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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 AND CONTINUING CONNECTED TRANSACTIONS IN
RESPECT OF THE 2024 FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
(2) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF
TRAVEL PERMIT ADMINISTRATION SERVICES**

**(1) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF TRAVEL PERMIT
ADMINISTRATION SERVICES**

References are made to the announcements of the Company dated 16 November 2021 and 30 August 2023, and the circular of the Company dated 7 December 2021 and 20 September 2023 in relation to the continuing connected transactions contemplated under the Agency Agreement.

CTSPI has been providing Travel Permit Administration Services to CTS (Holdings) as continuing connected transactions under the Agency Agreement since 2001. At the extraordinary general meeting of the Company held on 23 December 2021, the independent Shareholders approved the Travel Permit Administration Services under the Agency Agreement as a continuing connected transaction and the maximum aggregate annual value of HK\$310 million for the Travel Permit Administration Services for each of the three years ending 31 December 2024. Although the Agency Agreement has not expired and remains in force until 30 June 2047, the Annual Caps for the Travel Permit Administration Services for the three years ending 31 December 2024 is required to be renewed in order to comply with the Listing Rules.

At the extraordinary general meeting of the Company held on 9 October 2023, the independent Shareholders approved the revision of the annual caps for each of the two years ending 31 December 2024 to HK\$400,000,000.

CTSPI entered into the Deed of Novation in relation to the Agency Agreement with CTSEP and CTS (Holdings) on 1 June 2020, pursuant to which the parties agreed that CTSEP shall undertake and perform, on behalf of CTSPI, all its obligations under the Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term until 30 June 2047.

(2) MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE 2024 FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 16 November 2021 and the circular of the Company dated 7 December 2021 in relation to the continuing connected transactions contemplated under the 2021 Financial Services Framework Agreement entered into between the Company and CTG Finance.

As the 2021 Financial Services Framework Agreement relating to the provision of deposit services, the comprehensive credit line services, the entrustment loan services and the cross-border RMB cash pooling services by CTG Finance will expire on 31 December 2024, the Company entered into the 2024 Financial Services Framework Agreement with CTG Finance on 12 November 2024 to renew the terms of such continuing connected transactions for a term of three years commencing from 1 January 2025 and ending on 31 December 2027, where CTG Finance will continue to provide services thereunder to the Group.

LISTING RULES IMPLICATIONS

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder. As CTG holds the entire issued share capital of CTS (Holdings), CTG and the CTG Group are connected persons of the Company under the Listing Rules.

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the Annual Caps for the Travel Permit Administration Services exceed 5% and the Annual Caps are more than HK\$10,000,000, the renewal of the annual cap and continuing provision of the Travel Permit Administration Services is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

CTG Finance is a subsidiary of CTG and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2024 Financial Services Framework Agreement will constitute continuing connected transactions for the Company under the Listing Rules. Since the Loan Services are on normal commercial terms (or better to the Group) and no security over the assets of the Group is granted in respect of the financial assistance given by CTG Finance, the Loan Services are fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

It is expected that the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the fees in connection with the Comprehensive Credit Line Services (other than the Loan Services), the Entrustment Loan Services and the Cross-Border Cash Pooling Services will be on an annual basis less than 0.1%, the Comprehensive Credit Line Services (excluding the Loan Services), the Entrustment Loan Services and the Cross-Border Cash Pooling Services are fully exempt from the requirements under Chapter 14A of the Listing Rules. The Company will comply with the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules, where applicable, if the transaction amount of such service exceeds the de minimis threshold under Rule 14A.76 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest of the Deposit Caps under the 2024 Financial Services Framework Agreement exceed 25% but all are less than 75% and the highest of the Deposit Caps is more than HK\$10,000,000, the Deposit Service (including the Deposit Caps) constitutes major transaction and continuing connected transactions for the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14 and Chapter 14A of the Listing Rules.

A circular containing, among others, further details of the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement (including the Deposit Caps), the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM is expected to be dispatched to the Shareholders on or before 3 December 2024.

BACKGROUND INFORMATION

(1) Continuing Connected Transactions in respect of Travel Permit Administration Services

References are made to the announcements of the Company dated 16 November 2021 and 30 August 2023, and the circular of the Company dated 7 December 2021 and 20 September 2023 in relation to the continuing connected transactions contemplated under the Agency Agreement.

CTSPI has been providing Travel Permit Administration Services to CTS (Holdings) as continuing connected transactions under the Agency Agreement since 2001. At the extraordinary general meeting of the Company held on 23 December 2021, the independent Shareholders approved the Travel Permit Administration Services under the Agency Agreement as a continuing connected transaction and the maximum aggregate annual value of HK\$310 million for the Travel Permit Administration Services for each of the three years ending 31 December 2024. Although the Agency Agreement has not expired and remains in force until 30 June 2047, the Annual Caps for the Travel Permit Administration Services for the three years ending 31 December 2024 are required to be renewed in order to comply with the Listing Rules.

At the extraordinary general meeting of the Company held on 9 October 2023, the independent Shareholders approved the revision of the annual caps for each of the two years ending 31 December 2024 to HK\$400,000,000.

CTSPI entered into the Deed of Novation in relation to the Agency Agreement with CTSEP and CTS (Holdings) on 1 June 2020, pursuant to which the parties agreed that CTSEP shall undertake and perform, on behalf of CTSPI, all its obligations under the Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term commenced from 1 June 2020 and ending on 30 June 2047.

(2) Major Transaction and Continuing Connected Transaction in respect of the 2024 Financial Services Framework Agreement

References are made to the announcements of the Company dated 16 November 2021 and the circular of the Company dated 7 December 2021 in relation to the continuing connected transactions contemplated under the 2021 Financial Services Framework Agreement entered into between the Company and CTG Finance.

As the 2021 Financial Services Framework Agreement relating to the provision of deposit services, the comprehensive credit line services, the entrustment loan services and the cross-border RMB cash pooling services by CTG Finance will expire on 31 December 2024, the Company entered into the 2024 Financial Services Framework Agreement with CTG Finance on 12 November 2024 to renew the terms of such continuing connected transactions for a term of three years commencing from 1 January 2025 and ending on 31 December 2027, where CTG Finance will continue to provide services thereunder to the Group.

THE AGENCY AGREEMENT AND THE DEED OF NOVATION

The Agency Agreement

Date 15 May 2001

Parties (i) CTSPI*; and
(ii) CTS (Holdings)

* Pursuant to the Deed of Novation, CTSEP shall undertake and perform, on behalf of CTSPI, all its obligations under the Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term until 30 June 2047.

The Deed of Novation

Date	1 June 2020
Parties	(i) CTSPI; (ii) CTSEP; and (iii) CTS (Holdings)

CTSPI entered into the Deed of Novation in relation to the Agency Agreement with CTSEP and CTS (Holdings) on 1 June 2020, pursuant to which the parties agreed that CTSEP shall undertake and perform, on behalf of CTSPI, all its obligations under the Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term commenced from 1 June 2020 and ending on 30 June 2047.

Transaction Nature

CTS (Holdings) has been appointed by the PRC government to provide general administration services in Hong Kong for the application of tourist visas and travel permits for the entry into the PRC. Pursuant to the Agency Agreement and the Deed of Novation, it was agreed that CTSEP would provide general administration services in Hong Kong to CTS (Holdings) for the application for tourist visas and travel permits for entry into the PRC, for a fixed term until 30 June 2047.

Principal Terms

CTSPI and CTS (Holdings) entered into the Agency Agreement on 15 May 2001 to document the transaction relating to the Travel Permit Administration Services for a fixed term of 46 years. The 46-year term of the Agency Agreement was part and parcel of the term of the Acquisition, which was approved by the then independent Shareholders. The Company believes that a fixed contractual term of 46 years enabling CTSPI to provide the Travel Permit Administration Services until 2047 (i.e. 50 years after 1997) is necessary and is in the best interests of the Company.

Pricing Basis

In accordance with the terms of the Agency Agreement and the Deed of Novation, which were negotiated on an arm's length basis between the parties, CTS (Holdings) agreed to pay CTSEP 45% of the gross fee revenue from travel permit applications for the services provided by CTSEP in relation to Travel Permit Administration Services. The agency fees will be payable monthly in cash.

The fees of Travel Permit Administration Services rendered by CTSEP is determined on the basis of cost of providing the service plus reasonable profit. The profit margin of Travel Permit Administration Services is higher than the profit margin of PRC visa services provided by CTSEP to foreigners and is deemed fair and reasonable by the Company and CTS (Holdings).

Historical Figures

The total amount of the continuing connected transactions in connection with the Travel Permit Administration Services for each of the two financial years ended 31 December 2023 and the nine months ended 30 September 2024 were HK\$82,888,000, HK\$375,717,000 and HK\$221,079,000, respectively.

	For the year ended/ending 31 December		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Historical annual caps	310,000	400,000	400,000
Historical actual transaction amounts	82,888	375,717	311,079 ^(note)
Historical utilization rates (%)	26.7%	93.9%	77.8%

Note: Represents the annualized figure. For the nine months ended 30 September 2024, the historical transaction amount was HK\$221,079,000. The Company expects that the annual caps for the year ending 31 December 2024 will not be exceeded.

Proposed Annual Caps

The Company proposes to set the Annual Caps for the continuing connected transactions in connection with the Travel Permit Administration Services as follows:

	For the year ending 31 December		
	2025	2026	2027
	HK\$'000	HK\$'000	HK\$'000
Amount of fees payable by CTS (Holdings) for the provision of Travel Permit Administration Services by CTSEP	325,500	325,500	325,500

In determining the Annual Caps, the following factors have been taken into account: (i) the historical transaction amounts for the years ended 31 December 2022 and 2023; (ii) the annualized transaction amounts for 2024 of approximately HK\$311 million estimated based on the transaction amount for the nine months ended 30 September 2024 in respect of the Travel Permit Administration Services. The annualized transaction amount for 2024 for travel documents business is considered to be indicative of demands for travel documents business as the demand has resumed to a normal level as compared to 2023, during which the transaction amount peaked as the large accumulated and delayed demand for travel documents renewal was absorbed following the re-opening of borders and the relaxation of COVID-19 pandemic related travelling restriction and social distancing measures in Hong Kong and the PRC; and (iii) provision of a buffer of approximately 5% to cover a possible unexpected increase in demand for the travel document business.

The above is merely assumed for the purpose of calculating the Annual Caps, and should not be construed as indication of the Group's revenue, profitability or trading prospects.

THE 2024 FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Group utilizes the services of CTG Finance on a voluntary and non-exclusive basis and is not obliged to engage CTG Finance for any particular services, or at all under the 2024 Financial Services Framework Agreement. CTG Finance is merely one of a number of financial institutions which provide financial services to the Group. The Group may engage financial services from other financial institutions in addition to and other than those provided by CTG Finance pursuant to the 2024 Financial Services Framework Agreement. The major terms of the 2024 Financial Services Framework Agreement are set out as follows:

Date	12 November 2024
Term	1 January 2025 to 31 December 2027
Parties	(i) the Company; and (ii) CTG Finance

Scope of services and pricing basis

(a) Deposit Services

CTG Finance will provide Deposit Services to the PRC Subsidiaries pursuant to the 2024 Financial Services Framework Agreement.

The deposit interest rates to be offered by CTG Finance to the PRC Subsidiaries are determined with reference to the prevailing market interest rates, which are fair and reasonable. The Group will obtain at least two quotations of deposit interest rates of similar nature and of similar term offered by at least two independent mainstream PRC financial institutions and make reference to the benchmark deposit interest rates promulgated by PBOC before entering into any transaction under the 2024 Financial Services Framework Agreement. The Company's finance department will review and approve the deposit interest rates offered to the PRC Subsidiaries before placing any deposit with CTG Finance. The Group will only enter into transactions in respect of the Deposit Services if the deposit interest rates offered by CTG Finance are not lower than the benchmark deposit interest rates promulgated by PBOC, and no less favourable to the Group than the highest of those offered by independent mainstream PRC financial institutions among the quotations obtained.

The Group may also temporarily maintain certain deposit balance with the accounts of CTG Finance under the Cross-Border Cash Pooling Services in case the fund transfer is not completed instantly.

(b) Comprehensive Credit Line Services

CTG Finance will provide Comprehensive Credit Line Services to the PRC Subsidiaries pursuant to the 2024 Financial Services Framework Agreement including Loan Services, bill discounting services, issuance of acceptance bill and other comprehensive credit line services within the comprehensive credit limit offered by CTG Finance.

The loan interest rates on the Loan Services to be offered by CTG Finance to the PRC Subsidiaries are determined with reference to the prevailing market loan interest rates, which are fair and reasonable. The Group will obtain at least two quotations of loan interest rates and terms in respect of loans of similar nature and of similar term offered by at least two independent mainstream PRC financial institutions and make reference to the loan prime rate promulgated by the National Interbank Funding Centre under the authority of PBOC before entering into any transaction under the 2024 Financial Services Framework Agreement. Moreover, no credit enhancement measures (including any security) will be provided by the Group in respect of such financial assistance provided by CTG Finance. The Company's finance department will review and approve the loan interest rates offered to the PRC Subsidiaries before obtaining any loans from CTG Finance. The Group will only enter into transactions in respect of the Loan Services if the loan interest rate offered by CTG Finance are not higher than the loan prime rate promulgated by the National Interbank Funding Centre under the authority of PBOC for the same period, and are no less favourable to the Group than those offered by independent mainstream PRC financial institutions among the quotations obtained.

The interest rates or service charge rates on the Comprehensive Credit Line Services (other than the Loan Services) to be offered by CTG Finance to the PRC Subsidiaries are determined with reference to the prevailing interest rates or service charge rates, which are fair and reasonable. The Group will obtain at least two quotations of interest rates or service charge rates of similar nature and of similar term offered by at least two independent mainstream PRC financial institutions and make reference to the relevant standard charges (if applicable) and benchmark discount rate promulgated by PBOC before entering into any transaction under the 2024 Financial Services Framework Agreement. The Company's finance department will review and approve the interest rates or service charge rates offered to the PRC Subsidiaries before engaging any services from CTG Finance. The Group will only enter into transactions in respect of the Comprehensive Credit Line Services (other than the Loan Services) if the interest rates or service charge rates offered by CTG Finance are not higher than the relevant standard charges (if applicable) and benchmark discount rate promulgated by PBOC, and are no less favourable to the Group than those offered by independent mainstream PRC financial institutions among the quotations obtained.

(c) Entrustment Loan Services

CTG Finance will provide Entrustment Loan Services to the PRC Subsidiaries pursuant to the 2024 Financial Services Framework Agreement. CTG Finance will only act as an agent of the PRC Subsidiaries and charge handling fees in connection with the Entrustment Loan Services.

The handling fees to be charged by CTG Finance to the PRC Subsidiaries in connection with the Entrustment Loan Services are determined with reference to the prevailing market fees, which are fair and reasonable. The Group will obtain at least two quotations of fees of similar nature offered by at least two independent mainstream PRC financial institutions before entering into any transaction under the 2024 Financial Services Framework Agreement. The Company's finance department will review and approve the fees offered to the PRC Subsidiaries before engaging

any services from CTG Finance. The Group will only enter into transactions in respect of the Entrustment Loan Services if the fees offered by CTG Finance are no less favourable to the Group than the fees offered by independent mainstream PRC financial institutions among the quotations obtained.

(d) Cross-Border Cash Pooling Services

The Group may participate in the cross-border RMB and foreign currencies cash pooling of CTG Finance and will be able to transmit and utilize funds in RMB and foreign currencies through the cross-border RMB and foreign currencies cash pooling of CTG Finance according to actual needs of the Group.

The fees to be charged by CTG Finance to the Group in connection with Cross-Border Cash Pooling Services are determined with reference to the prevailing market rates of fees, which are fair and reasonable. The Group will obtain at least two quotations of fees of similar nature offered by at least two independent mainstream financial institutions before entering into any transaction under the 2024 Financial Services Framework Agreement. The Company's finance department will review and approve the fees offered to the Group before engaging any services from CTG Finance. The Group will only enter into transactions in respect of the Cross-Border Cash Pooling Services if the fees offered by CTG Finance are no less favourable to the Group than those offered by independent mainstream financial institutions among the quotations obtained.

Undertakings

CTG Finance undertakes to the Company, among other things, that it shall:

- (i) ensure the effectiveness of the risk management and fund operation system in respect of the fund safety of the PRC subsidiaries and safeguard the fund safety of the Company and PRC Subsidiaries;
- (ii) cooperate with the Company in compliance with the disclosure requirements under the Listing Rules regarding the continuing connected transactions contemplated under the 2024 Financial Services Framework Agreement;
- (iii) regularly provide the Company with the annual audit report and quarterly financial statement or such other financial information as requested by the Company; and
- (iv) notify the Company and take measures to prevent loss from happening or further loss should it be in breach of relevant laws and regulations or subject to regulatory proceedings or have material adverse changes in its financial condition by CTG Finance.

Termination

In addition to the default events provided by the Contracts Laws of the PRC, the 2024 Financial Services Framework Agreement will be terminated with immediate effect if CTG Finance fails to satisfy any operation condition under the Measures for the Administration of Finance Companies of Enterprise Groups (企業集團財務公司管理辦法) which sets out, amongst others, the financial and regulatory requirements imposed by the NAFR on financial institutions.

HISTORICAL DEPOSIT AMOUNTS AND THE DEPOSIT CAPS

Historical Deposit Amounts

The historical maximum daily deposit amounts in respect of deposit services provided by CTG Finance to the PRC Subsidiaries are set out as follows:

	Maximum historical daily deposit amount (including interest income) (RMB'000)
For the year ended 31 December 2022	727,000
For the year ended 31 December 2023	1,262,000
For the nine months ended 30 September 2024	1,320,000

Set forth below are the historical deposit caps, maximum historical daily deposit amounts and the utilization of the deposit caps for the year/period indicated:

	For the year ended/ending 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical deposit caps	1,500,000	1,500,000	1,500,000
Maximum historical daily deposit amount (including interest income)	727,000	1,262,000	1,320,000 ^(note)
Historical utilization rates (%)	48.5%	84.1%	88.0%

Note: Represents the maximum daily deposit amounts (including interest income) for the nine months ended 30 September 2024. The Company expects that the deposit cap for the year ending 31 December 2024 will not be exceeded.

Deposit Caps

The proposed Deposit Caps are set out as follows:

	For the year ending 31 December		
	2025	2026	2027
	RMB'000	RMB'000	RMB'000
Maximum daily deposit amount (including interests income) placed by the PRC Subsidiaries with CTG Finance	1,500,000	1,500,000	1,500,000

HISTORICAL INTEREST INCOME AND THE MAXIMUM ANNUAL INTEREST INCOME RECEIVABLE

Historical Interest Income

The historical interest income under the Deposit Services provided by CTG Finance to the PRC Subsidiaries are set out as follows:

	Historical interest income received (RMB'000)
For the year ended 31 December 2022	20,400
For the year ended 31 December 2023	16,660
For the nine months ended 30 September 2024	23,790

Set forth below are the historical maximum annual interest income receivable, historical interest income received and the utilization of the maximum interest income receivable for the year/period indicated:

	For the year ended/ending 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Historical maximum annual interest income receivable	35,000	49,500	49,500
Historical interest income received	20,400	16,660	31,720 ^(note)
Historical utilization rates (%)	58.3%	33.7%	64.1%

Note: Represents the annualized figure. For the nine months ended 30 September 2024, the historical interest income received was RMB23,790,000. The Company expects that the maximum annual interest income receivable for the year ending 31 December 2024 will not be exceeded.

The Maximum Annual Interest Receivable

The maximum annual interest receivable under the 2024 Financial Services Framework Agreement are set out as follows:

	For the year ending 31 December		
	2025	2026	2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Maximum annual interest receivable by the PRC Subsidiaries	38,400	48,000	48,000

In setting the Deposit Caps and the maximum annual interest receivable, the Company has taken into account (i) the funding requirements and treasury policy of the Group; (ii) the amounts of deposits historically placed by the Group with other independent commercial banks in the PRC; and (iii) the amounts of deposits historically placed by the PRC Subsidiaries with CTG Finance. As at 30 September 2024 and 31 December 2023, the Group's cash and bank balances amounted to approximately HK\$2,771 million and HK\$2,724 million respectively. The maximum annual interest receivable for the three years ending 31 December 2027 is calculated based on the Deposit Cap of RMB1.5 billion and the prevailing highest deposit rate of 3.2% offered by CTG Finance to the PRC Subsidiaries (RMB1.5 billion X 3.2% = RMB48 million). In consideration of that the historical annual interest income received by the PRC Subsidiaries was lower, the Company has discounted the said maximum interest income amount by 20% for 2025. The Board considers the basis for estimating the maximum annual interest income receivable to be fair and reasonable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

CTSEP is the commercial entity in Hong Kong having the relevant expertise and brand recognition to carry out the Travel Permit Administration Services on behalf of CTS (Holdings). In view of past operational convenience and benefits brought to the Group, the Board (other than the executive Directors and non-executive Director who have abstained from voting, and the independent non-executive Directors whose opinions (after taking into consideration the opinion of the Independent Financial Adviser) will be included in the circular to be despatched to the Shareholders) considers it to be in the interests of the Company to continue to engage in the Travel Permit Administration Services and that the terms of the Travel Permit Administration Services are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (other than the executive Directors and non-executive Director who have abstained from voting, and the independent non-executive Directors whose opinions (after taking into consideration the opinion of the Independent Financial Adviser) will be included in the circular to be despatched to the Shareholders) consider that the Agency Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Agency Agreement and the Annual Caps are fair and reasonable and the continuing connected transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

The main reasons for the Company to enter into the 2024 Financial Services Framework Agreement with CTG Finance are as follows:

- (i) the use of CTG Finance as a platform to manage the funds of the Group would allow for better monitoring and control of the funds and more efficient deployment of funds between member companies of the Group;
- (ii) since the interest rates on the Deposit Services and the Loan Services offered, and the handling fees and other services fees in connection with the Comprehensive Credit Line Services (excluding the Loan Services), the Entrustment Loan Services and the Cross-Border Cash Pooling Services charged, by CTG Finance to the Group will be equal to or more favourable, on a case by case basis, than those offered to the Group by independent third party(ies) in their quotations for providing services of similar nature and of similar term, this represents potential increase in interest income and cost savings to the Group;
- (iii) PRC laws generally do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. CTG Finance was established under the approval of originally the China Banking and Insurance Regulatory Commission (now part of NAFR) and is a non-banking financial institution regulated by PBOC and NAFR, and is authorized to provide various kinds of financial services to CTG and its member companies, including the Group, in the PRC, including, but not limited to, deposit-taking and loan services;
- (iv) CTG Finance is regulated by the PBOC and NAFR, and it provides its services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities;
- (v) the Group is expected to benefit from CTG Finance's better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC;
- (vi) pursuant to the articles of association of CTG Finance, CTG shall take up the major responsibility in respect of the risk prevention and mitigation of CTG Finance. CTG should establish an effective risk isolation mechanism for CTG Finance so as to prevent spillover of risk from CTG Finance, and will provide funding to CTG Finance to satisfy its capital needs when necessary;
- (vii) the Group can better utilize the increasing idle funds in the PRC Subsidiaries by earning a more favourable interest income from CTG Finance, compared with any independent third party for providing services of similar nature and of similar term; and
- (viii) pursuant to the relevant regulations of the PBOC and NAFR, the customers of CTG Finance are limited to CTG and its member companies, which effectively avoid the risks that CTG Finance may otherwise be exposed to if its customers include other entities unrelated to CTG.

The Directors (other than the executive Directors and non-executive Director who have abstained from voting, and the independent non-executive Directors whose opinions (after taking into consideration the opinion of the Independent Financial Adviser) will be included in the circular to be despatched to the

Shareholders) consider that the terms of the 2024 Financial Services Framework Agreement have been negotiated on an arm's length basis and entered into in the ordinary and usual course of the business of the Group and on normal commercial terms, and the transactions contemplated thereunder (including the Deposit Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is a company incorporated in Hong Kong with limited liability. 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, passenger transportation operations.

CTG, the ultimate controlling shareholder of CTS (Holdings) and the Company, is a central state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The CTG Group is principally engaged in travel business, real estate development and finance.

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

CTG Finance is a subsidiary of and is ultimately controlled by CTG, a controlling shareholder of the Company. CTG Finance is a licensed non-bank financial institution authorized to conduct operations approved by the NAFR.

CTSEP is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, which is principally engaged in the provision of Travel Permit Administration Services as at the date of this announcement.

INTERNAL CONTROL MEASURES ON THE 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.51 to 14A.59 of the Listing Rules in respect of the continuing connected transactions contemplated under the Agency Agreement and the 2024 Finance Services Framework 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 CTG Group, namely:

- (i) the Company will report the transactions under the Agency Agreement and the 2024 Financial Services Framework 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 shall ensure that such kind of reporting shall be conducted not less than two times in a year;

- (ii) the Company's finance department will review the transactions with the CTG Group to identify any continuing connected transaction that may be at risk of exceeding the proposed 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 Agency Agreement and the 2024 Financial Services Framework Agreement. The Group's business department will conduct random internal checks on a quarterly basis to ensure that the internal control measures in respect of the continuing connected transactions remain complete and effective and the requirements under the Listing Rules are being complied with;
- (iii) in respect of the Agency Agreement, the Group will monitor the payment from CTS (Holdings) on a monthly basis to ensure that the payment and the timing of payment are in line with the pricing basis and payment terms set out in the Agency Agreement. The business department of the Group will also monitor the profit margin of the Travel Permit Administration Services on a monthly basis to ensure that it is in the interests of the Group to continue to be engaged in Travel Permit Administration Services;
- (iv) in the event that the Group notices from its monthly review that the gross profit margin of the Travel Permit Administration Services is expected to decline so as to result in the Travel Permit Administration Services being not profitable, the Group would negotiate with CTS (Holdings) to increase the gross fee revenue from permit applications and/or have part of the costs shared by CTS (Holdings), so as to render the business profitable. If it is observed from the monthly review that the Travel Permit Administration Services remains profitable, the relevant business department of the Group will record the relevant monthly review results and report the status to the responsible personnel in the management of the Group;
- (v) in respect of the 2024 Financial Services Framework Agreement, the Group's finance department will further (a) check the deposit and lending rates or fees quoted by other independent major commercial banks in the PRC; and (b) obtain quotes for rate comparison from at least two major independent commercial banks or financial institutions in the PRC in cooperation with the Group as measures to be taken by the Group for the selection of the most favourable terms in respect of a particular service. If the fees or rates offered by CTG Finance are less favourable to the Group compared to the quotations/benchmarks, the Company will further negotiate with CTG Finance with a view of obtaining better terms in accordance with the pricing principles of the Group; and
- (vi) the auditors of the Company will conduct annual review on the pricing and the Deposit Caps of the transactions contemplated under the 2024 Financial Services Framework Agreement.

LISTING RULES IMPLICATIONS

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder which is interested in 61.15% of the issued share capital of the Company. As CTG holds the entire issued share capital of CTS (Holdings), CTG and members of the CTG Group are connected persons of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Annual Caps for the Travel Permit Administration Services exceed 5% and the Annual Caps are more than HK\$10,000,000, the continuing provision of the Travel Permit Administration Services (including the Annual Caps) is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

CTG Finance is a subsidiary of CTG and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Financial Services Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. Since the Loan Services are on normal commercial terms or better to the Group and no security over the assets of the Group is granted in respect of the financial assistance given by CTG Finance, the Loan Services are fully exempt from the requirements under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the estimated transaction amounts in connection with the Comprehensive Credit Line Services (other than the Loan Services), the Entrustment Loan Services and the Cross-Border Cash Pooling Services are on an annual basis less than 0.1%, the Comprehensive Credit Line Services (other than the Loan Services), the Entrustment Loan Services and the Cross-Border Cash Pooling Services are fully exempt from the requirements under Chapter 14A of the Listing Rules. The Company will comply with the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules, where applicable, if the annual transaction amount of such services exceeds the de minimis threshold under Rule 14A.76 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the highest of the Deposit Caps under the 2024 Financial Services Framework Agreement exceed 25% but all are less than 75% and the highest of the Deposit Caps is more than HK\$10,000,000, the Deposit Service (including the Deposit Caps) constitutes major transaction and continuing connected transactions for the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14 and Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Wu Qiang and Mr. Tao Xiaobin hold executive positions at CTS (Holdings), and Mr. Tsang Wai Hung is a director of CTS (Holdings). Such Directors are considered to be materially interested in the Agency Agreement and the 2024 Financial Services Framework Agreement and have therefore abstained from voting on the Board resolutions approving the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps). Save as disclosed above, none of the other Directors has material interest in aforesaid transactions and accordingly, none of them was required to abstain from voting on the Board resolutions approving the same.

EGM

At the EGM, the Company will seek Independent Shareholders' approval for the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps). In view of the interest of CTS (Holdings) and its associates in the continuing provision of Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement (including the Deposit Caps), CTS (Holdings) and its associates (as defined in the Listing Rules) will abstain from voting at the EGM in this regard. The votes to be taken at the EGM will be taken by poll, the results of which will be announced after the EGM.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders whether or not to vote in favour of the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps).

INDEPENDENT FINANCIAL ADVISOR

VBG Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on whether the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps) are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

A circular containing, among others, further details of the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps), the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM is expected to be despatched to the Shareholders on or before 3 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 18 December 2024 to Monday, 23 December 2024 (both dates inclusive), for the purposes of ascertaining Shareholders' entitlement to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant shares certificates must be lodged with the Company's share register, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 17 December 2024.

DEFINITIONS

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

“2021 Financial Services Framework Agreement”	the financial services framework agreement in relation to the deposit services, the comprehensive credit line services, the entrustment loan services and the cross-border RMB cash pooling services entered into between the Company and CTG Finance on 16 November 2021
“2024 Financial Services Framework Agreement”	the financial services framework agreement in relation to the Deposit Services, the Comprehensive Credit Line Services, the Entrustment Loan Services and the Cross-Border Cash Pooling Services entered into between the Company and CTG Finance on 12 November 2024
“Acquisition”	the Company’s acquisition of CTSPI from CTS (Holdings) in 2001
“Agency Agreement”	the agency agreement dated 15 May 2001 between CTSPI and CTS (Holdings) in relation to Travel Permit Administration Services
“Annual Cap(s)”	the maximum amount of fees payable by CTS (Holdings) to CTSEP in respect of the Travel Permit Administration Services under the Agency Agreement for each of the three financial years ending 31 December 2027
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “controlling shareholder(s)”	each of which has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CTG”	China Tourism 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)
“CTG Group”	CTG and its subsidiaries and associates, 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, the shares of which are listed on the Stock Exchange (stock code: 308)

“Comprehensive Credit Line Services”	the comprehensive credit line services to be provided by CTG Finance to PRC Subsidiaries under the 2024 Financial Services Framework Agreement, where PRC Subsidiaries can continue to obtain loan, bill discount, issue acceptance bill and obtain other comprehensive credit line services within the comprehensive credit limit offered by CTG Finance
“Cross-Border Cash Pooling Services”	the cross-border cash pooling services to be provided by CTG Finance to the Group under the 2024 Financial Services Framework Agreement
“CTG Finance”	CTG Finance Company Limited (中旅集團財務有限公司), a company established in the PRC with limited liability and a subsidiary of CTG
“CTSEP”	China Travel Service Entry Permit Service Hong Kong Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which is principally engaged in provision of Travel Permit Administration Services as at the date of this announcement
“CTSPI”	China Travel Service Property Investment Hong Kong Limited, a company incorporated in Hong Kong and a non wholly-owned subsidiary of the Company, which is principally engaged in investment holding and property development and property leasing as at the date of this announcement
“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 controlling shareholder of the Company
“CTS (Holdings) Group”	CTS (Holdings) and its subsidiaries and associates (including the CTG Group), but excluding the Group for the purpose of this announcement
“Deed of Novation”	the deed of novation dated 1 June 2020 entered into between CTSEP, CTSPI and CTS (Holdings) in relation to the Agency Agreement, pursuant to which the parties agreed that CTSEP shall undertake and perform, on behalf of CTSPI, all its obligations under the Agency Agreement, and assume, on behalf of CTSPI, its rights and benefits under the Agency Agreement, for a term commenced from 1 June 2020 and ending on 30 June 2047
“Deposit Cap(s)”	the maximum daily outstanding balance of deposits (including interest income) from the Deposit Services and Cross-Border Cash Pooling Services placed by the Group with CTG Finance pursuant to the 2024 Financial Services Framework Agreement

“Deposit Services”	the deposit services to be provided by CTG Finance to the Group under the 2024 Financial Services Framework Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement (including the Deposit Caps)
“Entrustment Loan Services”	the provision of entrustment loans through CTG Finance, which will only act as agent of PRC Subsidiaries, under the 2024 Financial Framework Agreement
“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 Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, namely, Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui, Mr. Chen Johnny and Mr. Song Dawei formed for advising the Independent Shareholders in respect of the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps)
“Independent Shareholders”	Shareholders other than CTS (Holdings) and its associates and any other persons who are required to abstain from voting on resolutions to approve the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps) at the EGM pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services”	the loan services to be obtained from the Comprehensive Credit Line Services under the 2024 Financial Services Framework Agreement
“NAFR”	the National Administration of Financial Regulation (國家金融監督管理總局)

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administration of the People’s Republic of China and Taiwan region for the purpose of this announcement)
“PRC Subsidiaries”	the Company’s PRC subsidiaries which have opened and maintained settlement account(s) with CTG Finance or joined CTG Finance’s cross-border cash pool
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Travel Permit Administration Services”	the general administration services provided in Hong Kong for the application of tourist visas and travel permits for entry into the PRC by CTSPI or CTSEP (as applicable) to CTS (Holdings)
“VBG Capital” or “Independent Financial Adviser”	VBG Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of the Travel Permit Administration Services (including the Annual Caps) and the 2024 Financial Services Framework Agreement and the transactions contemplated thereunder (including the Deposit Caps)
“%”	per cent.

By Order of the Board
China Travel International Investment Hong Kong Limited
Wu Qiang
Chairman

Hong Kong, 12 November 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wu Qiang, Mr. Feng Gang and Mr. Li Pengyu; three non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi; 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.