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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)

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROVISION OF TOUR GROUP SERVICES**

Reference is made to the announcement of the Company dated 19 November 2014 in respect of the continuing connected transactions in relation to the provision of tour group services by the Group and the China CTS Group to each other under the 2014 Tour Group Services Master Agreement.

As the 2014 Tour Group Services Master Agreement relating to the continuing connected transactions provided thereunder will expire on 31 December 2017, the Company entered into the 2017 Tour Group Services Master Agreement with China CTS on 28 December 2017 to renew the terms of such continuing connected transactions for a term commencing from 1 January 2018 to 31 December 2020, where the Group and the China CTS Group will continue to provide tour group services to each other.

As China CTS holds the entire issued share capital of CTS (Holdings) and CTS (Holdings) is a substantial shareholder of the Company, China CTS is a connected person of the Company under the Listing Rules. Accordingly, the CTII Tour CCT and China CTS Tour CCT constitute continuing connected transactions 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 2017 Tour Group Services Master Agreement will be more than 0.1% but less than 5% and has an annual cap of more than HK\$3,000,000, the entering into of the 2017 Tour Group Services Master Agreement is only subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 19 November 2014 in respect of the continuing connected transactions in relation to the provision of tour group services by the Group and the China CTS Group to each other under the 2014 Tour Group Services Master Agreement.

As the 2014 Tour Group Services Master Agreement relating to the continuing connected transactions provided thereunder will expire on 31 December 2017, the Board announces that on 28 December 2017 (after the close of trading hours of the Stock Exchange), the Company entered into the 2017 Tour Group Services Master Agreement with China CTS to renew the terms of such continuing connected transactions for a term commencing from 1 January 2018 to 31 December 2020, where the Group and the China CTS Group will continue to provide tour group services to each other.

## **THE 2017 TOUR GROUP SERVICES MASTER AGREEMENT**

### **Date**

28 December 2017 (after the close of trading hours of the Stock Exchange)

### **Parties**

- (a) The Company; and
- (b) China CTS

### **Term**

1 January 2018 to 31 December 2020 (both dates inclusive)

### **Transaction Nature**

The Group and the China CTS Group will continue to provide tour group services to each other.

### **Pricing Basis**

The services charges under the 2017 Tour Group Services Master Agreement shall be determined based on the following:

- (i) In relation to the provision of tour group services by the Group to the China CTS Group, the charges of such services shall be determined by a pricing mechanism

having reference to the costs of the services and the prevailing market rates and shall not be lower than the services fees which those services are charged by the Group to any Independent Third Parties as are monitored regularly by the Group's internal control procedures.

- (ii) In relation to the provision of tour group services by the China CTS Group to the Group, the charges of such services shall be determined by a pricing mechanism having reference to the costs of the services and the prevailing market rates and shall not be higher than the prevailing market price at which those services are charged by any Independent Third Parties to the Group as are monitored regularly by the Group's internal control procedures.

The payment terms of each individual transaction under the 2017 Tour Group Services Master Agreement will be agreed by the relevant parties on an arm's length basis and according to the prevailing fair and usual market practice from time to time.

## HISTORICAL FIGURES AND THE RENEWED ANNUAL CAPS

	For the year ended 31 December 2014 Actual Amount HK\$'000	For the year ended 31 December 2015 Actual Amount HK\$'000	For the year ended 31 December 2016 Actual Amount HK\$'000	For the nine months ended 30 September 2017 Actual Amount HK\$'000	For the year ending 31 December 2018 Annual Cap HK\$'000	For the year ending 31 December 2019 Annual Cap HK\$'000	For the year ending 31 December 2020 Annual Cap HK\$'000
Provision of tour group services by the Group to the China CTS Group	22,612	17,682	27,830	16,426	35,000	45,000	58,000
Provision of tour group services by the China CTS Group to the Group	51,397	59,023	62,338	42,570	90,000	108,000	129,000

The above annual caps for the three years ending 31 December 2020 for the CTII Tour CCT and the China CTS Tour CCT are determined based on the following:

- (i) historical transaction amounts as detailed in the table above; and
- (ii) the Company's internal projection after taking into account the organic growth of the travel agency business of the China CTS Group and the Group.

The above is merely assumed for the purpose of determining the renewed annual caps and shall not be regarded as any indication directly or indirectly as to the Group's revenue, profitability or trading prospects.

## **REASONS FOR AND BENEFITS OF THE CTII TOUR CCT AND THE CHINA CTS TOUR CCT**

In view of past operational convenience and benefits brought to the Group, the Board considers it to be in the interests of the Group to engage in the CTII Tour CCT and the China CTS Tour CCT and that the Group will benefit from the extensive coverage of the travelling network of the China CTS Group. The CTII Tour CCT and the China CTS Tour CCT will enable the Group to launch new products with the China CTS Group and to provide one-stop services to clients. The Board believes that the resources of the Group will be allocated more efficiently and the cost will be lowered as a result.

The Directors (including the independent non-executive Directors) consider that the 2017 Tour Group Services Master Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms and the renewed annual caps are fair and reasonable and are in the interest of the Shareholders and the Group as a whole.

## **INTERNAL CONTROL MEASURES ON CONTINUING CONNECTED TRANSACTIONS**

In accordance with the Listing Rules, the Company will comply at all times with the applicable provisions under Rules 14A.34, 14A.35, 14A.49 to 14A.59 of the Listing Rules in respect of the continuing connected transactions contemplated under the 2017 Tour Group Services Master Agreement. In addition, in order to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted certain guidelines and principles in monitoring the transactions between the Group and the China CTS Group namely:

- (i) the Company will report the transactions under the 2017 Tour Group Services Master Agreement to the independent non-executive Directors during each of the audit committee meetings (if necessary) according to the audit committee meeting agenda. The Company will ensure that such kind of reporting shall be conducted not less than two times in a year; and
- (ii) The Company will review the transactions with the China CTS Group to identify any continuing connected transaction that may be a risk of exceeding the annual caps, and any measures to be taken in respect of such continuing connected transaction. The Group has established a series of measures and policies to ensure that the continuing connected transactions will be conducted in accordance with the terms of the 2017 Tour Group Services Master Agreement. The Group will conduct random internal checks to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective.

## **LISTING RULES IMPLICATIONS**

As China CTS holds the entire issued share capital of CTS (Holdings) and CTS (Holdings) is a substantial shareholder of the Company, China CTS is a connected person of the Company under the Listing Rules. Accordingly, the CTII Tour CCT and China CTS Tour CCT constitute continuing connected transactions 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 2017 Tour Group Services Master Agreement will be more than 0.1% but less than 5% and has an annual cap of more than HK\$3,000,000, the entering into of the 2017 Tour Group Services Master Agreement is only subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the 2017 Tour Group Services Master 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.

## **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 documents and related operations, passenger transportation operations.

The China CTS Group is principally engaged in travel business, real estate development, finance.

## **DEFINITIONS**

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

“2014 Tour Group Services Master Agreement”	the master agreement dated 19 November 2014 entered into between the Company and China CTS in relation to the provision of tour group services by the Group and the China CTS Group to each other
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“2017 Tour Group Services Master Agreement”	the master agreement dated 28 December 2017 entered into between the Company and China CTS in relation to the provision of tour group services by the Group and the China CTS Group to each other
“associates”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“China CTS”	China National Travel Service Group Corporation (中國旅遊集團公司), a 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 and associates, but excluding the Group for the purpose of this announcement
“China CTS Tour CCT”	the provision of tour group services by the China CTS Group to the Group as contemplated under the 2017 Tour Group Services Master Agreement
“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 Stock Exchange (stock code: 308)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CTII Tour CCT”	the provision of tour group services by the Group to the China CTS Group as contemplated under the 2017 Tour Group Services Master Agreement
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited, a company interested in 60.13% of the issued share capital of the Company and a substantial shareholder 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
“Independent Third Parties”	parties who are independent from the Company and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

Hong Kong, 28 December 2017

*As at the date of this announcement, the Board 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.*