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

Reference is also made to the announcement of the Company dated 17 October 2019 and the circular of the Company dated 7 November 2019 in respect of its major and connected transaction. On 17 October 2019, the Company entered into a financial services supplemental agreement with China National Travel Service (HK) Finance Company Limited to revise the deposits caps to RMB1,500,000,000 for each of the three years ending 31 December 2021. The deposit services under the financial services supplemental agreement itself constitute major and continuing connected transactions under Chapter 14 and 14A of the Listing Rules. Pursuant to Rule 14.22 of the Listing Rules, the Previous Loan of US\$20,000,000 provided by the Company to CTS Financial Investment on 17 May 2019 (the “**First Financial Assistance**”) and the loan of RMB210,000,000 provided by CTS (Shenzhen) Travel Management Company Limited, a wholly-owned subsidiary of the Company, to Hong Kong China Travel Service Investment (China) Limited, an indirect wholly-owned subsidiary of CTS (Holdings), on 2 August 2019 (the “**Second Financial Assistance**”) would be aggregated with the deposit services (including the revised deposit caps) and be treated as if they were one transaction. On an aggregated basis, the deposit services (including the revised deposit caps) together with the First Financial Assistance and the Second Financial Assistance constitute a major transaction and was approved by the Shareholders at the extraordinary general meeting of the Company dated 29 November 2019.

The Board announces that, upon receipt of the Application, the Company, as lender, entered into the Loan Agreement with CTS Financial Investment, as borrower, on 27 May 2020 for a term of one year commencing from 27 May 2020 and ending on 26 May 2021, pursuant to which the Company has agreed to provide a loan of US\$20,000,000 to CTS Financial Investment.

LISTING RULES' IMPLICATIONS

CTS (Holdings) is a substantial shareholder of the Company. CTS Financial 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 constitute connected transactions for the Company under Chapter 14A of 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 is more than 0.1% but less than 5% and the transactions under the Loan Agreement have an annual consideration of more than HK\$3,000,000, the Loan Agreement and the transactions contemplated thereunder are only 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.

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THE LOAN AGREEMENT

Date

27 May 2020

Parties

- (a) the Company, as lender; and
- (b) CTS Financial Investment, as borrower

Principal terms and conditions of the Loan Agreement

Term

The Loan Agreement shall become effective from 27 May 2020 to 26 May 2021.

Loan Principal

US\$20,000,000, which has been provided to CTS Financial Investment on 27 May 2020, 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 on the date of the Loan Agreement and re-fixed on the date falling 6 months from the date of the Loan Agreement. Interest will be charged and calculated from the date of the Loan Agreement, and will be paid half-yearly by CTS Financial Investment.

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

Purpose of the Loan

The Loan is provided to CTS Financial 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 Financial Investment may submit an application to the Company and, with the consent of the Company, enter into a new agreement with the Company, 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 Financial 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. Yang Hao is a director of CTS Financial Investment, 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 and Mr. Fan Dongsheng 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 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 substantial shareholder of the Company. CTS Financial 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 constitute connected transaction of the Company under Chapter 14A of 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 is more than 0.1% but less than 5% and the transactions under the Loan Agreement have an annual consideration of more than HK\$3,000,000, the Loan Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

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.

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

CTS Financial 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 Financial Investment”	China Travel Financial Investment Holdings Co., Limited, a company incorporated 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 61.15% of the issued share capital of the Company and a substantial shareholder 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”	the loan in the amount of US\$20,000,000 granted by the Company to CTS Financial Investment pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement dated 27 May 2020 entered into between the Company and CTS Financial 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
“Previous Loan”	the loan in the amount of US\$20,000,000 granted by the Company to CTS Financial Investment pursuant to the terms and conditions of the Previous Loan Agreement
“Previous Loan Agreement”	the loan agreement dated 17 May 2019 entered into between the Company and CTS Financial Investment, pursuant to which the Company has agreed to provide a loan in the amount of US\$20,000,000 to CTS Financial 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
“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
Jiang Hong
Chairman

Hong Kong, 27 May 2020

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Jiang Hong, Mr. Lo Sui On, 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.