



香港 **中旅** 國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

Stock Code : 308

2019 Annual Results Announcement



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Major Events in 2019



1

Project Investment

Detian Scenic Spot, with 1.5 Million visitors in 2019, located in Daxin County, Chongzuo City, Guangxi

2

Share Acquisition

Entered into a share transfer agreement with STHL, pursuant to which the Group shall acquire additional 21% issued shares of Shun Tak-China Travel (STCT) to 50%, which would become a non-wholly-owned subsidiary of the Company. On the same date, the Company and STHL would transfer their respective existing passenger bus operations in HK and Macao into STCT.

3

Business streamlining

Withdrawing from non-advantageous businesses-travel agency business.

4

Self development

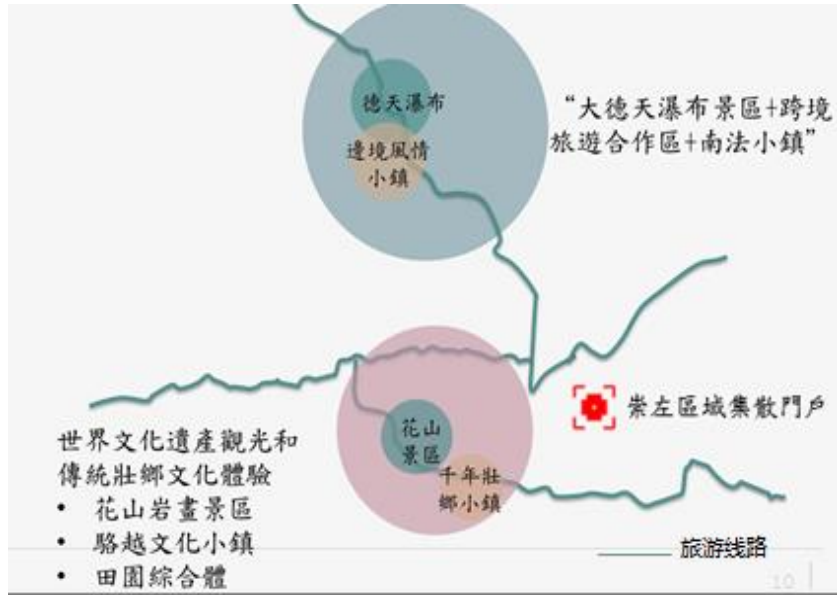
Terminated cooperation with Evergrande Real Estate, the group independently develops the Zhuhai OSR Phase 2 Project so as to capture more profit from land appreciation.

5

Asset Revitalization

The Hung Hom land redevelopment is currently under construction. Significantly unlocking the land value by turning a warehouse into a 500-room hotel

New projects provide growth momentum



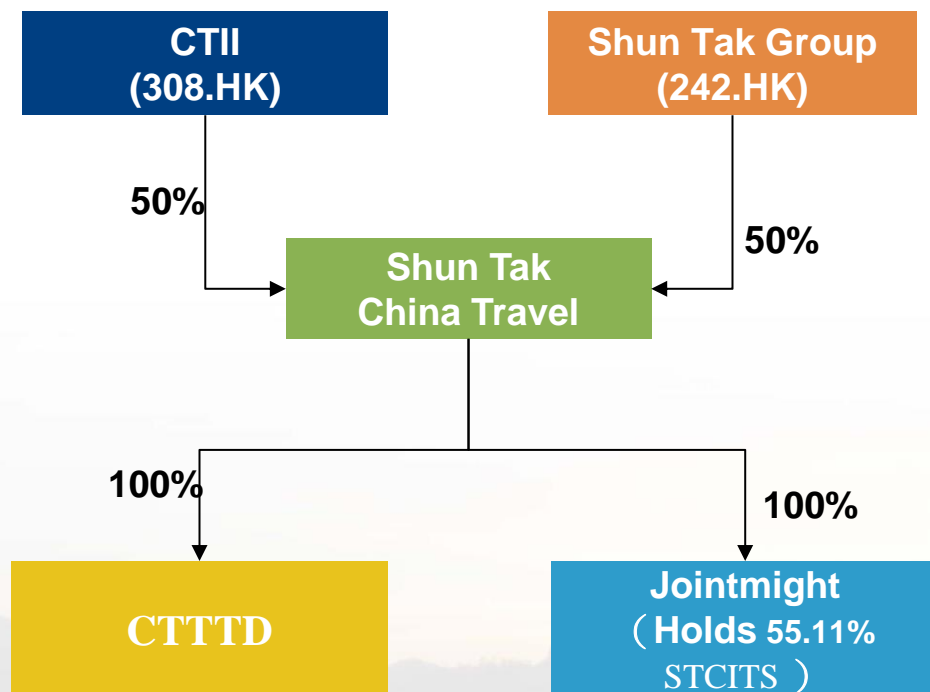
- French-Vietnamese customs, the Luo Yue ancestral culture, and the historical charm of UNESCO World Heritage - Huashan rock paintings.
- China's first cross-border tourism cooperation zone with a size of 4 square kilometers (2 km² in China, 2 km² in Vietnam).
- Revenue exceeded 100 million, and the profit contribution nearly reached 20 million in 2019.
- In 2020, the scheduled debut of new experience projects, including a new night-time light show, which is expected to further enhance the per capita consumption in the park.



Cross-border Transportation Business Integration

In March 2020, **CTII** and **Shun Tak Group** entered into a share transfer, pursuant to which CTII shall acquire 21% issued shares of **Shun Tak-China Travel**. Upon completing the acquisition, the Company would indirectly hold 50% issued shares of Shun Tak-China Travel, which would become a non-wholly-owned subsidiary of the Company.

At the same time, the two parties merged **CTTTD** and **STCITS** into **Shun Tak China Travel** in a bid to build a tourism-transportation investment and operation platform in the Greater Bay Area by boosting synergy among the Company's road and sea transport, hotel, tourism and other segments, and the scale and diversity of its passenger transport operations in the area.

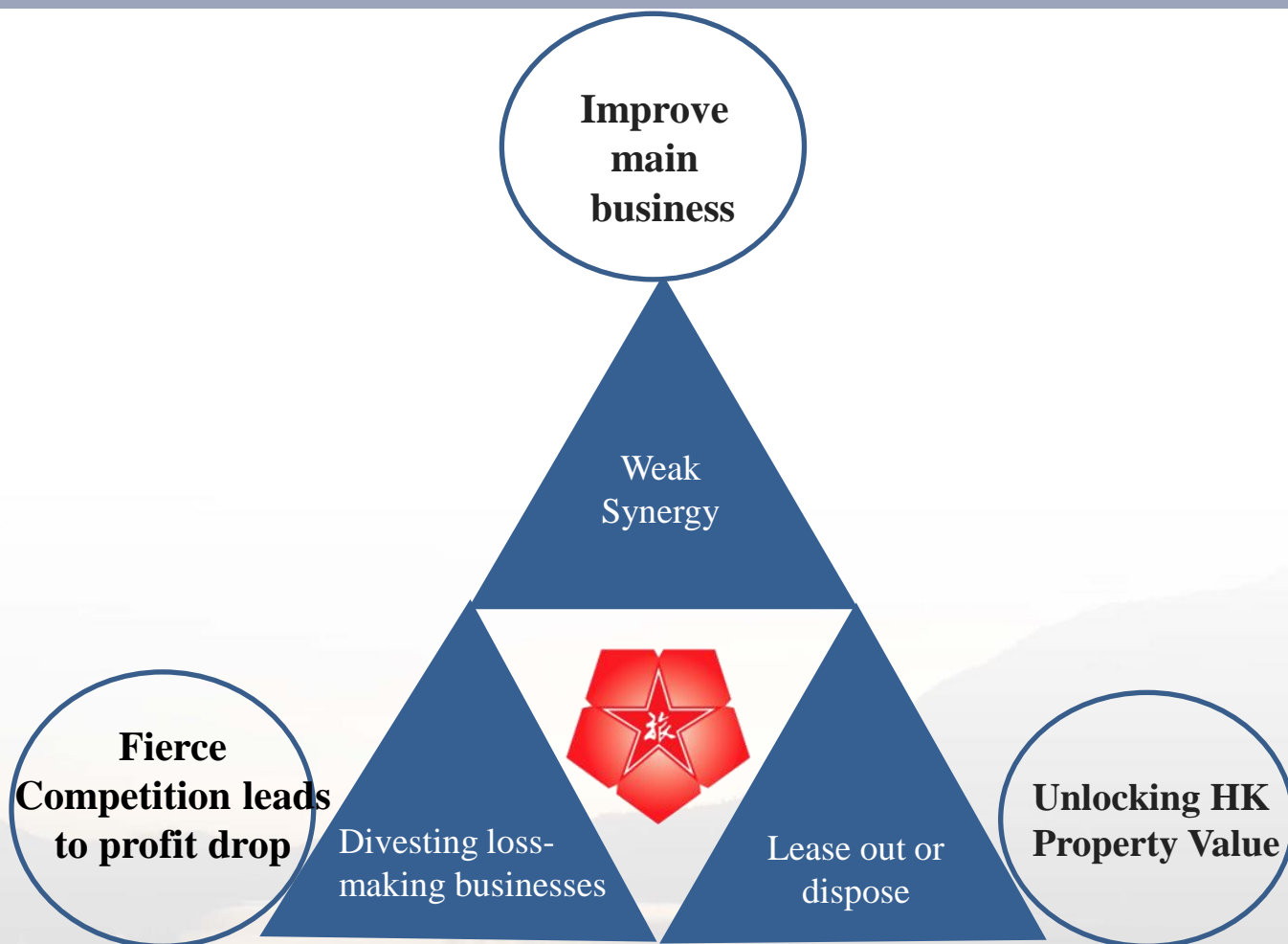


- After reorganization, Shun Tak China Travel will become a company with 2 billion annual revenue.
- After the COVID-19 and HK social events, the company will seize the opportunities in the Greater Bay Area and expect to turn into profit in 2021.

Business restructuring that aims to increase asset value

Withdrew from non-advantageous businesses—travel agency

To enable the Group to improve its existing asset structure, increase property income and further clarify its strategic position.



Expedite project development



After ending the cooperation with Evergrande, we will develop the Zhuhai OSR Phase 2 land independently to maximize asset returns, strengthen interaction between travel destination operations and tourism real estate business.



The Group obtained government approval to change the land use to hotel use in 2018. After design, geological survey and other preparation, the Hung Hom warehouse redevelopment commenced construction in December 2019.

HK social unrest

In the first half of 2019, Hong Kong and Macao hotel business and cross-border passenger transportation business both maintained growth. However, In the second half of the year, social unrest in Hong Kong has drove down the revenue and profits, however both businesses still maintained positive cash flow.

COVID-19



Measures for disease prevention and control



Reduce costs, operating management fees, sales expenses, etc.

- **Natural cost reduction:** due to suspension of business, direct business costs, energy costs and other variable costs have been reduced accordingly.
- **Active cost reduction:** reduce professional fees, implement preferential policies for epidemic prevention in various regions, reduce variable labor costs,

Promote digital transformation development and strengthen online marketing

- Introduce some thematic activities in cooperation with OTA . Commence the online direct sales activities, pre-sale so as to increase project exposure and market popularity. Part of the pre-sale income can be recorded as revenue;
- Scenic spots are promoting the smart applications, such as "Scenic Area Code" and "Face Recognition" technology..

Enhance product renewal and staff training in the existing scenic spots

- Promotes the design and implementation of experience-based projects, and communicates with the government for industrial policy support;
- Use various online platforms and other methods to organize online training on epidemic prevention and control, enhance professional skills and knowledge so as to improve employee productivity.

Seize this opportunity to seek investment projects



Future outlook



A first-class tourism destination investor and operation service provider

We focus on acquiring more tourism resources and enlarging customer base, through developing innovative products to fulfil customer demand.



Project upgrades provide new growth



**Desert, Yellow River and Grassland
diversified experience in one destination**



Star Hotel project aims for a Phase I opening in 2020. It will develop a new “scenic spot + characteristic hotel” tourism model to facilitate transformation via recreational products

**Tourism
Real Estate**

**Leisure
Resort**

**Supplementary
amenities**



Anji Company won the bid for residential-use land in the phase II resort area of its project and is at the stage of planning submission. The construction is scheduled to begin in 2020. .



Revitalize the warehouse for hotel development



The hotel rebuilt from Hong-hum Warehouse is expected to open in 2023. It aims to capture the HK business opportunities after current crises.

Cross-Border night scenery- Night Detian



Night Detian project is about to debut in 2020. The business hour will be extended to night time, which will help drive income through more traffic and spending increase per visitor.

Amusement project developments enhance destination experience



Window of the World

Design trendy new products and events to attract more customers, and renovate indoor ski park.



Splendid China

Implement the scenic viewing mini-train, broaden marketing channels, and strengthen the management service business.



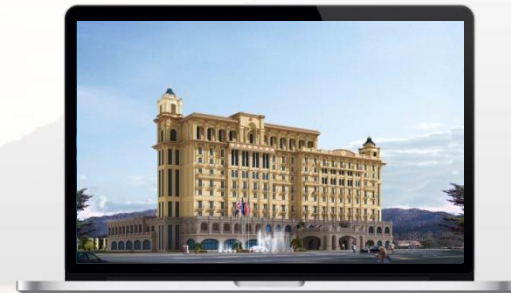
Zhuhai OSR

Polish the "OSR" brand by enrich its product offerings. Bring out the beauty of OSR to further enhance the tourism nature of the asset.

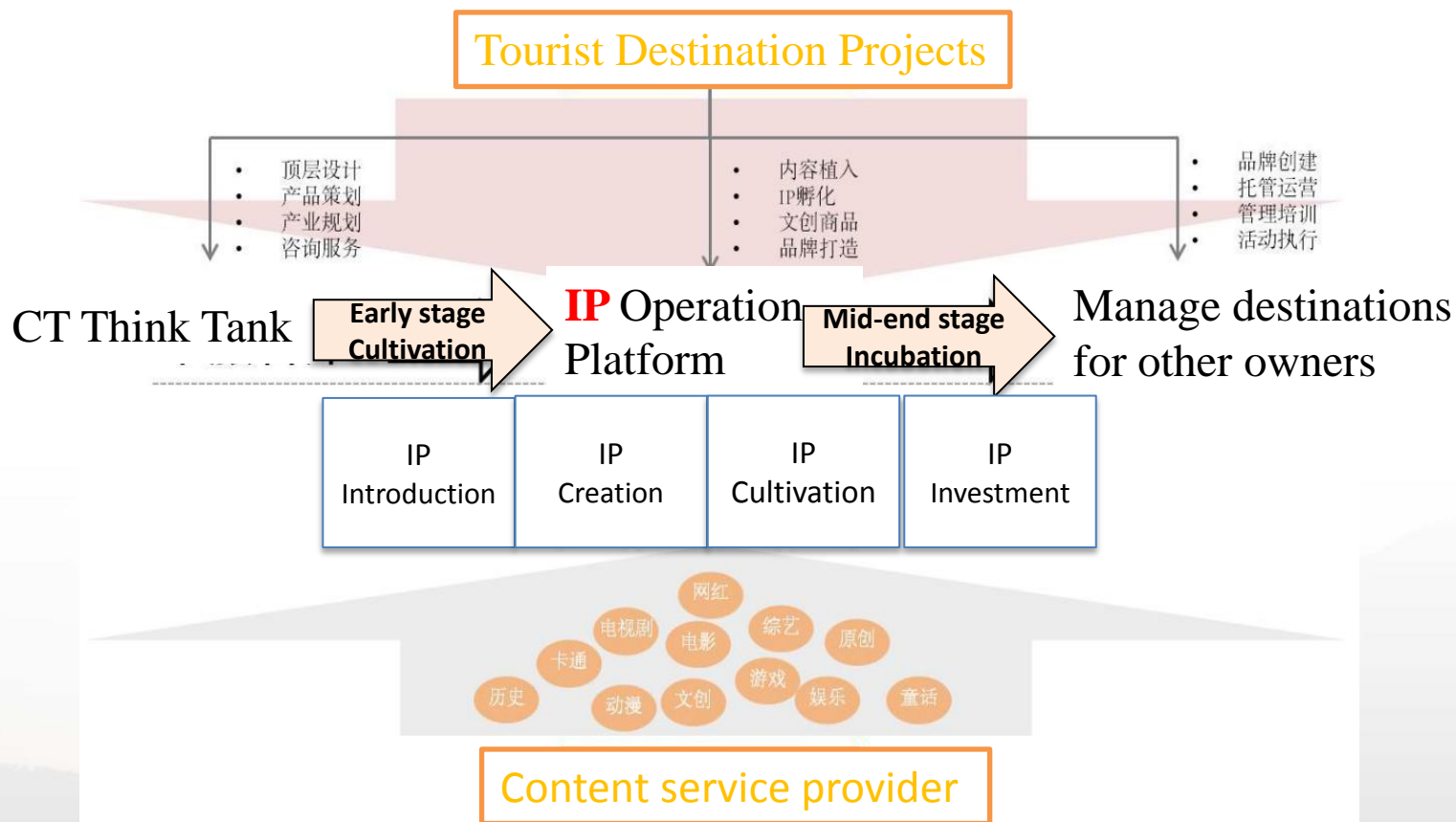


Xianyang OSR

The hot spring center will be redesigned and renovated. Will actively attract business and group customers to optimize the customer structure.



Integrated IP incubation and operation into tourism destination operation for our own assets and for other assets that's under our management.



Expand our foot print to new destinations



Actively seeking to invest tourism related projects within China (Xinjiang, Guangdong, Guangxi, Yunnan, Sichuan, etc.)



**Luzhou,
Sichuan**



**Xinjiang
Ski Ranch**

Expand our foot print to new destinations



Acquire tourism related projects in world-renowned destinations like Maldives, Sri Lanka, Japan, etc.

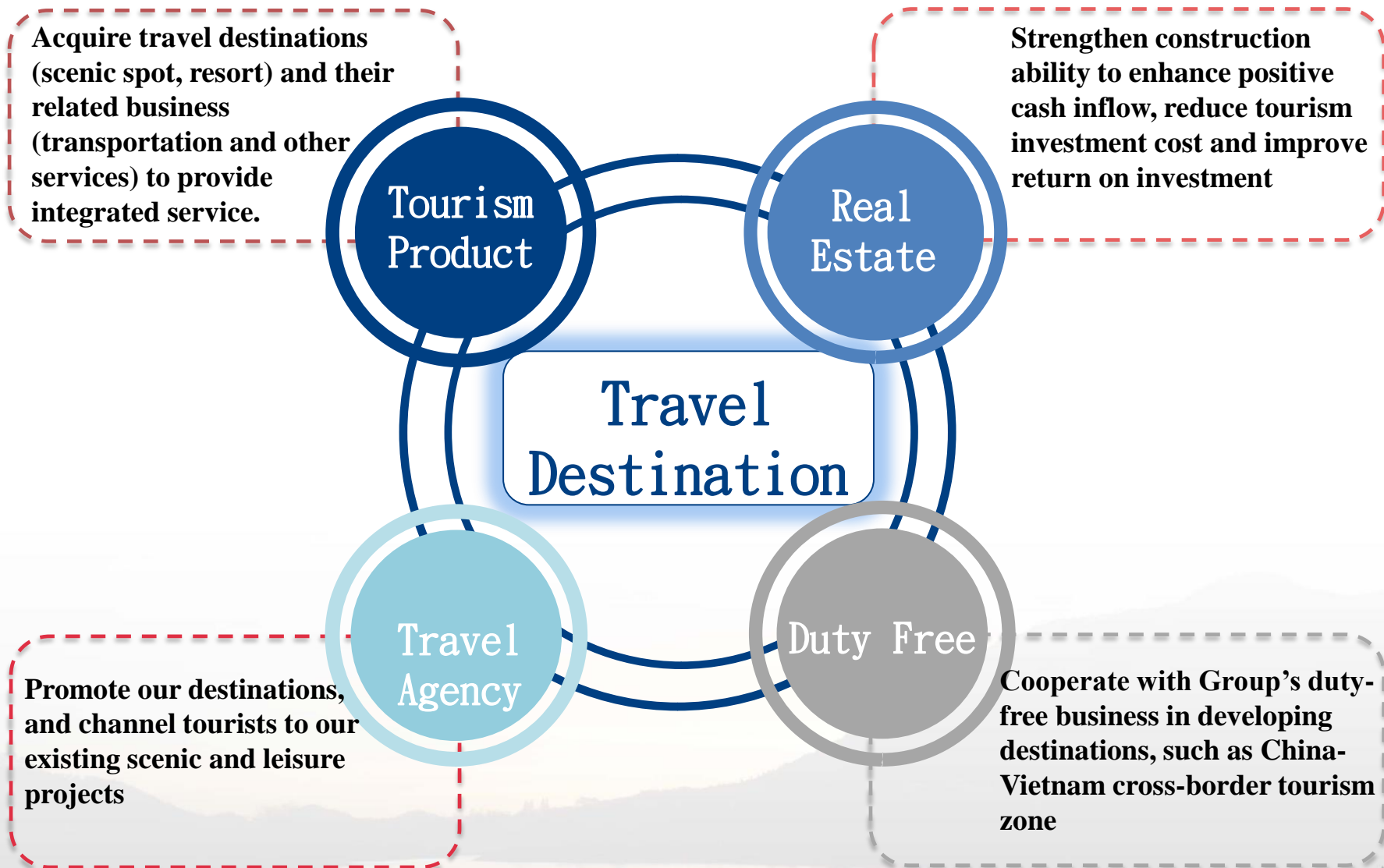


Maldives



Japan

Explore synergy within parent holding group





Financial Review



Key Indicators at a Glance



HKD (in millions)	2019	2018	%
Revenue	4,477	4,518	-1%
Profit before tax	734	1,039	-29%
Profit attributable to operations	387	687	-44%
Earning per share (HK cents)	7.08	12.60	-44%
Dividend per share (HK cents)	3.00	3.00	0%

- The domestic Tourist Attraction Operations business maintained stable (up 1%).**
This year, the revenue contribution from Detian Scenic Spot 100 million, and the Zhuhai Haiquan Garden Project 40 million helped mitigate the income decline.
- The Hotel business in Hong Kong dropped by 120 million (down 17%YoY).**
Passenger Transportation business expanded revenue scale through business expansion, which also helped mitigate the income drop in Hotel business.

Healthy Balance Sheet



HKD (in billions)	As of December 31,2019	As of December 31,2018
Total assets	21.8	21.5
Equity attributable to shareholders	16.1	16.0
Net asset value per share *(HK\$)	2.94	2.94
Balance of funds*	3.78	4.05
Asset to Debt ratio	20.34%	20.36%

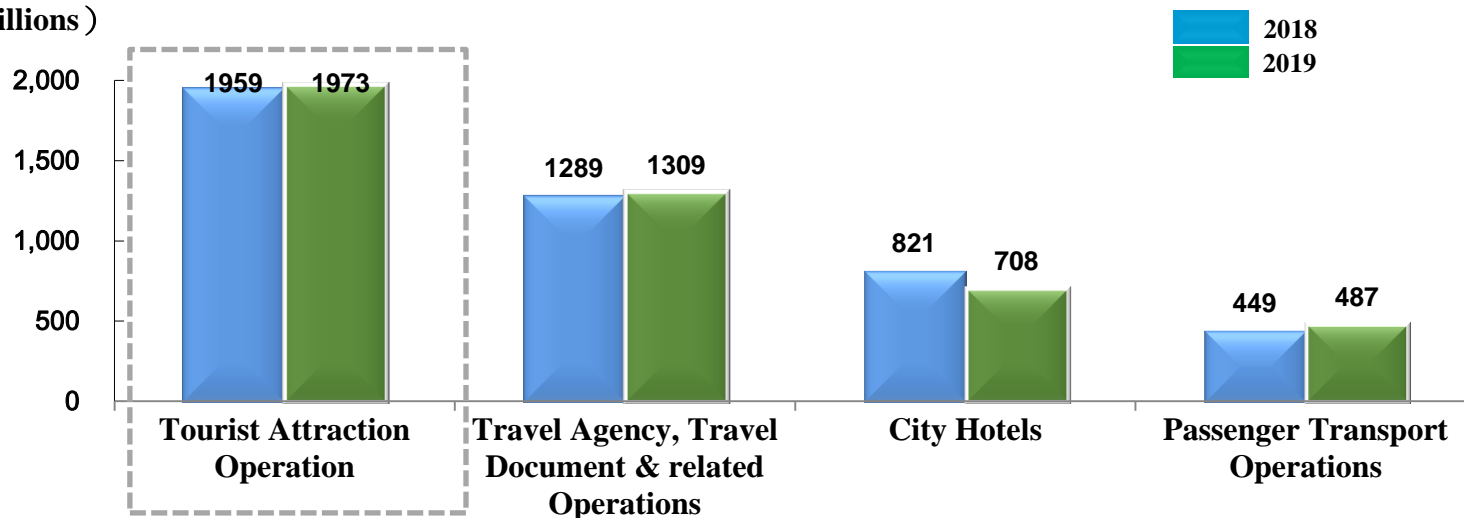
***Balance of Fund : cash and bank balances and other wealth management products, etc. The decrease in balance is mainly due to the payment of Detian Investment, etc.**

Revenue Breakdown

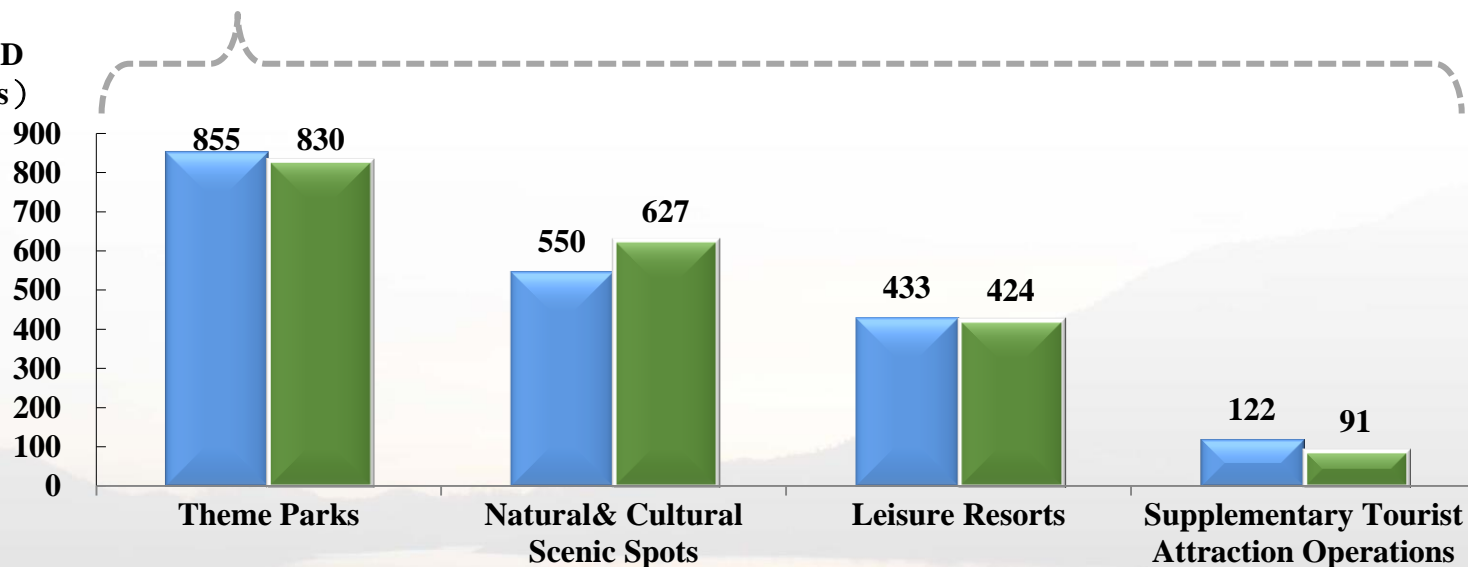


Revenue

(HKD millions)



(HKD millions)



Operating Profit Breakdown

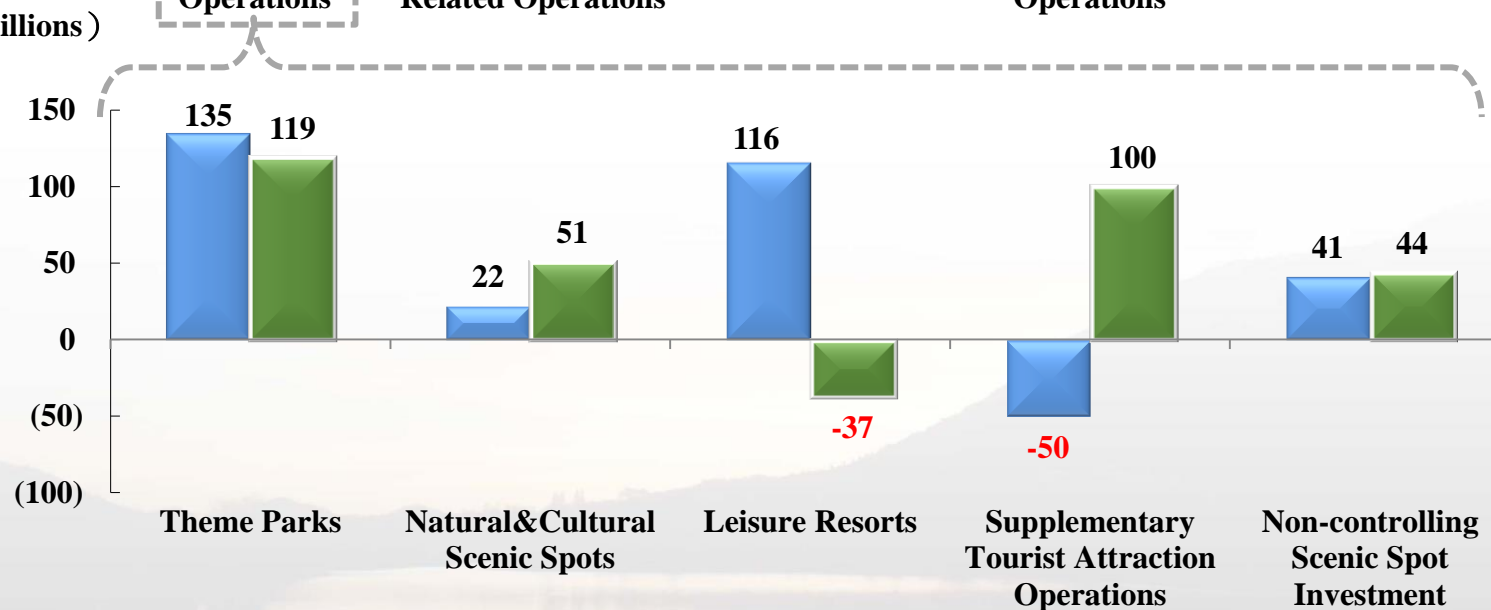


Attributable Operating Profit

(HKD millions)



(HKD millions)





1. Tourist Attraction Operations

Theme Parks

(HKD million)	2019	2018
Revenue	830	855
Attributable Operating Profit	119	135

- ★ Revenue drop 3% YoY while profit fell 12%YoY.

Window of the World

- The RMB book revenue remained stable, with a slight increase yoy.
- Margins fell slightly, mainly due to rising labor costs, increased maintenance costs, and performance costs.

Splendid China

- The RMB book revenue and profit rose slightly yoy, but adversely affected by deteriorating RMB.

Natural & Cultural Scenic Spots

(HKD million)	2019	2018
Revenue	627	550
Attributable Operating Profit	51	22

- ★ Contribution from Detianpolished overall performance, with income increased by 14% and and profits increased by 135% YoY.

Detian Scenic Spot

- Visitor number reached 1.48 million, with per capita consumption of 55 yuan.
- Revenue was 102 million while profits was 20 million.

Shapotou Scenic Spot

- Gradually recovered from the environmental protection restriction.
- Newly launched Experience-based program drove per capita consumption, which leads a profit increase by 199%.

1. Tourist Attraction Operations(cont.)



Leisure Resort Destination

-Real estate

(HKD million)	2019	2018
Revenue	58	27
Attributable Operating Profit	33	217

Real Estate

- Zhuhai property project drove revenue up.
- Anji real estate phase 1 project reached completion, cease to contribute more profit, with annual income around 18 million. Anji real estate phase 2 is under development.

Leisure Resort Destination

-Leisure Resort

(HKD million)	2019	2018
Revenue	366	406
Attributable Operating Profit	-70	-101

Leisure Resort

- Cost control measures lead to narrowing loss of Zhuhai OSR and Xianyang OSR .
- Visitors of Anji hotel rose by 23% but the RevPAR drop 36%.Still in ramp-up period, adjusting to cater a broader market.

1. Tourist Attraction Operations(cont)

Supplementary Tourist Attraction Operations

(HKD million)	2019	2018
Revenue	91	122
Attributable Operating Profit	100	-50

- The Profit jump is mainly due to the one-off gain from Juhao Golf Club.
- 15 contracts awarded by CT Zhiye with total contract amount of 70 million. Only 22 million realized in the period.

Non-controlling scenic spot investment

(HKD million)	2019	2018
Revenue	N/A	N/A
Attributable Operating Profit	44	41

- Profit increased by 6%YoY,mainly due to Huangshan YuPing cable car business.

2. Travel Agency, Travel Document

Travel Agency, Travel Document

- Total revenue rose 2%YoY. .
- Profit drop 16% YoY mainly due to the impact from social unrest in second half of 2019 caused revenue decrease.

3. Passenger Transportation Operations

Passenger Transportation Operations

- Revenue increased by 8% YoY mainly due to income from new service lines, enlarged fleet and new car rental business. However, the profit dropped by 85%YoY due to the impact from social unrest, thin margin from the new business.
- Shun Tak China Travel Ferry (29%) was adversely impacted by the social unrest and the opening of the HK-Macau-Zhuhai Bridge. Total passenger volume drop by 28%YoY.



4. City Hotels

(HKD million)	2019		2018		%	
Revenue	708		821		-14%	
Attributable Operating Profit	81		163		-50%	
Key Indicator	Hotels in HK and Macau(HKD)			Beijing Metropark Hotel (RMB)		
	2019	2018	%	2019	2018	%
Average Occupancy rate	89.6%	92.6%	-3pct.	75%	56%	+19pct
Average Room rate	712	892	-20.2%	639	670	-4.6%

- **Overall performance of the Hotel business declined with revenue and profit decreased by 14% and 50%.**

Hotels in HK and Macau : Adversely affected by the HK social unrest in the second half of 2019, both revenue and profit took a hit accordingly.

Beijing Metropark Hotel : Average occupancy rate rose by 19%



Investor Relations:

Hong Kong :Tel: (852) 2853 3111

Email: ir@hkcts.com



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CHINA TRAVEL INTERNATIONAL INVESTMENT H.K.LTD