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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)

**(1) MAJOR TRANSACTION IN RELATION TO  
THE ACQUISITION OF FURTHER INTEREST IN TARGET I  
AND  
THE ACQUISITION OF TARGET III; AND  
(2) DISCLOSEABLE TRANSACTION IN  
RELATION TO THE DISPOSAL OF TARGET II**

**Financial Advisor to the Company**

**CMS  招商證券國際**

**ACQUISITION OF FURTHER INTEREST IN TARGET I**

On 6 March 2020, Interdragon as the seller and Dalmore, a wholly-owned subsidiary of the Company, as the purchaser entered into Target I SPA pursuant to which Interdragon has conditionally agreed to dispose of and Dalmore has conditionally agreed to purchase, Target I Sale Shares, representing 21% of the issued share capital of Target I at an aggregate consideration of HK\$437 million (subjected to adjustment).

**TARGET II DISPOSAL**

On the same day and simultaneously, the Company as the seller and Target I as the purchaser entered into Target II SPA pursuant to which the Company has conditionally agreed to dispose of and Target I has conditionally agreed to purchase, Target II Sale Share, representing the entire issued share capital of Target II, and Shareholder's Loan, at an aggregate consideration of HK\$508 million (subjected to adjustment).

## **TARGET III ACQUISITION**

On the same day and simultaneously, Shun Tak Tourism as the seller and Target I as the purchaser entered into Target III SPA pursuant to which Shun Tak Tourism has conditionally agreed to dispose of and Target I has conditionally agreed to purchase, Target III Sale Share, representing the entire issued share capital of Target III at an aggregate consideration of HK\$55 million (subjected to adjustment).

## **IMPLICATIONS OF THE LISTING RULES**

### *Acquisition of Further Interest in Target I and Acquisition of Target III*

Target I SPA, on a standalone basis, constitutes a major transaction since one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 25% but all of such ratios are less than 100%.

Target III SPA, on a standalone basis, constitutes a discloseable transaction since one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but all of such ratios are less than 25%.

However, Target I SPA and Target III SPA are aggregated as a single transaction pursuant to Rule 14.23 of the Listing Rules as these agreements were entered into by the Group with the subsidiaries of STHL, i.e. parties connected or otherwise associated with one another. Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of Target I SPA and Target III SPA on an aggregated basis are more than 25% but all of such ratios are less than 100%, the acquisition of further interest in Target I and the acquisition of Target III constitute a major transaction for the Company and are subject to the reporting, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the acquisition of further interest in Target I and the acquisition of Target III. The Company has received a written approval of the acquisition of further interest in Target I and the acquisition of Target III from China CTS which holds 3,385,492,610 Shares, representing approximately 61.15% of the issued share capital of the Company as at the date of the written Shareholder's approval. Accordingly, no EGM is required to be convened for the purpose of approving the acquisition of further interest in Target I and the acquisition of Target III in accordance with Rule 14.44 of the Listing Rules.

### ***Target II Disposal***

Before completion of Target II SPA, Target II was a wholly-owned subsidiary of the Company. After completion of Target II SPA, Target II will be held by the Company through its 50% interest of Target I and hence Target II will become a non-wholly-owned subsidiary of the Company. Therefore the transaction under Target II SPA constitutes a disposal of 50% interest in Target II.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the disposal of Target II are more than 5% but all of such ratios are less than 25%, the disposal of Target II constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, further details of the Proposed Reorganisation and the other information is expected to be despatched to Shareholders on or before 27 March 2020 in compliance of the Listing Rules.

**As the Completion is subject to the satisfaction and/or waiver, where applicable, of the respective conditions precedent in Target I SPA, Target II SPA and Target III SPA, the acquisition of further interest in Target I and the acquisition of Target III and the disposal of Target II may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.**

## **THE PROPOSED REORGANISATION**

### **ACQUISITION OF FURTHER INTEREST IN TARGET I**

On 6 March 2020, Interdragon as the seller and Dalmore, a wholly-owned subsidiary of the Company, as the purchaser entered into Target I SPA pursuant to which Interdragon has conditionally agreed to dispose of and Dalmore has conditionally agreed to purchase, Target I Sale Shares, representing 21% of the issued share capital of Target I at an aggregate consideration of HK\$437 million.

### **TARGET I SPA**

The principal terms of Target I SPA are set out below:

#### **Date**

6 March 2020

**Parties:**

- (1) Interdragon (as seller); and
- (2) Dalmore (as purchaser).

The ultimate beneficial owners of Interdragon are STHL and STDM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Interdragon and its ultimate beneficial owners are independent third parties of the Company and its connected persons.

**Assets to be acquired**

Pursuant to Target I SPA, Interdragon has agreed to sell, and Dalmore has agreed to purchase Target I Sale Shares subject to the terms contained therein.

Target I is a company incorporated under the laws of the British Virgin Islands and it is principally engaged in the operation of cross-border ferry services and other ancillary businesses. Target I is a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region.

Before completion of the acquisition of further interest in Target I, Dalmore held 29% of the issued share capital of Target I and Interdragon held 71% of the issued share capital of Target I. Upon completion of the acquisition of further interest in Target I, Dalmore and Interdragon will each hold 50% of the issued share capital of Target I. Through the control of the board of directors of Target I by Dalmore, Target I will become a non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's financial results.

**Consideration of Target I Sales Shares**

The aggregate consideration of Target I Sale Shares is HK\$437 million subject to a dollar-for-dollar adjustment based on 21% of the total consolidated net profit or net loss incurred by Target I for the Relevant Period, and the upward adjustment shall be capped at HK\$1,000,000. The consideration of Target I Sale Shares shall be settled by Dalmore in cash by telegraphic transfer on Completion Date. Interdragon shall designate an account no later than 3 Business Days before the Completion Date. The consideration will be funded by internal resources of the Group.

The consideration of Target I Sale Shares was determined after arm's length negotiations between Interdragon and Dalmore and on normal commercial terms after taking into consideration of (i) the historical business operation and financial performance of Target I; (ii) the future business prospects of Target I; (iii) the preliminary market value of 100% equity interest in Target I in the amount of HK\$2,171,000,000 as appraised by the Independent Valuer using asset based approach as at the Valuation Benchmark Date and (iv) the reasons for the Proposed Reorganisation as described under the section headed "Reasons for and Benefits of the Proposed Reorganisation" below.

### **Target I Conditions Precedent**

Completion of Target I SPA is conditional upon the satisfaction of the following Target I Conditions unless otherwise waived (save and except for (a), (b), (c) and (d) below):

- (a) approval for the Proposed Reorganisation and the relevant Transaction Documents having been obtained from (i) the board of directors of STHL; and (ii) where applicable, the shareholders of STHL in accordance with the Listing Rules and all applicable Laws (for the avoidance of doubt, the approval from the shareholders of STHL shall be deemed to have been obtained if written approval approving Target I SPA, Target II SPA and Target III SPA, and the transactions contemplated under Target I SPA, Target II SPA and Target III SPA have been obtained from a shareholder or a closely allied group of shareholders of STHL who together hold more than 50% of the voting rights and entitled to vote at the general meeting of STHL if convened to seek such approval);
- (b) approval for Target I SPA, Target II SPA, Target III SPA, and the transactions contemplated under Target I SPA, Target II SPA and Target III SPA having been obtained from (i) the Board; and (ii) where applicable, the Shareholders in accordance with the Listing Rules and all applicable Laws (for the avoidance of doubt, the approval from the Shareholders shall be deemed to have been obtained if written approval approving Target I SPA, Target II SPA and Target III SPA, and the transactions contemplated under Target I SPA, Target II SPA and Target III SPA have been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights and entitled to vote at the general meeting of the Company if convened to seek such approval);
- (c) all of the Target II Conditions having been satisfied or waived in accordance with the terms of Target II SPA (except for the condition requiring Target I SPA to become unconditional);

- (d) all of the Target III Conditions having been satisfied or waived in accordance with the terms of Target III SPA (except for the condition requiring Target I SPA to become unconditional);
- (e) Target I and each of the members of the Target I Group having obtained all necessary Consents which are required for the execution and performance of Target I SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;
- (f) Interdragon having obtained all necessary Consents which are required for the execution and performance of Target I SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;
- (g) Dalmore having obtained all necessary Consents, which are required for the execution and performance of Target I SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;
- (h) the Interdragon's Warranties remaining true and accurate and not misleading in all material respects as at Completion by reference to the facts and circumstances then existing; and
- (i) the Dalmore's Warranties remaining true and accurate and not misleading in all material respects as at Completion by reference to the facts and circumstances then existing.

Dalmore may at its discretion waive any of the Target I Conditions (e), (f) and (h). Interdragon may at its discretion waive any of the Target I Conditions (g) and (i).

If any of the Target I Conditions has not been satisfied or waived on or before the End Date, then Target I SPA will be terminated.

### **Completion**

The Completion shall take place on the Completion Date.

## Financial Information of Target I Group

Set out below is a summary of the financial information of the Target I Group.

	<b>For the year ended 31 December</b>		<b>For the nine months ended 30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Revenue	2,553,956,568	2,358,365,754	1,168,486,671
Profit/(loss) before taxation	327,917,278	268,271,655	(45,854,420)
Profit/(loss) after taxation	291,155,754	241,559,039	(34,283,395)

  

	<b>As at 31 December</b>		<b>As at 30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total assets	2,283,751,980	2,203,199,740	2,083,066,023
Net assets	1,783,308,596	1,788,561,198	1,771,143,335

## TARGET II DISPOSAL

On 6 March 2020, the Company as the seller and Target I as the purchaser entered into Target II SPA pursuant to which the Company has conditionally agreed to dispose of and Target I has conditionally agreed to purchase, Target II Sale Share, representing the entire issued share capital of Target II, and Shareholder's Loan, at an aggregate consideration of HK\$508 million.

## TARGET II SPA

The principal terms of Target II SPA are set out below:

### Date

6 March 2020

### Parties:

- (1) the Company (as seller); and
- (2) Target I (purchaser).

## **Assets to be disposed of**

Pursuant to Target II SPA, the Company has agreed to sell, and Target I has agreed to purchase Target II Sale Share and Shareholder's Loan subject to the terms contained therein.

Target II is a company incorporated under the laws of the British Virgin Islands and it is an investment holding company. Target II, together with its subsidiaries, is principally engaged in the operation of cross-border land transportation services and other ancillary businesses. Target II is one of the leading companies providing cross-border bus and chartered bus services covering all major cities in the Greater Bay Area.

Before completion of the disposal of Target II, Target II was a wholly-owned subsidiary of the Company. Upon completion of the disposal of Target II, the Company will hold the shares of Target II through its 50% interest in Target I, and hence Target II will be a non-wholly-owned subsidiary of the Company.

### **Consideration of Target II Sale Share and Shareholder's Loan**

The aggregate consideration of Target II Sale Share and Shareholder's Loan is HK\$508 million, subject to a dollar-for-dollar adjustment based on the total consolidated net profit or net loss incurred by Target II for the Relevant Period, and the upward adjustment shall be capped at HK\$1,000,000. The consideration of Target II Sale Share and Shareholder's Loan shall be settled by Target I in cash by telegraphic transfer on Completion Date. The Company shall designate an account no later than 3 Business Days before the Completion Date. The proceeds from Target II Sale Share and Shareholder's Loan will be used to finance the Group's operation and new suitable investment opportunities.

The consideration of Target II Sale Share and Shareholder's Loan was determined after arm's length negotiations between the Company and Target I and on normal commercial terms after taking into consideration of (i) the historical business operation and financial performance of Target II; (ii) the future business prospects of Target II; (iii) the preliminary market value of 100% equity interest in Target II in the amount of HK\$496,000,000 as appraised by the Independent Valuer using market based approach as at the Valuation Benchmark Date; and (iv) and the reasons for the Proposed Reorganisation as described under the section headed "Reasons for and Benefits of the Proposed Reorganisation" below.



## Target II Conditions Precedent

Completion of Target II SPA is conditional upon the satisfaction of the following Target II Conditions unless otherwise waived by Target I (save and except for (a) to (d) below):

- (a) approval for the Proposed Reorganisation and the relevant Transaction Documents having been obtained from (i) the board of directors of STHL; and (ii) where applicable, the shareholders of STHL in accordance with the Listing Rules and all applicable Laws (for the avoidance of doubt, the approval from the shareholders of STHL shall be deemed to have been obtained if written approval approving Target I SPA, Target II SPA and Target III SPA, and the transactions contemplated under Target I SPA, Target II SPA and Target III SPA has been obtained from a shareholder or a closely allied group of shareholders of STHL who together hold more than 50% of the voting rights and entitled to vote at the general meeting of STHL if convened to seek such approval);
- (b) approval for Target II SPA and the transactions contemplated under Target II SPA having been obtained from (i) the Board and (ii) the Shareholders (if necessary or required by the Listing Rules);
- (c) all of the Target I Conditions having been satisfied or waived in accordance with the terms of the Target I SPA (except for the condition requiring Target II SPA to become unconditional);
- (d) all of the Target III Conditions having been satisfied or waived in accordance with the terms of the Target III SPA (except for the condition requiring Target II SPA to become unconditional);
- (e) The Company having obtained all necessary Consents which are required for its execution and performance of Target II SPA, other documents to be entered into pursuant to Target II SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;
- (f) Target I having obtained all necessary Consents which are required for its execution and performance of Target II SPA, other documents to be entered into pursuant to Target II SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;
- (g) There being no breach of Target II Seller's Warranties on and prior to Completion; and
- (h) There being no breach of Target II Buyer's Warranties on and prior to Completion.

Target I may at its discretion waive the Target II Condition (g). The Company may at its discretion waive the Target II Condition (h). Target I and the Company may, to such extent as they collectively think fit and are legally entitled to do so, waive any of the Target II Conditions (e) and (f).

If any of the Target II Conditions has not been satisfied or waived on or before the End Date, then Target II SPA will be terminated.

## Completion

The Completion shall take place on the Completion Date.

## Financial Information of Target II Group

Set out below is a summary of the financial information of the Target II Group.

	<b>For the year ended</b>		<b>For the nine</b>
	<b>31 December</b>		<b>months ended</b>
	<b>2017</b>	<b>2018</b>	<b>30 September</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>2019</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	432,054,357	449,877,890	373,611,268
Profit before taxation	59,394,839	58,331,898	26,720,870
Profit after taxation	55,390,308	52,414,185	22,670,891
			<b>As at</b>
	<b>As at 31 December</b>		<b>30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Total assets	398,024,553	397,178,851	414,925,957
Net assets	73,321,420	110,811,068	129,312,311

## TARGET III ACQUISITION

On 6 March 2020, Shun Tak Tourism as the seller and Target I as the purchaser entered into Target III SPA pursuant to which Shun Tak Tourism has conditionally agreed to dispose of and Target I has conditionally agreed to purchase, Target III Sale Share, representing the entire issued share capital of Target III at an aggregate consideration of HK\$55 million.

## **TARGET III SPA**

The principal terms of Target III SPA are set out below:

### **Date**

6 March 2020

### **Parties:**

- (1) Shun Tak Tourism (as seller); and
- (2) Target I (as purchaser).

The ultimate beneficial owner of Shun Tak Tourism is STHL. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Shun Tak Tourism and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

### **Assets to be acquired**

Pursuant to Target III SPA, Shun Tak Tourism has agreed to sell, and Target I has agreed to purchase Target III Sale Share subject to the terms contained therein.

Target III is a company incorporated under the laws of the British Virgin Islands and it is an investment holding company. Through its invested companies, Target III is principally engaged in the provision of cross-border coach bus services and travel agency service in Macau.

Upon completion of the acquisition of Target III, Target I will hold the entire issued share capital of Target III. Target III will become a non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's financial results.

### **Consideration of Target III Sale Share**

The aggregate consideration of Target III Sale Share is HK\$55 million subject to a dollar-for-dollar adjustment based on the total net profit or net loss incurred by Target III for the Relevant Period, and the upward adjustment shall be capped at HK\$1,000,000. The consideration of Target III Sale Share shall be settled by Target I in cash by telegraphic transfer on Completion Date. Shun Tak Tourism shall designate an account no later than 3 Business Days before the Completion Date. The consideration will be funded by internal resources of Target I.

The consideration of Target III Sale Share was determined after arm's length negotiations between Shun Tak Tourism and Target I and on normal commercial terms after taking into consideration of (i) the historical business operation and financial performance of Target III; (ii) the future business prospects of Target III; (iii) the preliminary market value of 100% equity interest in Target III in the amount of HK\$128,000,000 as appraised by the Independent Valuer using asset based approach as at the Valuation Benchmark Date; and (iv) the reasons for the Proposed Reorganisation as described under the section headed "Reasons for and Benefits of the Proposed Reorganisation" below.

### **Target III Conditions Precedent**

Completion of Target III SPA is conditional upon the satisfaction of the following Target III Conditions unless otherwise waived by Target I (save and except for (a), (b) and (c) below):

- (a) approval for the Proposed Reorganisation and the relevant Transaction Documents having been obtained from (i) the board of directors of STHL and (ii) where applicable, the shareholders of STHL in accordance with the Listing Rules and all applicable Laws (for the avoidance of doubt, such approval from the shareholders of STHL shall be deemed to have been obtained if written approval approving Target I SPA, Target II SPA and Target III SPA, and the transactions contemplated under Target I SPA, Target II SPA and Target III SPA has been obtained from a shareholder or a closely allied group of shareholders of STHL who together hold more than 50% of the voting rights and entitled to vote at the general meeting of STHL if convened to seek such approval);
- (b) all of the Target I Conditions having been satisfied or waived in accordance with the terms of Target I SPA (except for the condition requiring Target III SPA to become unconditional);
- (c) all of the Target II Conditions having been satisfied or waived in accordance with the terms of Target II SPA (except for the condition requiring Target III SPA to become unconditional);
- (d) Shun Tak Tourism having obtained all necessary Consents which are required for its execution and performance of Target III SPA, other documents to be entered into pursuant to Target III SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;

- (e) Target I having obtained all necessary Consents which are required for its execution and performance of Target III SPA, other documents to be entered into pursuant to Target III SPA and the transactions contemplated thereunder and such Consents not being revoked, withdrawn or modified prior to Completion;
- (f) there being no breach of Target III Seller's Warranties on and prior to Completion; and
- (g) there being no breach of Target III Buyer's Warranties on and prior to Completion.

Target I may at its discretion waive the Target II Condition (f). Shun Tak Tourism may at its discretion waive the Target II Condition (g). Target I and Shun Tak Tourism may, to such extent as they collectively think fit and are legally entitled to do so, waive any of the Target II Conditions (d) and (e).

If any of the Target III Conditions has not been satisfied or waived on or before the End Date, then Target III SPA will be terminated.

### Completion

The Completion shall take place on the Completion Date.

### Financial Information of Target III Group

Set out below is a summary of the financial information of the Target III Group.

	<b>For the year ended</b>		<b>For the nine</b>
	<b>31 December</b>		<b>months ended</b>
	<b>2017</b>	<b>2018</b>	<b>30 September</b>
	<i>HK\$</i>	<i>HK\$</i>	<b>2019</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>HK\$</i>
			<i>(unaudited)</i>
Revenue	—	—	—
Profit/(loss) before taxation	7,835,814	5,236,412	(231,293)
Profit/(loss) after taxation	7,835,814	5,236,412	(231,293)
			<b>As at</b>
	<b>As at 31 December</b>		<b>30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Total assets	72,885,453	78,121,865	77,894,372
Net assets	72,885,453	78,121,865	77,890,572

## **REASONS FOR AND BENEFITS OF THE PROPOSED REORGANISATION**

The Proposed Reorganisation is expected to further strengthen the Group's business in cross-border passenger transportation services in the Greater Bay Area. Target I is a major operator of high-speed passenger ferry services between Hong Kong, Macau and other destinations in the Greater Pearl River Delta Region. Target II is one of the leading companies providing cross-border bus and chartered bus services covering all major cities in the Greater Bay Area. Target III is principally engaged in the provision of cross-border coach bus services and travel agency service in Macau. Taking advantage of the market position of Target I, Target II and Target III, the Group will become a leading platform of cross-border passenger transportation services in the Greater Bay Area.

The Greater Bay Area is one of the most internationalised and economically advanced regions in the PRC and the development of the Greater Bay Area is one of the key strategic plans for the development of the PRC's economy. The total gross domestic product of the eleven cities in the Greater Bay Area is over US\$1,641 billion in the year ended 31 December 2018. The demands of the integrated transportation services including land and water passenger transportation links connecting the PRC, Hong Kong and Macau are expected to increase rapidly as the interaction and cooperation among the cities in the Greater Bay Area grow. The Proposed Reorganisation will allow the Group to play a major role in the development of the transportation industry in the Greater Bay Area.

The Company considers the disposal of Target II to be a good opportunity for the Company to realise part of its investment, while at the same time as Target II will remain as subsidiary of the Group upon Completion, the Group will continue to gain from the returns of Target II. In accordance with the accounting policies adopted by the Group, as Target II will remain as subsidiary of the Group upon Completion, the Group does not expect to record any gain or loss in relation to the disposal of Target II.

Prior to the Proposed Reorganisation, the Group has a solid presence in the tourism industry in the Greater Bay Area, its businesses include operations in relation to travel destinations, travel agency, travel documents and related operations, and passenger transportation. The Proposed Reorganisation is expected to bring even stronger synergies with the Group's existing businesses, optimising the Group's financial performance and bringing the Group closer to its strategic development plan of becoming a first-class tourist destination investment and operation service provider.

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors) consider that the acquisition of further interest in Target I, the acquisition of Target III, the disposal of Target II and the terms of Target I SPA, Target II SPA and Target III SPA are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given the potential synergies and efficiencies which will be created by the Proposed Reorganisation, the Board believes that the Proposed Reorganisation will enhance the long term interests of the Group and its Shareholders as a whole.

As Mr. Jiang Hong is an executive director and general manager of the Company and is also a director of Target I, Mr. Jiang Hong has abstained from voting on the relevant board resolution approving Target I SPA, Target II SPA, Target III SPA and the Proposed Reorganisation. Save as mentioned above, none of the Directors has any material interest in the transaction thereunder and therefore no other Director has abstained from voting on such board resolution.

## **INFORMATION OF THE GROUP AND THE PARTIES**

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

Dalmore was incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company. Dalmore is principally engaged in investment holding.

Interdragon was incorporated in the British Virgin Islands and is a 60%-owned subsidiary of STHL. Interdragon is principally engaged in investment holding.

Shun Tak Tourism was incorporated in Hong Kong and is a wholly-owned subsidiary of STHL. Shun Tak Tourism is principally engaged in investment holding and provision of management services.

## **LISTING RULES IMPLICATIONS**

### **Acquisition of Further Interest in Target I and Acquisition of Target III**

Target I SPA, on a standalone basis, constitutes a major transaction since one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 25% but all of such ratios are less than 100%.

Target III SPA, on a standalone basis, constitutes a discloseable transaction since one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but all of such ratios are less than 25%.

However, Target I SPA and Target III SPA are aggregated as a single transaction pursuant to Rule 14.23 of the Listing Rules as these agreements were entered into by the Group with subsidiaries of STHL, i.e. parties connected or otherwise associated with one another. Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of Target I SPA and Target III SPA on an aggregated basis are more than 25% but all of such ratios are less than 100%, the acquisition of further interest in Target I and the acquisition of Target III constitute a major transaction for the Company and are subject to the reporting, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the acquisition of further interest in Target I and the acquisition of Target III. The Company has received a written approval of the acquisition of further interest in Target I and the acquisition of Target III from China CTS which holds 3,385,492,610 Shares, representing approximately 61.15% of the issued share capital of the Company as at the date of the written Shareholder's approval. Accordingly, no EGM is required to be convened for the purpose of approving the acquisition of further interest in Target I and the acquisition of Target III in accordance with Rule 14.44 of the Listing Rules.

### **Target II Disposal**

Before completion of Target II SPA, Target II was a wholly-owned subsidiary of the Company. After completion of Target II SPA, Target II will be held by the Company through its 50% interest of Target I and Target II will be a non-wholly-owned subsidiary of the Company. Therefore the transactions under Target II SPA, constitute a disposal of 50% interest in Target II.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the disposal of Target II are more than 5% but all of such ratios are less than 25%, the disposal of Target II constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, further details of the Proposed Reorganisation and the other information is expected to be despatched to Shareholders on or before 27 March 2020 in compliance of the Listing Rules.



**As the Completion is subject to the satisfaction and/or waiver, where applicable, of the respective conditions precedent in Target I SPA, Target II SPA and Target III SPA, the acquisition of further interest in Target I, the acquisition of Target III and the disposal of Target II may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.**

## **FUTURE CONTINUING CONNECTED TRANSACTION**

On 9 December 2019, STCTSML (a wholly-owned subsidiary of Target I) and STTS (a wholly-owned subsidiary of STHL) entered into the Ticketing Sales Memo to set out the principle terms and conditions upon which STCTSML may, from time to time, sell to STTS and STTS may, from time to time, purchase from STCTSML, the tickets for the ferry services from and/or to Macau as operated by the Target I Group until March 2020.

On 14 December 2018, STCTSML and MRSL (an indirect non-wholly-owned subsidiary of MID) entered into the Renewed Ticketing Agreement to set out the principal terms and conditions upon which STCTSML may, from time to time, sell to the MID Group and the MID Group may, from time to time, purchase from STCTSML, the tickets for the ferry services from and/or to Macau as operated by the Target I Group for a further period of three years from 1 January 2019 to 31 December 2021.

Upon completion of the acquisition of further interest in Target I, the Company will hold 50% of the issued share capital of Target I through Dalmore. Through the control of the board of directors of Target I by Dalmore, Target I will become a non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's financial results. Interdragon and its associates would become connected persons of the Company, at a subsidiary level, through its interest in the remaining 50% of the issued share capital of Target I.

STHL, being a substantial shareholder of Interdragon, is a connected person of the Company at subsidiary level under the Listing Rules.

MID is a majority-controlled company (as defined in the Listing Rules) of Mr. Ho, Lawrence Yau Lung, a family member of Ms. Pansy Ho, a director of Target I. Each of Mr. Ho, Lawrence Yau Lung, MID and its subsidiaries (including MRSL) is an associate of a connected person of the Company.

Accordingly each of the Ticketing Sales Memo and Renewed Ticketing Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules upon Completion.

According to Rule 14A.60(1) of the Listing Rules, the Company is required to as soon as practicable comply with the requirements of annual review and disclosure (including publishing announcement and annual reporting) upon Completion if Target I continues the transactions under the Ticketing Sales Memo and Renewed Ticketing Agreement after Completion. If the Ticketing Sales Memo and Renewed Ticketing Agreement are renewed or the terms thereunder are amended, the Company will further comply with all the applicable requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning Number 8 or above or a “black” rain warning signal or equivalent is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which clearing banks in Hong Kong are open for the transaction of normal banking business
“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)
“Company”	China Travel International Investment Hong Kong Limited (Stock Code: 308), a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Target I Sale Shares, Target II Sale Share and Target III Sale Share
“Completion Date”	the fifth Business Day after the date on which all Target I Conditions, Target II Conditions and Target III Conditions are satisfied or waived in accordance with the Target I SPA, Target II SPA and Target III SPA respectively

“connected person”	has the meaning ascribed to it under the Listing Rules
“Consent”	any approval, consent, licence, permit, permission, exemption, ratification, waiver, filing, registration, notice, notification and/or other authorisation in writing
“CTS (Holdings)”	China Travel Service (Holdings) Hong Kong Limited, a company interested in 61.15% of the issued share capital of the Company and a substantial shareholder of the Company
“Dalmore”	Dalmore Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Dalmore’s Warranties”	warranties given by Dalmore under the Target I SPA
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company
“End Date”	the earlier of 31 December 2020 and the expiry of nine months from (and including) the date of Target I SPA, Target II SPA and Target III SPA, or such other date as the Parties may agree in writing
“Greater Bay Area”	the Guangdong—Hong Kong—Macao Greater Bay Area;
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal Advisory Limited
“Interdragon”	Interdragon Limited, a company incorporated in the British Virgin Islands with limited liability and is a 60%-owned subsidiary of STHL
“Interdragon’s Warranties”	warranties given by Interdragon under the Target I SPA

“Laws”	any applicable law, rules or regulation (including but not limited to the Listing Rules and the Companies Ordinance); any order, judgement, decree, notice requirement or directive of any stock exchange or any governmental, regulatory or supervisory body or court of competent jurisdiction; and any other rule or principle having legal force
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC;
“Melco Resorts”	Melco Resorts & Entertainment Limited (formerly known as Melco Crown Entertainment Limited), a company incorporated in the Cayman Islands with limited liability and a subsidiary of MID, whose American depositary shares are listed on the NASDAQ Global Select Market in The United States of America
“MID”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 200)
“MID Group”	MID and its subsidiaries
“MRS�”	Melco Resorts Services Limited (formerly known as MPEL Services Limited), a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of Melco Resorts and in turn is an indirect non-wholly-owned subsidiary of MID
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, Macau and Taiwan)
“Proposed Reorganisation”	the transactions contemplated under Target I SPA, Target II SPA and Target III SPA collectively

“Relevant Period”	the 4-month period from 1 October 2019 to 31 January 2020
“Renewed Ticketing Agreement”	the agreement entered into between STCTSML and MRSL for the sale and purchase of tickets for the ferry services from and/or to Macau as operated by Target I Group
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	the shareholder’s loan due and owing to the Company by Target II in the sum of HK\$159,988,500.00
“Shun Tak Tourism”	Shun Tak Tourism Investment Holdings Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of STHL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STCTSML”	Shun Tak-China Travel Ship Management Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of Target I
“STDM”	Sociedade De Turismo E Diversoes De Macau, S.A, a company incorporated in Macau Special Administrative Region
“STTS”	Shun Tak Travel Services Limited, a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of STHL
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“STHL”	Shun Tak Holdings Limited (Stock Code: 242), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“Target I”	Shun Tak — China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands

“Target I Conditions”	the conditions stated under Target I Condition Precedents
“Target I Group”	Target I and its subsidiaries
“Target I Sale Shares”	2,100 ordinary shares of Target I, representing 21% of the issued share capital of Target I
“Target I SPA”	the sale and purchase agreement entered into between Interdragon and Dalmore relating to the sale and purchase of the Target I Sale Shares
“Target II”	China Travel Tours Transportation Development (HK) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Target II Buyer’s Warranties”	the warranties provided by Target I under Target II SPA
“Target II Conditions”	the conditions stated under Target II Condition Precedents
“Target II Group”	Target II and its subsidiaries
“Target II Sale Share”	1 ordinary share of Target II, representing the entire issued share capital of Target II
“Target II SPA”	the sale and purchase agreement entered into between Target I and the Company relating to the sale and purchase of the Target II Sale Share
“Target II Seller’s Warranties”	the warranties provided by the Company under Target II SPA
“Target III”	Jointmight Investments Limited, a company incorporated in the British Virgin Islands
“Target III Buyer’s Warranties”	the warranties provided by Target I under Target III SPA
“Target III Conditions”	the conditions stated under Target III Condition Precedents
“Target III Group”	Target III and its subsidiaries
“Target III Sale Share”	1 ordinary share of Target III, representing the entire issued share capital of Target III

“Target III Seller’s Warranties”	the warranties provided by Shun Tak Tourism under Target III SPA
“Target III SPA”	the sale and purchase agreement entered into between Target I and Shun Tak Tourism relating to the sale and purchase of the Target III Sale Share
“Target III Warranties”	the warranties provided by Shun Tak Tourism under Target III SPA
“Ticket Sales Memo”	the memorandum entered into between STCTSML and STTS relating to the sale and purchase of tickets for ferry services from and/or to Macau as operated by Target I Group
“Transaction Documents”	Target I SPA, Target II SPA and Target III SPA and all other documents to be entered into pursuant to Target I SPA, Target II SPA and Target III SPA.
“Valuation Benchmark Date”	30 September 2019

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

Hong Kong, 6 March 2020

*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. You Cheng, Mr. Yang Hao, Mr. Wu Qiang and Mr. Fan Dongsheng 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.*