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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
PURCHASE OF SEVEN (7) UNITS OF TOUR BUSES WITH
PSL CERTIFICATES FROM CITS**

PURCHASE OF SEVEN (7) UNITS OF TOUR BUSES WITH PSL CERTIFICATES

On 26 July 2024, CITS as seller and CTTTS (a non-wholly-owned subsidiary of the Company) as purchaser entered into the SPA, pursuant to which CITS has agreed to sell and CTTTS has agreed to purchase seven (7) units of second hand tour buses with PSL certificates at the total Consideration of HK\$9,980,000.

LISTING RULES IMPLICATIONS

CTS (Holdings) is a connected person of the Company by virtue of being a controlling shareholder of the Company which is interested in 61.15% of the issued capital of the Company. As both CTS (Holdings) and CITS are wholly-owned subsidiaries of CTG, CITS is a connected person of the Company.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 0.1% but all are less than 5%, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and annual review requirements but is 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 SPA

The principal terms of the SPA are set out below:

Date

26 July 2024

Parties

(1) CTTTS (as purchaser); and

(2) CITS (as seller)

Transaction nature

CTTTS agreed to purchase seven (7) units of second hand tour buses with PSL certificates from CITS at the total Consideration of HK\$9,980,000.

Assets being acquired

Seven (7) units of second hand tour buses with PSL certificates.

Consideration

The total Consideration for the seven (7) units of second hand tour buses with PSL certificates is HK\$9,980,000.

According to a valuation report (the “**Valuation Report**”) prepared by an independent professional valuer using market approach and cost approach, the total appraised value of the seven (7) units of second hand tour buses and the seven (7) units of PSL certificates was approximately HK\$1,580,000 and HK\$8,400,000, respectively.

The Consideration has been reached after arm’s length negotiation between the parties to the SPA with reference to the appraised value of the seven (7) units of second hand tour buses and the seven (7) PSL certificates as stated in the Valuation Report.

The Consideration will be satisfied by the internal resources of the Group.

Original purchase cost of the assets to CITS

The original purchase cost of the seven (7) units of tour buses to CITS was approximately HK\$7,548,924. Except for two (2) units of tour buses which has been used for less than then (10) years, all other five (5) units of tour bus have been used for more than 10 years and the current net book value of the seven (7) units of tour buses is negligible. The related PSL certificates were originally granted by the Transport Department of the Hong Kong Government to CITS upon its application at zero consideration.

Completion

Completion shall take place on the Completion Date, which shall be no later than 5:00 p.m. on 30 September 2024.

Upon Completion, CITS shall deliver the seven (7) units of tour buses with the PSL certificates to such location in Hong Kong designated by CTTTS.

Payment

CTTTS shall pay the Consideration to CITS within 10 business days after the Completion Date.

Seller's undertaking

CITS confirms that the three (3) tour buses designated in the SPA shall be eligible for environmental protection subsidy from the Government of Hong Kong. Should any of the three (3) tour buses fail to meet such requirements, the appraised value of the tour bus(es) stated in the Valuation Report which are not eligible for the environmental protection subsidy shall be deducted from the total Consideration, provided that CTTTS submits the applications to the Government of Hong Kong on or before 30 November 2024.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Under the existing government policy, the total number of non-franchised buses in Hong Kong has been capped and there has been zero growth in new PSL registration while the demand for non-franchised bus services is growing steadily after the COVID-19 pandemic. Coupled with the imbalance between the supply and demand which has been bidding up the market prices of PSLs, the Acquisition will enable the Group to expand its own bus fleet at a reasonable cost to cope with new business opportunities in Hong Kong.

In light of the above, the Directors (including independent non-executive Directors) considered that the SPA was entered into in the ordinary and usual course of business of the Group, and the terms of the SPA were determined after arm's length negotiation between CTTTS and CITS and are on normal commercial terms and 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 operation of travel destinations (including hotels, theme parks, natural and cultural scenic spots, and leisure resorts), travel document and related operations, and passenger transportation operations.

CTTTS is a company incorporated in Hong Kong with limited liability and a non-wholly-owned subsidiary of the Company. It is principally engaged in the provision of passenger transportation services, hiring of motor vehicles and investment holding.

CITS is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CTG. It is principally engaged in travel agency business.

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As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 0.1% but all are less than 5%, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under 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 Acquisition and have therefore abstained from voting on the Board resolution(s) approving the SPA and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has material interest in the SPA and the transactions contemplated thereunder, and accordingly, none of them was required to abstain from voting on the Board resolution(s) approving the same.

DEFINITIONS

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

“Acquisition”	the purchase of seven (7) units of second hand tour buses with PSL certificates by CTTTS from CITS pursuant to the SPA
“associate(s)”, “connected person(s)”, “subsidiary(ies)”, “controlling shareholder(s)”	each of which has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“CITS”	China International Travel Service (Hong Kong) Holdings Limited (中國國旅(香港)旅行社有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CTG
“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)
“Completion”	completion of transfer procedures and delivery of the seven (7) units of second hand tour buses with PSL certificates by CITS to CTTTS in accordance with the terms of the SPA
“Completion Date”	the date of the Completion, which shall be no later than 5:00 p.m. on 30 September 2024
“Consideration”	the consideration for the Acquisition in the aggregate sum of HK\$9,980,000
“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)
“CTTTS”	China Travel Tours Transportation Services Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a non-wholly-owned subsidiary of the Company
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“PSL”	passenger service licence for tour bus services granted by the Transport Department of the Government of Hong Kong
“SPA”	the sale and purchase agreement dated 26 July 2024 entered into between CTTTS and CITS in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 26 July 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.