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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)

CONTINUING CONNECTED TRANSACTIONS – PROVISION OF ENTRUSTMENT LOANS

On 29 September 2016, Window of the World, a 51% owned subsidiary of the Company, ICBC and Overseas Chinese Town, which owns 49% equity interest in Window of the World, entered into the First Entrustment Loan Agreement for an initial term of one year commencing on 29 September 2016 and ending on 28 September 2017, extendable for up to two years beyond the initial term to 28 September 2019, pursuant to which ICBC has, at the request of and acting as an agent to Window of the World, agreed to release an entrustment loan, which is funded by Window of the World, with a maximum amount of RMB150 million to Overseas Chinese Town.

On the same date, Splendid China, a 51% owned subsidiary of the Company, ICBC and Overseas Chinese Town, which owns 49% equity interest in Splendid China, entered into the Second Entrustment Loan Agreement for an initial term of one year commencing on 29 September 2016 and ending on 28 September 2017, extendable for up to two years beyond the initial term to 28 September 2019, pursuant to which ICBC has, at the request of and acting as an agent to Splendid China, agreed to release an entrustment loan, which is funded by Splendid China, with a maximum amount of RMB150 million to Overseas Chinese Town.

Overseas Chinese Town is a substantial shareholder of each of Window of the World and Splendid China, and is therefore a connected person of the Company. The transactions contemplated under the Entrustment Loan Agreements constitute continuing connected transactions for the Company under the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Entrustment Loan Agreements will be aggregated and treated as if they were one transaction. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Entrustment Loan Agreements on an aggregate basis will be more than 1% but less than 5% and have an annual consideration of more than HK\$3,000,000, the entering into of the Entrustment Loan Agreements is only subject to the reporting, announcement and annual review requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 29 September 2016, Window of the World, a 51% owned subsidiary of the Company, ICBC and Overseas Chinese Town, which owns 49% equity interest in Window of the World, entered into the First Entrustment Loan Agreement for an initial term of one year commencing on 29 September 2016 and ending on 28 September 2017, extendable for up to two years beyond the initial term to 28 September 2019, pursuant to which ICBC has, at the request of and acting as an agent to Window of the World, agreed to release an entrustment loan, which is funded by Window of the World, with a maximum amount of RMB150 million to Overseas Chinese Town. On the same date, Splendid China, a 51% owned subsidiary of the Company, ICBC and Overseas Chinese Town, which owns 49% equity interest in Splendid China, entered into the Second Entrustment Loan Agreement for an initial term of one year commencing on 29 September 2016 and ending on 28 September 2017, extendable for up to two years beyond the initial term to 28 September 2019, pursuant to which ICBC has, at the request of and acting as an agent to Splendid China, agreed to release an entrustment loan, which is funded by Splendid China, with a maximum amount of RMB150 million to Overseas Chinese Town.

THE FIRST ENTRUSTMENT LOAN AGREEMENT

Date

29 September 2016

Parties

- (1) Window of the World, as the principal;
- (2) ICBC, as the agent; and
- (3) Overseas Chinese Town, as the borrower.

Major Terms of the First Entrustment Loan Agreement

Loan amount

ICBC has, at the request of and acting as an agent to Window of the World, agreed to release an entrustment loan, which is funded by Window of the World, with a maximum amount of RMB150 million to Overseas Chinese Town. The entrustment loan is a revolving loan.

Interest rate

The interest payable by Overseas Chinese Town for the loan shall be the one year benchmark lending interest rate promulgated by the PBOC. If there are any changes in the one year benchmark lending interest rate, the loan interest will be adjusted to the revised one-year benchmark lending interest rate with effect from the date of change in the one-year benchmark lending interest rate. Interest will be

charged and calculated from the date of drawdown, and will be payable quarterly by Overseas Chinese Town. In the event of any late repayment of the principal or interest, a daily default interest rate of 0.1% will be collected by ICBC on behalf of Window of the World, upon receipt of written instruction from Window of the World, on the principal and interest amount overdue. Meanwhile, Window of the World shall have the right to deduct from the dividend payable to Overseas Chinese Town for any overdue loan amount, including but not limited to principal, interest and default interest, from Overseas Chinese Town until all overdue loan amount has been repaid.

Duration

The initial term of the First Entrustment Loan Agreement is one year commencing on 29 September 2016 and ending on 28 September 2017. If no objection is raised by Window of the World or Overseas Chinese Town one month before the end of the initial term, the term of loan will be extended automatically on a yearly basis after the expiry of the initial term but, in any case, shall not exceed 28 September 2019. During the extension period, Window of the World shall have the right at any time to terminate the First Entrustment Loan Agreement by serving a prior written notice of one month to Overseas Chinese Town. Overseas Chinese Town, upon receipt of the written notice, is required to repay the principal of the entrustment loan and any interest accrued thereon unconditionally to Window of the World, and the First Entrustment Loan Agreement will be terminated on the repayment date.

Purpose of the loan

The loan is provided to Overseas Chinese Town for the sole purpose as its general working capital. A daily default interest rate of 0.2% will be charged by ICBC, upon receipt of written instruction from Window of the World, on the principal and interest amount accrued if the loan is not applied for this specific purpose or used in contravention with any applicable laws and regulations.

Handling fee and account service fee

The handling fee charged by ICBC is 0.02% of each loan amount and shall be payable in one lump sum by Window of the World before the release of the entrustment loan by ICBC. The account service fee charged by ICBC is RMB360 per account per annum in respect of bank accounts opened by Window of the World in association with the entrustment loan.

Other terms

If the market lending rates change significantly during the term of the First Entrustment Loan Agreement, Window of the World and Overseas Chinese Town could renegotiate the annual interest rate of the entrustment loan, and confirm by way of supplemental agreement.

THE SECOND ENTRUSTMENT LOAN AGREEMENT

Date

29 September 2016

Parties

- (1) Splendid China, as the principal;
- (2) ICBC, as the agent; and
- (3) Overseas Chinese Town, as the borrower.

Major Terms of the Second Entrustment Loan Agreement

Loan amount

ICBC has, at the request of and acting as an agent to Splendid China, agreed to release an entrustment loan, which is funded by Splendid China, with a maximum amount of RMB150 million to Overseas Chinese Town. The entrustment loan is a revolving loan.

Interest rate

The interest payable by Overseas Chinese Town for the loan shall be the one year benchmark lending interest rate promulgated by the PBOC. If there are any changes in the one year benchmark lending interest rate, the loan interest will be adjusted to the revised one-year benchmark lending interest rate with effect from the date of change in the one-year benchmark lending interest rate. Interest will be charged and calculated from the date of drawdown, and will be payable quarterly by Overseas Chinese Town. In the event of any late repayment of the principal or interest, a daily default interest rate of 0.1% will be collected by ICBC on behalf of Splendid China, upon receipt of written instruction from Splendid China, on the principal and interest amount overdue. Meanwhile, Splendid China shall have the right to deduct from the dividend payable to Overseas Chinese Town for any overdue loan amount, including but not limited to principal, interest and default interest, from Overseas Chinese Town until all overdue loan amount has been repaid.

Duration

The initial term of the Second Entrustment Loan Agreement is one year commencing on 29 September 2016 and ending on 28 September 2017. If no objection is raised by Splendid China or Overseas Chinese Town one month before the end of the initial term, the term of loan will be extended automatically on a yearly basis after the expiry of the initial term but, in any case, shall not exceed 28 September 2019. During the extension period, Splendid China shall have the right at any time to terminate the Second Entrustment Loan Agreement by serving a prior written notice of one

month to Overseas Chinese Town. Overseas Chinese Town, upon receipt of the written notice, is required to repay the principal of the entrustment loan and any interest accrued thereon unconditionally to Splendid China, and the Second Entrustment Loan Agreement will be terminated on the repayment date.

Purpose of the loan

The loan is provided to Overseas Chinese Town for the sole purpose as its general working capital. A daily default interest rate of 0.2% will be charged by ICBC, upon receipt of written instruction from Splendid China, on the principal and interest amount accrued if the loan is not applied for this specific purpose or used in contravention with any applicable laws and regulations.

Handling fee and account service fee

The handling fee charged by ICBC is 0.02% of each loan amount and shall be payable in one lump sum by Splendid China before the release of the entrustment loan by ICBC. The account service fee charged by ICBC is RMB360 per account per annum in respect of bank accounts opened by Splendid China in association with the entrustment loan.

Other terms

If the market lending rates change significantly during the term of the Second Entrustment Loan Agreement, Splendid China and Overseas Chinese Town could renegotiate the annual interest rate of the entrustment loan, and confirm by way of supplemental agreement.

THE ANNUAL CAP

The annual cap for each year during the term of the Entrustment Loan Agreements is RMB320,000,000, which is determined based on the maximum principal plus the estimated maximum annual interests receivable of the entrustment loans. The Directors have considered the fund management strategies and expected returns of the Group in calculating the annual cap.

INTERNAL CONTROL MEASURES ON CONTINUING CONNECTED TRANSACTION

In accordance with the Listing Rules, the Company will comply 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 Entrustment Loan Agreements. 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 Overseas Chinese Town, namely:

- (i) the Company will report the transactions under the Entrustment Loan Agreements 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 at least two times in a year; and
- (ii) the Company will continuously review the transactions with Overseas Chinese Town, and adopt appropriate measures to ensure the Annual Cap not be exceeded. The Company has established a series of measures and policies to ensure that the transactions with Overseas Chinese Town be conducted in accordance with the terms of the Entrustment Loan Agreements. The Company will (a) check the benchmark lending interest rates published by PBOC; (b) obtain interest rate quotes of fixed deposits from at least two major commercial banks or financial institutions in cooperation with Window of the World and Splendid China for comparison; and (c) monitor the announcements and other news regarding the financial position of Overseas Chinese Town from time to time to determine the use of surplus fund for Window of the World and Splendid China.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTMENT LOAN AGREEMENTS

The terms of the Entrustment Loan Agreements were determined by the parties after arm's length negotiations. Currently, the annual deposit rate for one-year fixed deposits offered by financial institutions or commercial banks in the PRC will not be less than the one-year benchmark deposit interest rate of 1.5% promulgated by the PBOC. Through entering into the Entrustment Loan Agreements, Window of the World and Splendid China could enjoy an annual interest rate of approximately 4.35%, which is equal to the one-year benchmark lending interest rate promulgated by the PBOC, assuming the entrustment loans are drawn down on 29 September 2016. Taking into account the flexibility that Window of the World and Splendid China can recall the loan at any time during the extension period by giving only one month prior notice to Overseas Chinese Town, and Window of the World and Splendid China can deduct from the dividend payable to Overseas Chinese Town for any overdue loan amount, the Company believes that this arrangement will provide a better utilization of the surplus fund of Window of the World and Splendid China with acceptable level of risk, and the interest receivable thereto will, after deducting the relevant fees charged by ICBC, provide satisfactory economic returns for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Entrustment Loan Agreements have been negotiated on an arm's length basis and entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and the transactions contemplated thereunder and the Annual Cap of the Entrustment Loan Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Overseas Chinese Town is a substantial shareholder of each of Window of the World and Splendid China, and is therefore a connected person of the Company. The transactions contemplated under the Entrustment Loan Agreements constitute continuing connected transactions for the Company under

the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Entrustment Loan Agreements will be aggregated and treated as if they were one transaction. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Entrustment Loan Agreements on an aggregate basis will be more than 1% but less than 5% and have an annual consideration of more than HK\$3,000,000, the entering into of the Entrustment Loan Agreements is only subject to the reporting, announcement and annual review requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

INFORMATION OF THE PARTIES

ICBC is a bank incorporated in the PRC and is principally engaged in banking, financial and other financial related services. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, ICBC and its ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

The principal business activity of Window of the World and Splendid China is operation of theme parks in Shenzhen. The Group's principal business includes operations of travel destinations (including hotels, theme parks, natural and cultural scenic spots, and leisure resorts), travel agency, travel document and related operations, passenger transportation, golf club and arts performance.

Oversea Chinese Town is listed on the SZSE with a market capitalization of approximately RMB56.5 billion as of 27 September 2016 and is principally engaged in travel, real estate and paper packaging businesses. Huaqiaocheng, which owns approximately 53.47% equity interest in Overseas Chinese Town, is a central state-owned enterprise under the direct supervision of SASAC and is principally engaged in the export of textile and light industrial products; import of mechanical equipments and light industrial products; development of compensation trade; as well as investment in manufacturing industries, tourism, real estates, trading, finance and insurance businesses.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	China Travel International Investment Hong Kong Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Entrustment Loan Agreements”	Collectively, the First Entrustment Loan Agreement and Second Entrustment Loan Agreement
“First Entrustment Loan Agreement”	the entrustment loan agreement dated 29 September 2016 entered into between Window of the World, ICBC and Overseas Chinese Town for an entrustment loan with a maximum amount of RMB150 million
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqiaocheng”	華僑城集團公司 (Huaqiaocheng Group Company), a state-owned enterprise of the PRC
“ICBC”	Industrial and Commercial Bank of China Ltd. Shenzhen Xinian Branch, a joint stock limited liability company incorporated in the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Chinese Town”	深圳華僑城股份有限公司(Shenzhen Overseas Chinese Town Co., Ltd), a 53.47% owned subsidiary of Huaqiaocheng
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, exclusively refers to Mainland China
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Second Entrustment Loan Agreement”	the entrustment loan agreement dated 29 September 2016 entered into between Splendid China, ICBC and Overseas Chinese Town for an entrustment loan with a maximum amount of RMB150 million

“Shareholder(s)”	shareholder(s) of the Company
“Splendid China”	Shenzhen Splendid China Development Co., Ltd., a subsidiary of the Company owned as to 51% by the Company, and as to 49% by Overseas Chinese Town
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“SZSE”	The Shenzhen Stock Exchange (深圳證券交易所)
“Window of the World”	Shenzhen The World Miniature Co., Ltd., a subsidiary of the Company owned as to 51% by the Company, and as to 49% by Overseas Chinese Town

By Order of the Board
China Travel International Investment Hong Kong Limited
Lo Sui On
Vice Chairman

Hong Kong, 29 September 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lo Sui On, Mr. Zhang Fengchun, Mr. Fu Zhuoyang and Mr. Qu, Simon Tao; and four independent non-executive Directors, namely Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.