repayment of the outstanding Loan principal (in part or in full) together with corresponding interest accrued thereon.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

Having considered the background of CTS Finance 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 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 transactions contemplated thereunder and the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Loan Agreement and the transactions contemplated thereunder and accordingly, none of them was required to abstain from voting on the Board resolutions for considering and approving the same.

LISTING RULES' IMPLICATIONS

CTS (Holdings) is a substantial shareholder of the Company. CTS Finance Investment is a wholly-owned subsidiary of CTS (Holdings) and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Loan Agreement will constitute connected transactions for the Company under the Listing Rules.

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INFORMATION OF THE PARTIES

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 agency, travel document and related operations, passenger transportation operations, golf club operations and arts performance operations.

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

CTS Finance Investment is a wholly-owned subsidiary of CTS (Holdings). Its principal business is investment holding.

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)
“CTS Finance Investment”	China Travel Financial Investment Holdings Co., Limited (香港中旅金融投資控股有限公司), a company established in Hong Kong with limited liability and a wholly-owned subsidiary of CTS (Holdings)
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited, a company interested in 60.15% 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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“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
“LIBOR”	London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Agreement”	the loan agreement dated 19 May 2017 entered into between the Company and CTS Finance Investment for a term of one year, pursuant to which the Company has agreed to provide a loan of US\$20,000,000 to CTS Finance Investment.
“Loan”	The loan in the amount of US\$20,000,000 granted by the Company to CTS Finance Investment pursuant to the terms of the Loan Agreement
“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
“US\$”	United States Dollars, the lawful currency of the United States of America

By Order of the Board
China Travel International Investment Hong Kong Limited
Zhang Fengchun
Chairman

Hong Kong, 19 May 2017

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Zhang Fengchun, Mr. Lo Sui On, Mr. Zhang Xing, Mr. Liu Fengbo and Mr. Chen Xianjun 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.