



香港中旅國際投資有限公司  
CHINA TRAVEL INTERNATIONAL INVESTMENT H.K.LTD

# 2017 Annual Results Announcement

March 28<sup>th</sup>, 2018



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➤ Business Review	3
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➤ Development Outlook	10
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➤ Financial Review	17
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**Revenue**  
**+21%**

**Profit attributable  
to shareholders**

**+226%**

**ROA**

**7.44%**

2017



**3.49%**

2016



HK\$590 mm of revenue recorded in tourism real-estate projects of Anji and Zhuhai



Visitor volume of travel destinations totaled 11.56 mm, +5% YoY



Occupancy % of hotels in HK and Macau reached 93%, +7pts, room rates +7%

Occupancy % of hotel in Mainland China +8pts, room rates +38%



# Innovative product offerings enhanced appeal of destinations

## Shapotou: 3D Yellow River glass suspension bridge



- 3D virtual technology built into glass bridge
- Attracted 200k tourists in 3 months; investment paid back in current period

## Zhuhai OSR: “Romantic Zhuhai”



- Since launch of new show, patrons increased by 72% YOY

## Splendid China: “Legend of Desert”



- First in China: horse war live-scene show with movie special effects

## Splendid China: Nu House Attraction



- New whirling house attraction: first in China, largest in the world

# Creative promotion initiatives reinforced market position

## Window of the World : wonderful festivals



- Organized 7 unique festivals in 2017
- Sharing the world cultures and joy in all seasons, to form and spread new trends

## Shapotou: TV media partnership



- Brought in leading TV stations e.g. CCTV, Hunan TV and Jiangxi TV, to film highly rated TV shows in Shapotou

## Splendid China: reality entertainment shows



- Leveraging popular Chinese reality shows “Twenty-Four Hours”, “Challenger Allies”, “Charming Daddy”, to help build up regional brand power

## Zhuhai OSR: theme activities



- Caribbean Carnival, Hot Spring & Mediterranean Fest.
- 420k visitors attended Caribbean Carnival, a new record high; night session revenue +207% YoY



# Received numerous awards, well recognized by market



2017 Gold Award Of Comprehensive Brand Power of Scenic Site



2017 Gold Award of Tourism Brand Power



Top 100 MICE Hotel In China



China Golden Hot Spring Award



Fifty-fourth Gold Brick Award



Exemplary Enterprise of Social Responsibility



Guangdong Name Brand



Cantonese Favorite Tourist Destination

Total **26 Honors** awarded in 2017.

# Business innovation brought new growth drivers

## Tourism Planning Consultancy



- China Travel Zhiye Culture Development (Shenzhen) Co.
- Guangxi Zuo river and You river Holiday Park 、 Guangdong Shaoguan Danxia mountain 、 Anji Yu village 、 Xinjiang Kalajun International tourism spot

## Tourism Project Management Contract



- Signed 17 Management Contracts: Ba mountain canyon, Qixi town, Luneng Hechuan dragon lake, Kasi resorts, Dan river lake , Baxian cave etc

## Holistic Tourism Development and Operation Service



- Signed a RMB 30 million strategic service agreement with Yangxi Yingli tourism development Co.

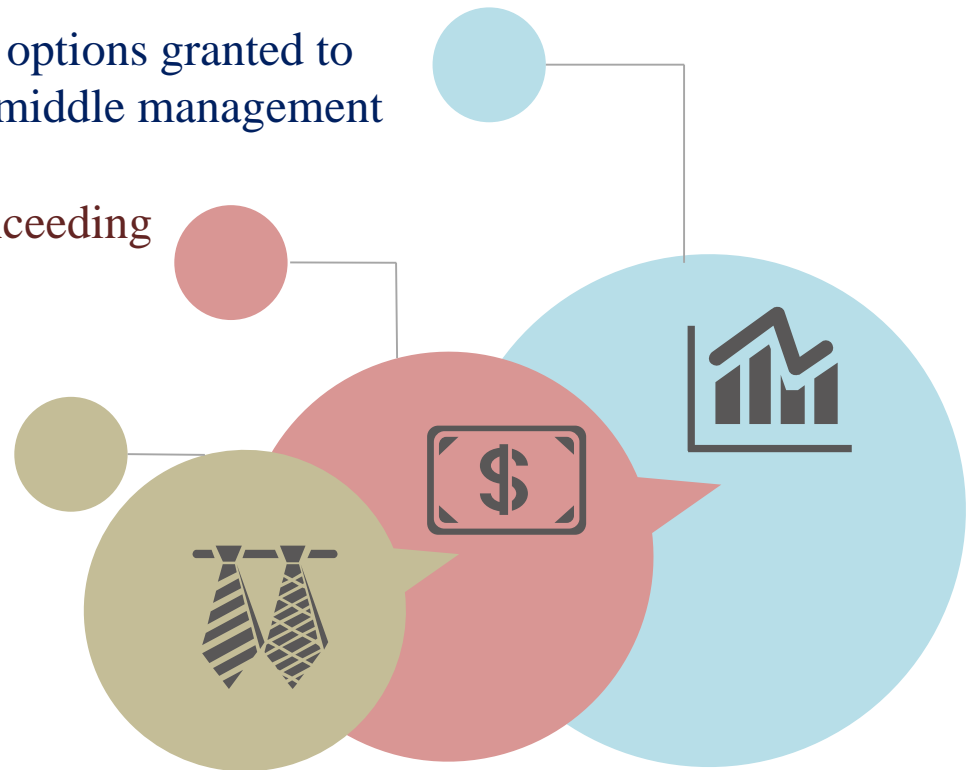


- Signed a tourism product planning service contract with Qidong, Jiangsu province



## Key Incentives Schemes

- Share options granted to senior & middle management
- Extra bonuses for exceeding business targets
- Management shareholding in new subsidiaries



➤ Business Review 3

➤ Development Outlook 10

➤ Financial Review 17



## Mong Kok storefront, Hung Hom warehouse

- Initiated disposal process of Mong Kok storefront
- Hung Hom warehouse re-development plan will kick off in 2018



## Hotels in Wanchai and Kowloon

- Reviewing strategic options to unlock the market value, including re-development





## Development of Land Reserves in Anji

- Obtained 56k m<sup>2</sup> of Phase II land reserves
- Obtained 21k m<sup>2</sup> of land reserves for business village
- Plan to complete product positioning and break ground within 2018



## Development of Land Reserves in Zhuhai

- 240k m<sup>2</sup> of Evergrande OSR real-estate, majority sold; profits will be recognized in 2018
- Subsequent 700k m<sup>2</sup> residential land reserves will start development in 2018

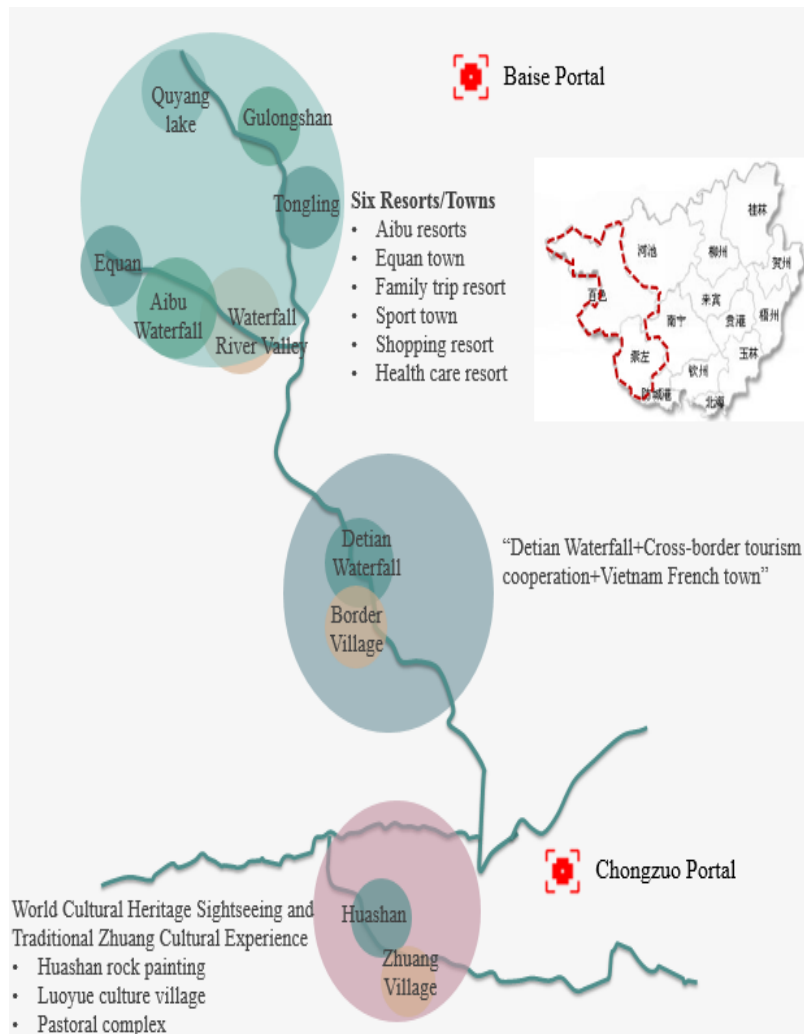


## Enrich product offerings in Shapotou

- Sun Resort project
- Star Resort project
- Desert World project
- Flying Island project

## Guangxi Province National Holiday Park

Development Outlook



- A paradise consists of springs, streams, lakes, canyons, waterfalls, and rivers.
- Cultural combination of China-Vietnam-France
- Lean on unique natural attractions and cultures, to develop resorts and tourism towns along the travel route



Scenic  
Tour



Transportation &  
Accommodation



Art  
Performance



Dining &  
Shopping

- Signed framework agreements for Detian and Huashan sites





## Songshan Shaolin International KongFu Town



- Use modern technology and VR presentation to activate local cultural tourism resources and provide unique experience of “Zen” & “KongFu”
  - Tourist bus service
  - Kong Fu & Zen theme resorts
  - Avenue of folk cultures and night tours
  - Hologram exhibit of Kong Fu & Zen
- Completed project design and started construction. Aim to open in 2020





# Strategically positioned to seize more tourism resources



## China Travel National Holiday Park

Develop natural & cultural scenic spot business in areas with abundant tourism attraction such as Yunnan, Sichuan, Guangxi

### Southwestern region

Chengdu Sancha lake, Dali Erhai mountain park, Heshun ancient town



### Guangxi region

Chongzuo Detian waterfall

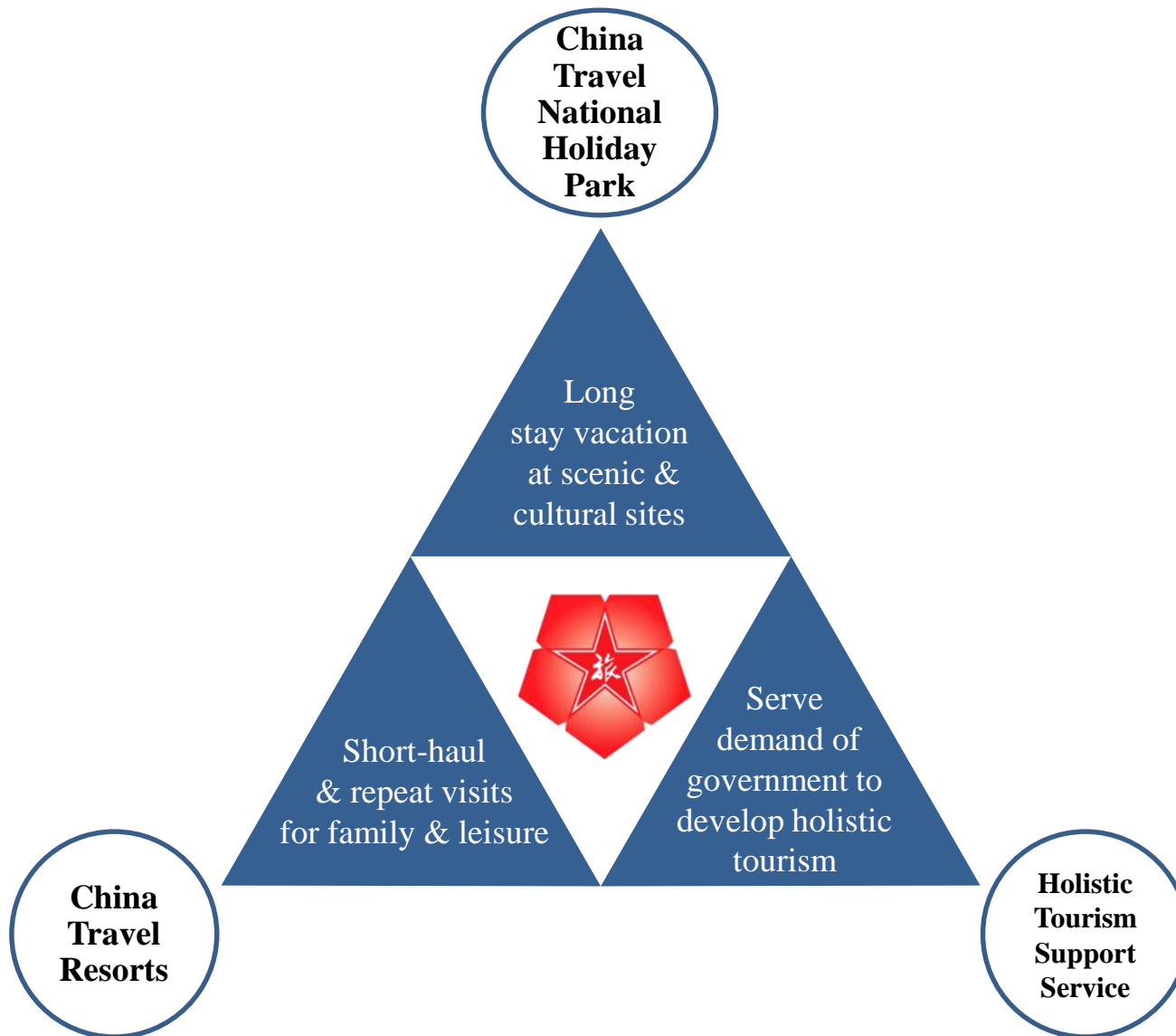


## China Travel Resorts

Develop leisure resorts destination in economically developed and major tourist source regions such as Greater-Bay area, Eastern region, and Beijing tri-provinces area

### Greater-Bay area Guangzhou Dragon lake





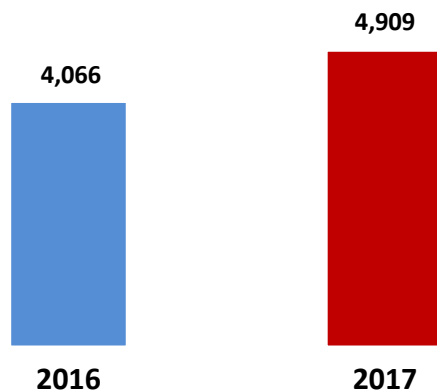
➤ Business Review	3
➤ Development Outlook	10
➤ Financial Review	17



# Robust Growth of Revenue and Profit

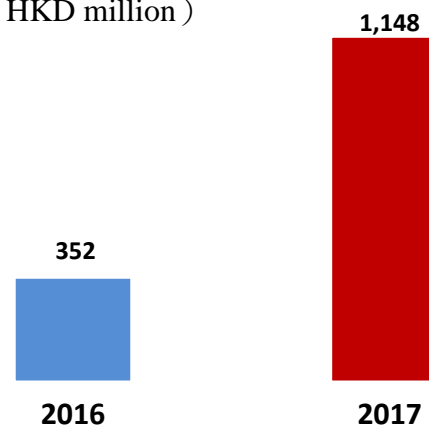
## Revenue +21%

( HKD million )



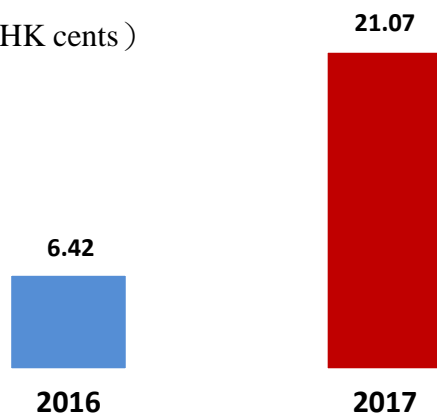
## Profit attributable to shareholders +226%

( HKD million )

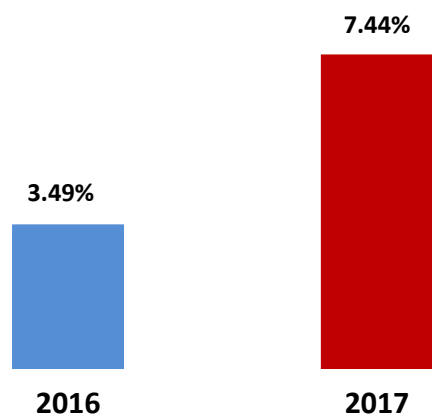


## Basic earnings per share +228%

( HK cents )



## ROA +3.95pts



# Key Indicators at a Glance

(HKD million) 12 months ended December 31	2017	2016	%
Revenue	4,909	4,066	21%
Profit attributable to shareholders	1,148	352	226%
Core tourism profit attributable to shareholders	1,106	413	168%
Basic earnings per share (HK cents)	21.07	6.42	228%
Annual dividend per share (HK cents)	8.5	4.0	113%
Final dividend per share (HK cents)	5.5	2.0	175%
Dividend payout ratio	40.3%	62.3%	-

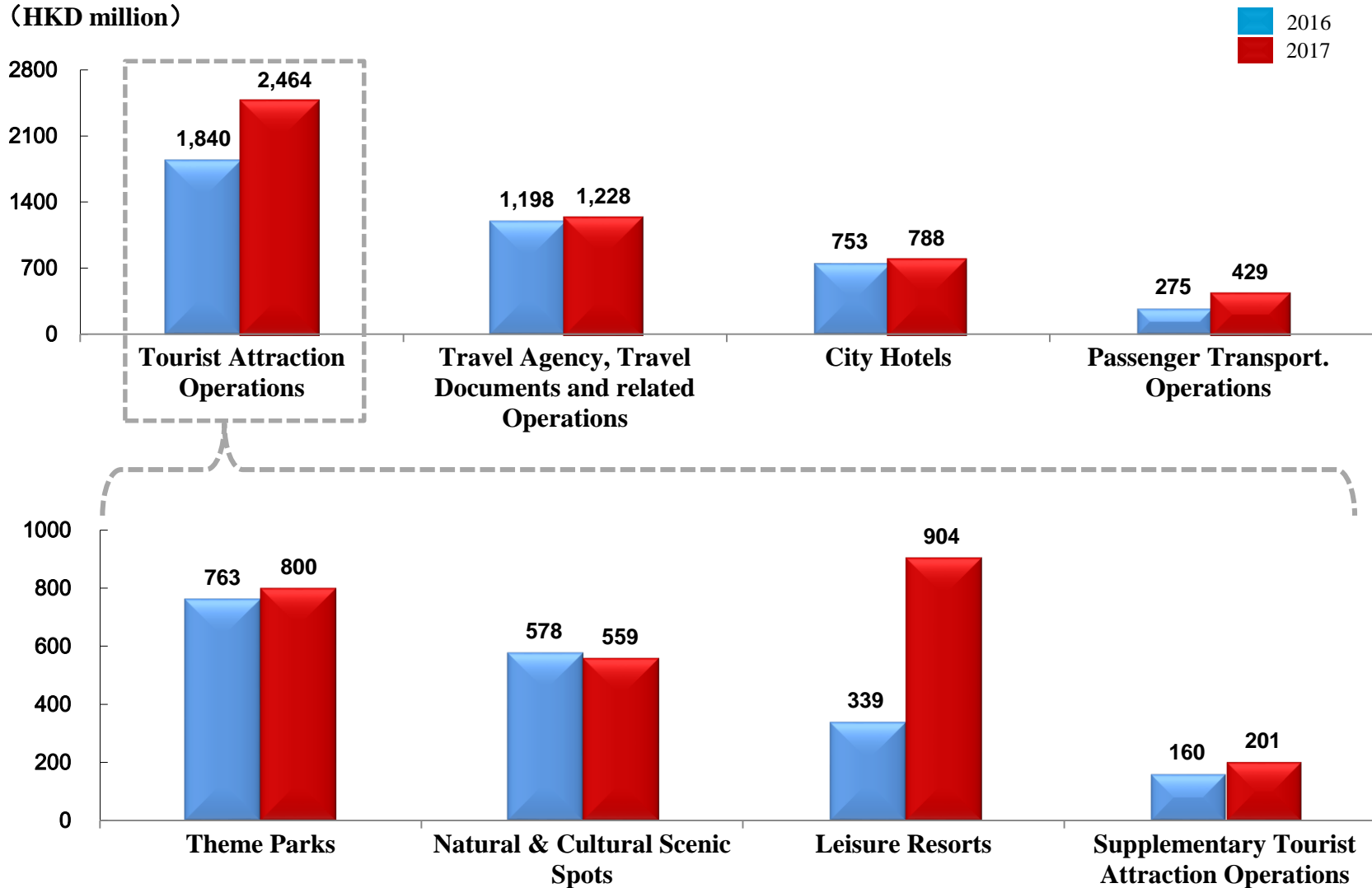
HKD (in billion)	2017	2016
Total assets	22.1	20.0
Equity attributable to shareholders	16.2	14.7
Net asset value per share(HK\$)	2.98	2.69
Balance of funds*	5.2	4.8
Asset to Debt ratio	21.4%	21.0%

\*Balance of funds : Cash and bank balances and wealth management products, etc.

# Revenue Breakdown

## Revenue

(HKD million)

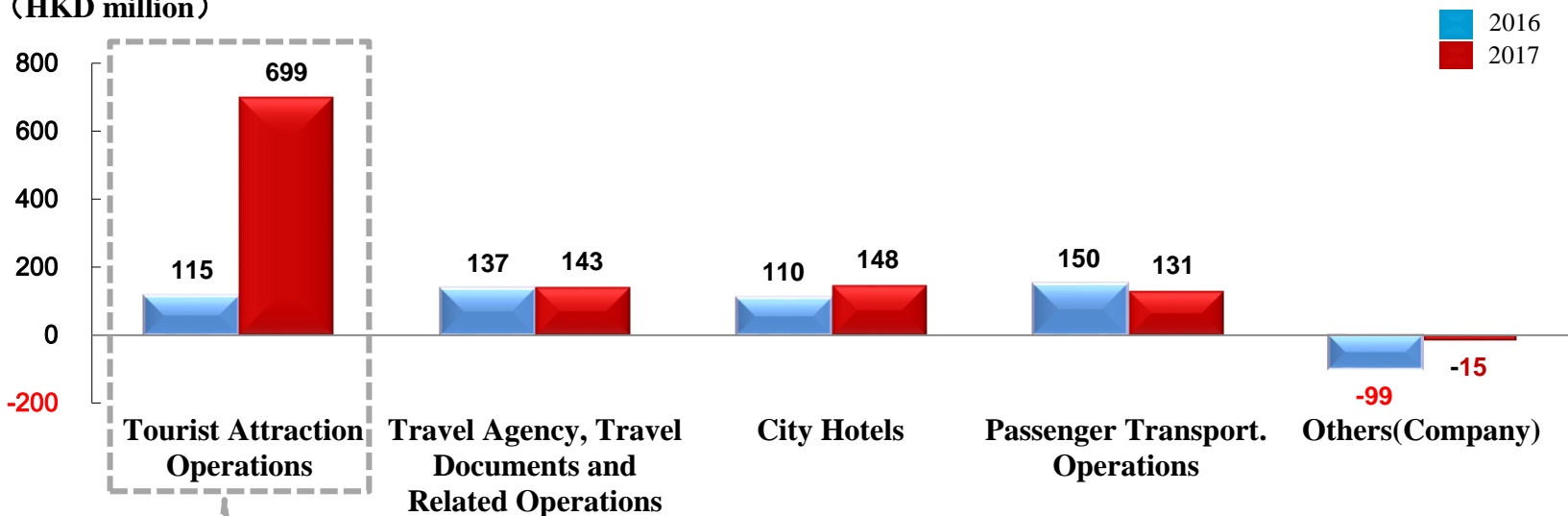




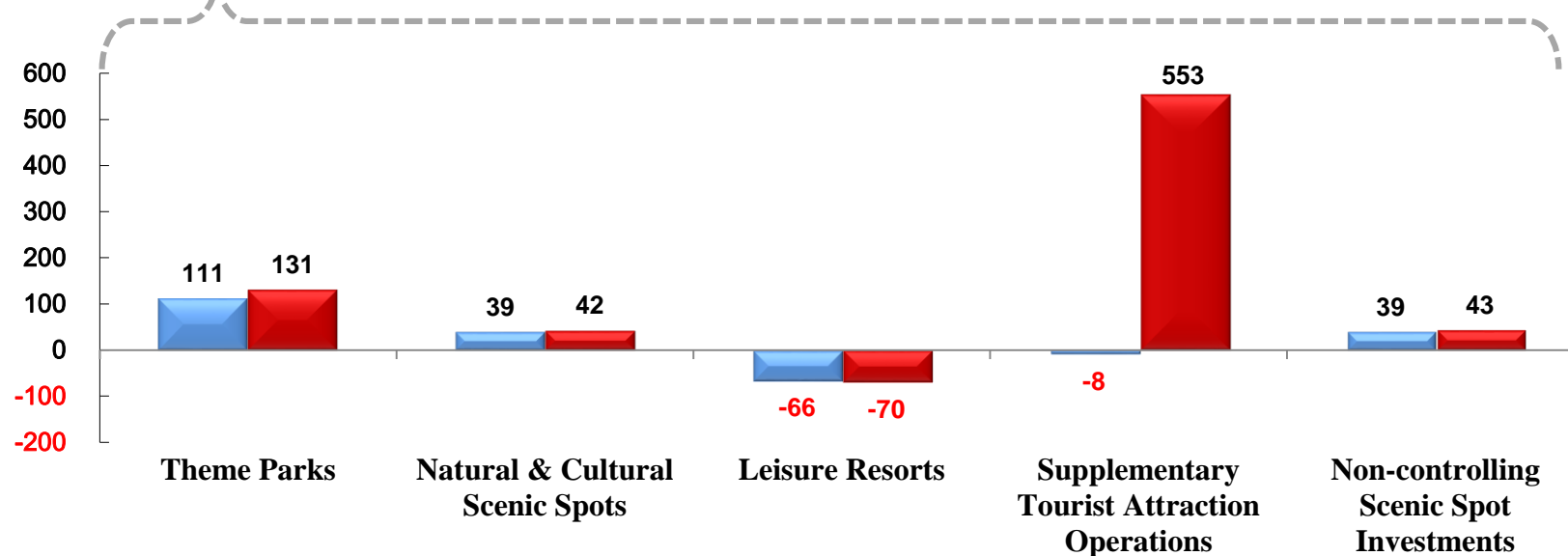
# Operating Profit Breakdown

## Attributable Operating Profit

(HKD million)



Financial Review



# 1 Tourist Attraction Operations

## Theme Parks

( HKD million )	2016	2017
Revenue	763	800
Attributable operating profit	111	131

- Visitor volume maintained steady growth
- Revenue up 5% YoY, attributable operating profit up 18% YoY

### Window of the World

- Visitor volume increased by 6% YoY
- Revenue increased by 24.2 million(+5%), profit increased by 19.9 million (+23%) YoY

### Splendid China

- Visitor volume increased by 8% YoY
- Revenue increased by 13 million (+6%) YoY, profit remained flat



# 1 Tourist Attraction Operations

## Natural & Cultural Scenic Spot Destinations

( HKD million )	2016	2017
Revenue	578	559
Attributable operating profit	39	42

- Revenue declined due to disposal of Jigongshan in 2016
- Financial contribution from new marketing and product development will be gradually reflected in coming years

### Songshan Scenic Spot

- Visitor volume increased by 110k (+4%) YoY
- Revenue remained stable

### Shapotou Scenic Spot

- Visitor volume increased by 140k (+12%)
- Revenue increased by 2%



# 1 Tourist Attraction Operations

## Leisure Resort Destinations

	( HKD million )	2016	2017
Real estate	Revenue	-	586
	Attributable operating profit	-17	5

- Significantly increased revenue brought by sales of Anji and Zhuhai OSR Garden real estate
- Marketing expenses of Zhuhai Evergrande project partly offset the recognized profit
- Revenue & profit of Evergrande real estate sales yet to be recognized in 2018

	( HKD million )	2016	2017
Leisure Resort	Revenue	339	318
	Attributable operating profit	-49	-75

- Performance of Zhuhai OSR was stable
- Increase in loss was mainly driven by soft opening expenses of Club Med resort at Anji





# 1 Tourist Attraction Operations

## Others

	( HKD million )	2016	2017
Supplementary Tourist Attraction Operations	Revenue	160	201
	Attributable operating profit	-8	553

### Heaven Creation Art Performance

- Driven by business model innovation initiative, consultancy of inventive tourism design & planning, revenue grew 113%

	( HKD million )	2016	2017
Non- controlling scenic spot investments	Revenue	N/A	N/A
	Attributable operating profit	39	43

### Non-controlling scenic spot investments

- Patrons of Huangshan Yuping cable car have increased substantially since upgrade in 2016, driving profit growth

## 2 Travel Agency, Travel Document and Passenger Transportation Operations

Travel Agency, Travel Document : Revenue and profit up 2% & 4% YoY

Passenger Transportation Operations : Revenue increased by 56% YoY, profit declined by 12% YoY

### Travel Document

Travel Document business recovered, overall revenue and profit saw improvement

### Travel Agency

Revenue and profit remained stable

### China Travel Tours Transportation Services

As Macau operation converted from jointly-controlled to a subsidiary, consolidated revenue increased 56%, profit remained flat

### Shun Tak-China Travel Ferry

Higher fuel prices and vessel maintenance expenses resulted in decline of profit



(HKD million)	2016	2017	%
Revenue	753	788	+5%
Attributable operating profit	110	148	+34%

- Hotel sector saw growth in both revenue and profit, especially hotels in HK and Macau recorded double-digit growth

Key Indicator	Hotels in HK and Macau (HKD)			Hotels in Mainland (RMB)		
	2016	2017	Change rate	2016	2017	Change rate
Average Occupancy rate	86%	93%	+7pts	59%	67%	+8pts
Average Room rate	759	809	+7%	450	620	+38%

#### Hotels in HK and Macau

- In light of steady recovery of HK & Macau tourism, average occupancy % increased 7 pts and ADR increased 7% YoY
- Revenue recorded double-digit growth, GOP increased as well

#### Hotel in Mainland

- Yangzhou hotel disposed in 2017, only one hotel (Beijing) remained in Mainland. Average occupancy % and ADR increased by 8pts and 38% respectively, driving growth in both revenue and profit

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