



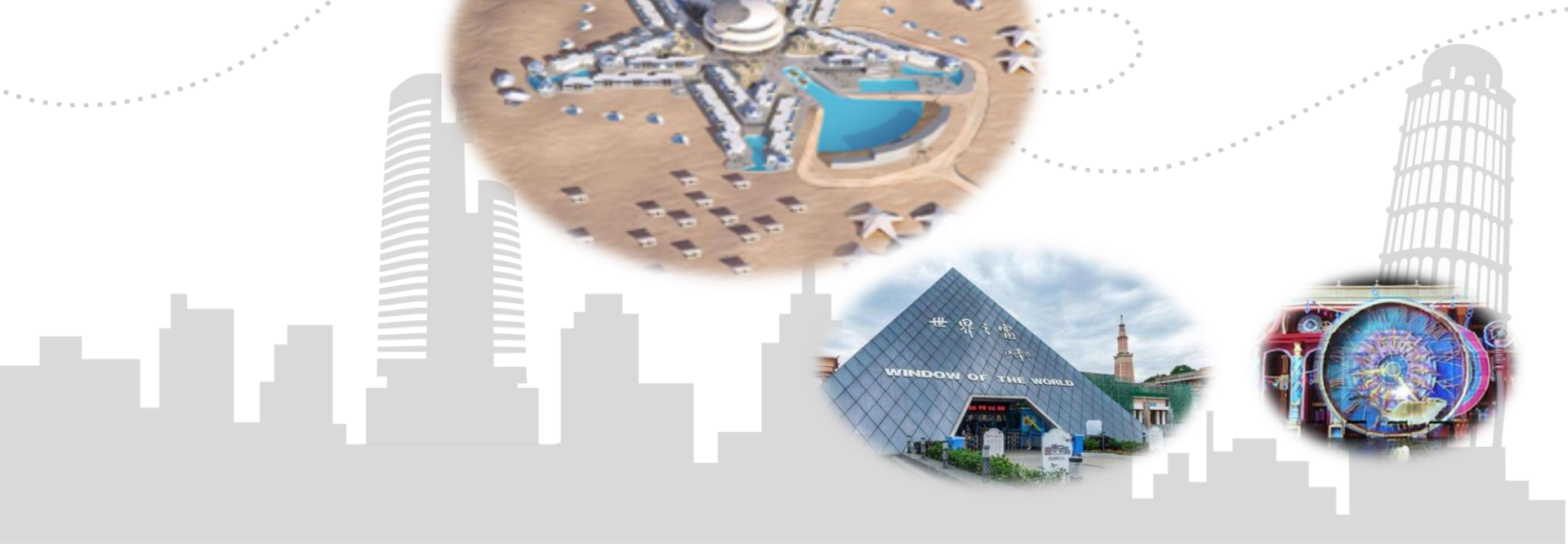
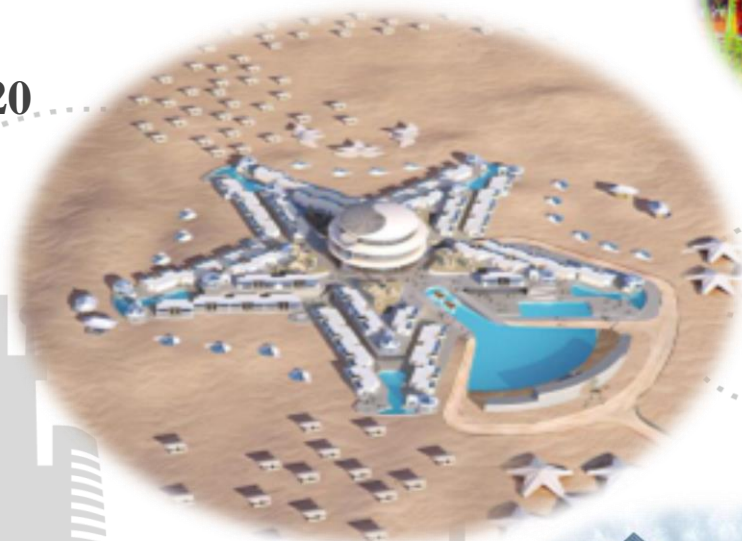
香港**中旅**國際投資有限公司
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

股份代號：308



2020 Interim Results Announcement

August 31st, 2020



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Business Review



Major Events in 1H2020



- 1 Tackle Covid-19**

Took various effective measures against Covid-19 while maintaining corporate liquidity and cash flow.
- 2 Vehicle & Vessel Integration**

Further integrated the cross-border vehicle and vessel business of Shun Tak-China Travel to create a comprehensive tourism transportation investment and operation platform in the Greater Bay Area.
- 3 Product Innovation**

Expedited the creation of new products and new models in both Detian Scenic Spot and Shapotou Scenic Spot.
- 4 Tourism Real Estate**

Promoted the development of tourism real estate in Zhuhai OSR Phase II, Anji Phase II and Xianyang OSR so as to enhance the overall value of the resort projects.
- 5 Project Investment**

Completed Luzhou Laojiao project in Sichuan. Both projects in Tibet and Xinjiang have reached milestone success and now actively pursuing opportunities in Guangdong and Zhejiang provinces.
- 6 Asset Revitalization**

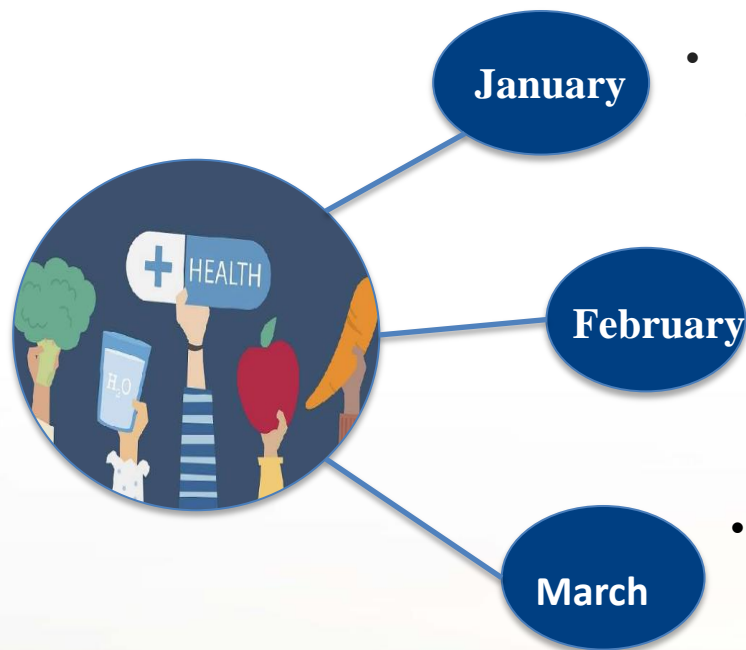
Hip Kee Godown (No.3) in Hung Hom is being converted into a hotel. The land value and development potential has been greatly improved.

1 Tackle Covid-19



COVID-19 Impact

In 1H 2020, due to the impact of the covid-19, the number of tourist arrivals in Hong Kong, Macau and the Mainland has dropped significantly, which negatively impact the financial performance of the Group's entire business.



- Scenic Spots and resorts in Mainland China ceased to operate from January 25.
- The ferry service of Shun Tak-China Travel and the coach business of CTTTD has been suspended since February 4 and February 8 respectively.
- In mid-March, Scenic spots and resorts in Mainland China resumed operation after obtaining the government consent.

At present, the local business within Mainland China and Hong Kong has resumed operation, but the cross-border passenger business is still suspended due to border closure.

1 Tackle Covid-19 (Cont'd)



Measures Adopted

- Deployed various operation management so as to strengthen the **cash flow** position.
- All subsidiaries actively minimized costs by controlling energy expenses, office expenses, various professional fees and actively sought supporting funding that provided by governments in various regions to enhance cash flow.
- Take advantage of this period to promote product innovation, project implementation, and digital transformation. At the same time promote organizational optimization and employee ability so as to lay the foundation for subsequent development.
- Quickly implemented various prevention and control measures. Grasp the opportunity of cross-provincial tourism under the normalization of the epidemic situation by offering various new products.

Maintain healthy liquidity

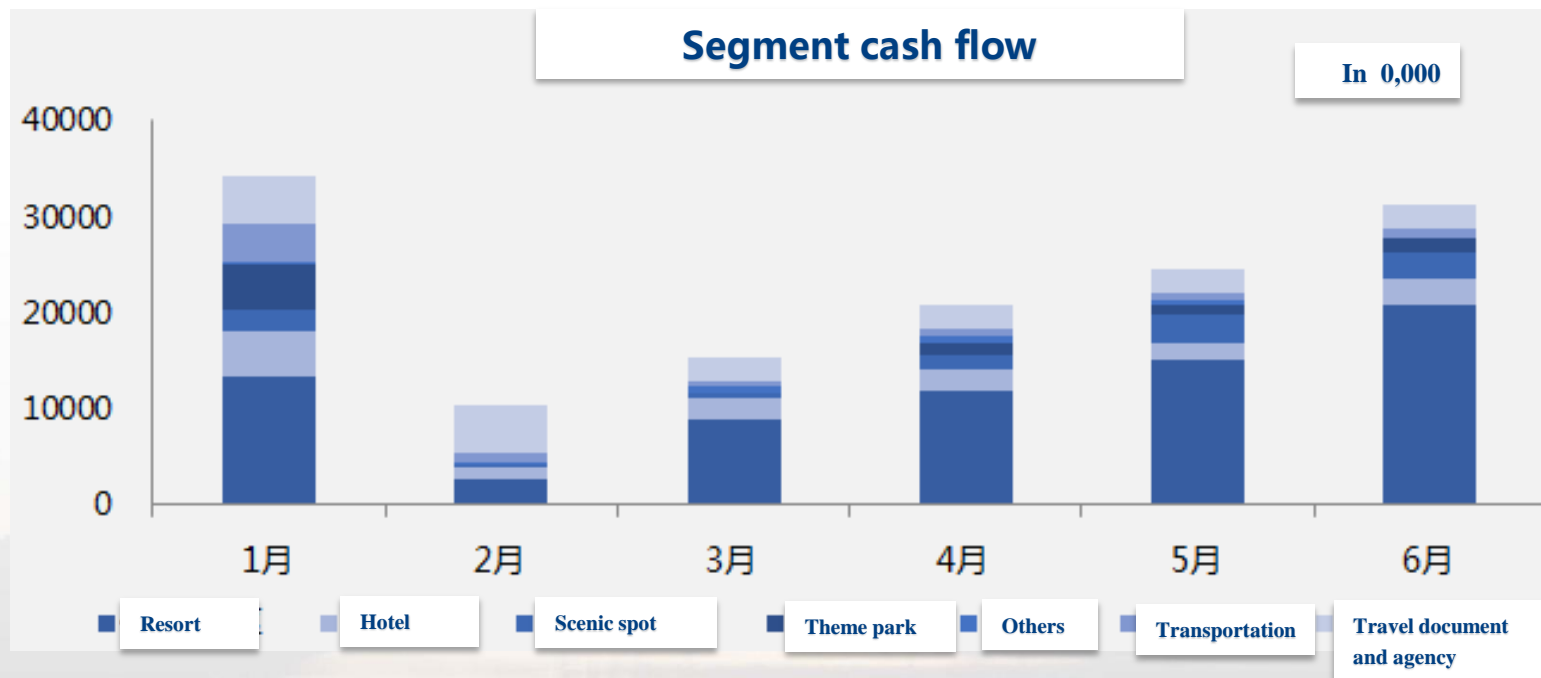
- Maintain adequate liquidity
- Total funding exceeds HK\$ 2.9 billion
- Unused credit line approximately HK\$1.9 billion

1 Tackle Covid-19 (Cont'd)



Managing operation cash flow

- Ever since Mainland China gradually resumed normal business, operational cash flow started picking up.
- Tourism real state contributed considerably ;
- Hotel and transportation business are still hard hit by the epidemic in Hong Kong .

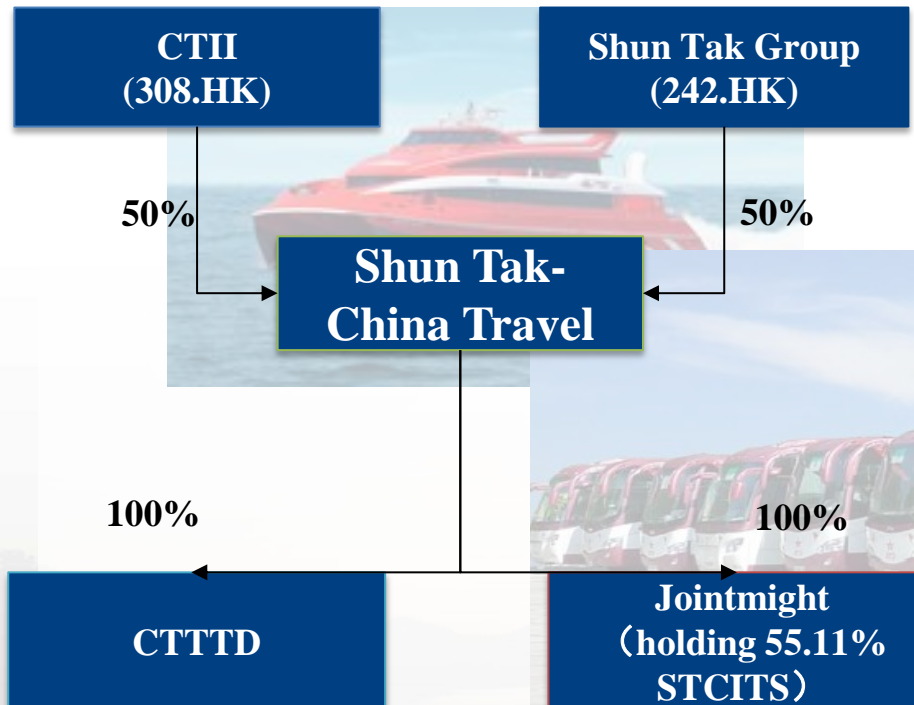


2 Vehicle and Vessel Integration



In March 2020, CTII and Shun Tak Group entered into an agreement which allowed CTII to increase its stake in **Shun Tak – China Travel Shipping Investments Limited** to 50% and consolidated the financial statements. At the same time, the two parties agreed to merge CTTTD and STCITS into Shun Tak-China Travel. The transaction was completed in July.

Upon completion, Shun Tak-China Travel will be one of the biggest tourism transportation investment and operation platform in the Greater Bay Area. It will further enhance our strategic layout and integrate our tourism industrial chain to capture greater business opportunities in the region.



STCT will adopt structural optimization and cost management in response to external changes, will seize investment and development opportunities in passenger transportation in the Greater Bay Area and other regions so as to create new profit growth drivers.





Detian Scenic Spot actively introduces new tourism products to attract tourists and to extend their visit time to stimulate more consumption.

“Far-sighted View of Vietnam” allows tourists to overlook the beautiful scenery of neighboring Vietnam.



“Night Detian” is Asia's first immersive cross-country nightshow project, which uses mountains and rivers as a setting to depict the love story of a frog deified man and a young lady. It was launched in the summer.

“Sino-Vietnam Cross Border Duty Free shopping Street” finished construction and ready to welcome retailers and tourists.



3 Product Innovation (cont'd)



Shapotou Scenic Spot will continue the development of **Star Hotel**, which is the start of a new “scenic spot + characteristic hotel” tourism model which could facilitate upgrading tourism destination via offering varies recreational products, such as hot springs, homestay lodgings, shows and nighttime tours.

Its launch of 45 keys of completed desert-view detached villas for trial operations attracted high occupancy rate, become a regional internet sensation. The Star Hotel phase I project is planned to commence full operation with additional keys during 2H 2020.



4 Tourism Real Estate



Promote the development of **Tourism real estate** and enhance the overall value of resort projects.



Zhuhai OSR phase II

- Area of 117,900 m².
- Pre-sale started in November 2019.
- Currently constructing the main structure.

Anji Phase II

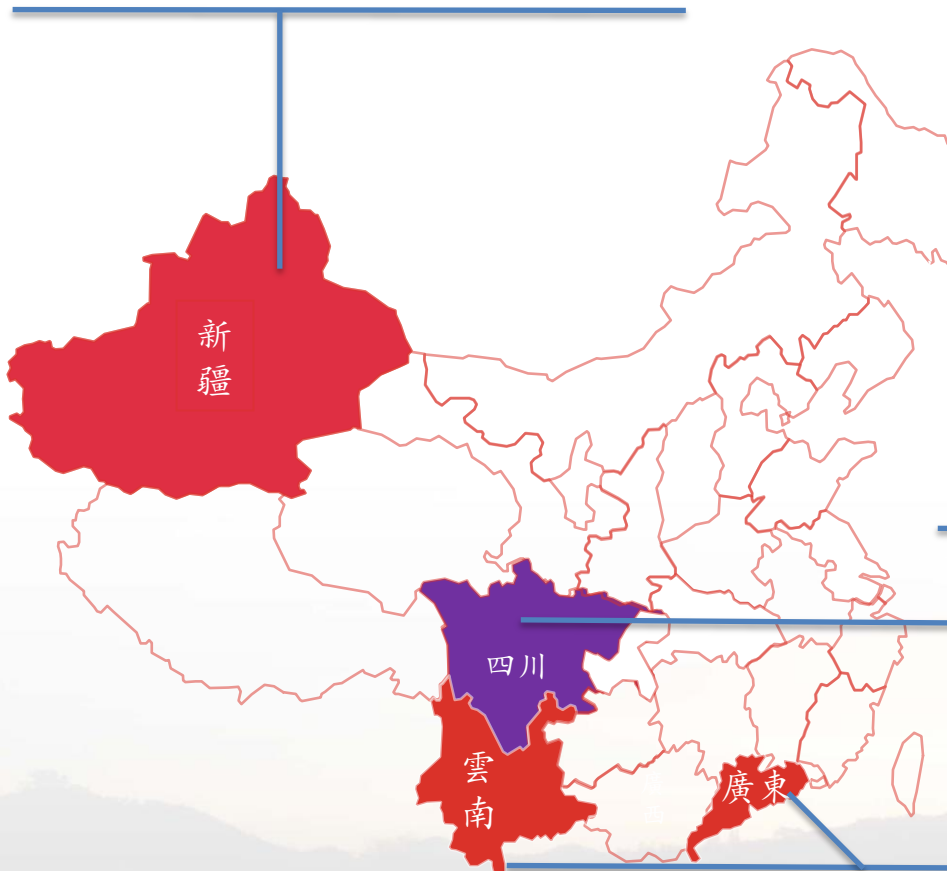
- Area of 56,000 m².
- Pre-sale is expected to start in the Q42020.
- Currently laying the foundation

XianYang OSR

- Area of 30,000 m².
- Pre-sale started in December 2019.
- Currently constructing the main structure

5 Project Investment

- The Xinjiang and Tibet projects reached a preliminary cooperation agreement.



- The **Luzhou Laojiao** project in Sichuan has been successfully executed.

- Actively pursuing business opportunities in **Guangdong and Zhejiang** provinces.

6 Asset Revitalization

Hip Kee Godown (No.3) hotel development

- The Hung Hom warehouse is converted into a hotel, which greatly improved the land value and development potential.
- Designed to open in early 2024 with more than 500 guest rooms, the hotel is aiming to attract mid to high-end customers.

Demolition
started in
December
2019

Demolition
completed
in April
2020

Applied for
foundation
construction
permit in May

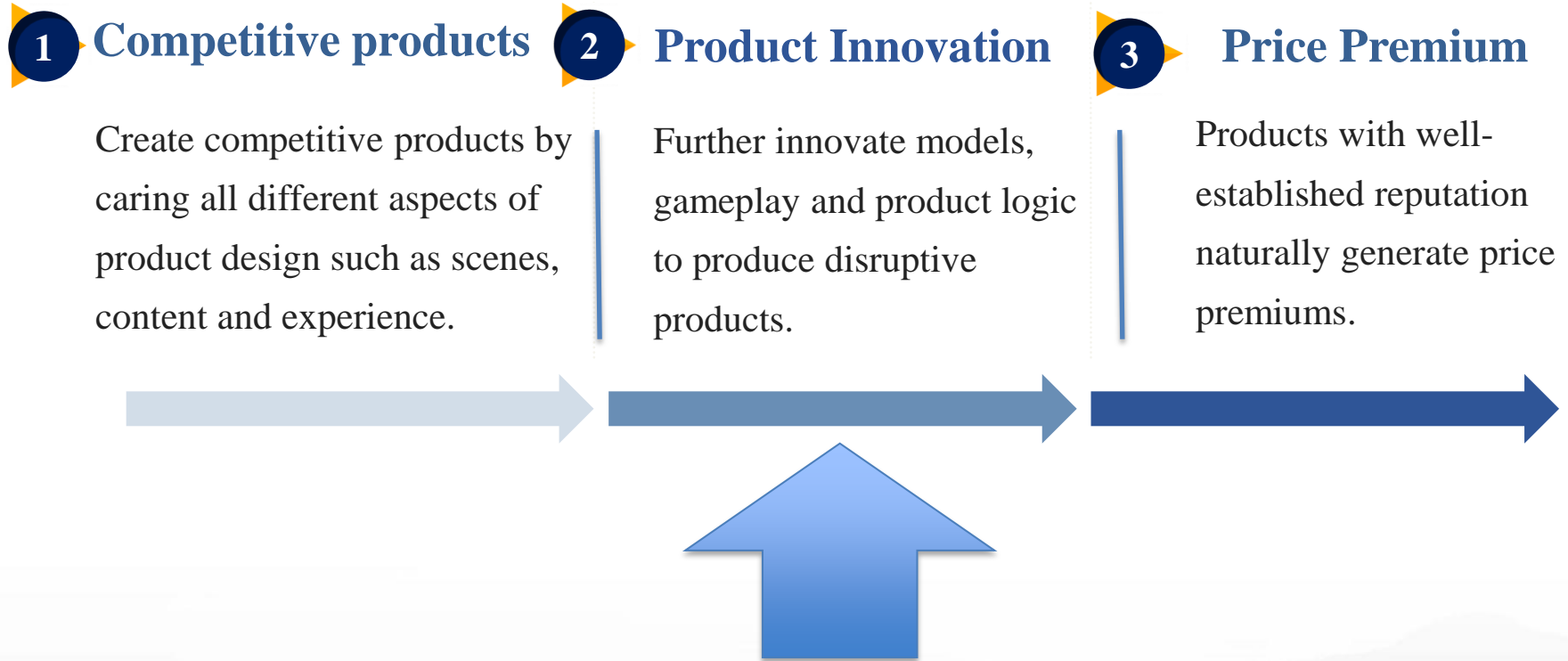
Foundation
construction
started in
July





Work Arrangement





- ❑ Cultivate and strengthen our own capabilities.
- ❑ Systematically acquire or create high-quality IP
- ❑ Strengthen cooperation and integration, and learn from the best.

Maintain operation: Cash flow of theme parks, scenic spots, resorts and hotels are expected to improve. The group has enough cash flow to support each business unit through this difficult time.

1

Cost Control

1. Cut variable cost.
2. Apply for government grants.
3. Reorganize corporate structure. Merge Detain and Huashan into one regional company to cut back house cost.

2

Revenue boost

1. Product renovation: Stir up innovation through competition and rewards.
2. New business: Luzhou project in Sichuan will promote white wine and Changjiang related cultural tourism; Obtain more new business in Yangtze River Delta and Pearl River Delta.

3

Cash flow stimulates

1. Anji company: In 2H, property project in BC district is expected to finish construction; Phase II real state will start presale.
2. Zhuhai OSR: construction will be completed next year.
3. Xianyang OSR: expected to finish construction in 2021/2022.

Digital transformation



Leading digital transformation with data and traffic, focusing on service business and operation, realizing continuous empowerment of digital transformation.

1 LOTS operating platform application

Setting Detian Scenic Spot as a pilot to implement a new business model that involves expanding single scenic spot to an integrated tourism destination.

2 Collaborated marketing platform

Coordinate the launch of a marketing platform and membership system to integrate online and offline traffic.

3 Integrated Management Platform

Rebuild business processes and management models through informatization and digitalization

4 Smart tourism and digital marketing

Carry out information upgrading and smart tourism on scenic spots and resorts to improve service standards and digital marketing.

5 Informatization and smart community

Advance the real estate informatization.
Upgrade large-scale operation system.
Establish integrated marketing.
Construct smart community.



Window of the World

The 3D projection project was launched in 1H 2020 while the indoor ski field is scheduled to open in 2H 2020 after renovation.



Splendid China

Integrated three themes- "splashing water + night market + night show" to boost revenue. Dragon sightseeing cable car will be launched in 2H 2020.



Zhuhai OSR

Take advantages of "tourism + real estate" concept to boost traffic. Renovate Neptune Hotel and polish the "OSR" brand



Xianyang OSR

The hot spring center is scheduled to open in 2H 2020. It will seek more business and group travelers to optimize its customer structure.



**Tourism development opportunities
around major cities**

**Invest in areas
with rich tourism resources**



Actively pursue tourism business opportunities around the Greater Bay Area and the Yangtze River Delta.

Acquisition of scenic spot projects in areas with rich tourism resources such as Yunnan and Xinjiang.

Expand overseas tourist destinations business

Focus on world-renown tourist destinations.

Pursue tourism opportunities in **Maldives**, **Sri Lanka** and **Japan**.



Japan



Maldives



Sri Lanka



Financial Review



Key Indicators at a Glance



HKD (in millions)	1H 2020	1H 2019	%
Revenue	571	2,220	-74%
Profit before tax	- 663	638	-204%
Profit attributable to shareholders	-443	419	-206%
Basic earning per share (HK cents)	-8.01	7.69	N/A
Dividend per share (HK cents)	0	3	N/A

Affected by COVID-19 epidemic, overall revenue declined and profits turned into losses:

1. The tourist attraction operation business declined by HK\$ 690 M (down 75%).

After the outbreak of COVID-19 early this year, domestic tourism and related businesses were completely closed until mid-March. The income of theme parks, natural scenic spots and leisure resorts was greatly impacted. However, the real estate sales were satisfactory and the receipt exceeded HK\$ 500M.

2. Hong Kong business (hotel, travel agency & transport) fell by HK\$960 M (down 74%).

Due to the border closure in an attempt to contain the virus in February. Our business in Hong Kong has been severely affected, especially the passenger transportation business. Some hotels offered discounts to locals and provided hospitality to quarantine customers to boost revenue.

Healthy Balance Sheet



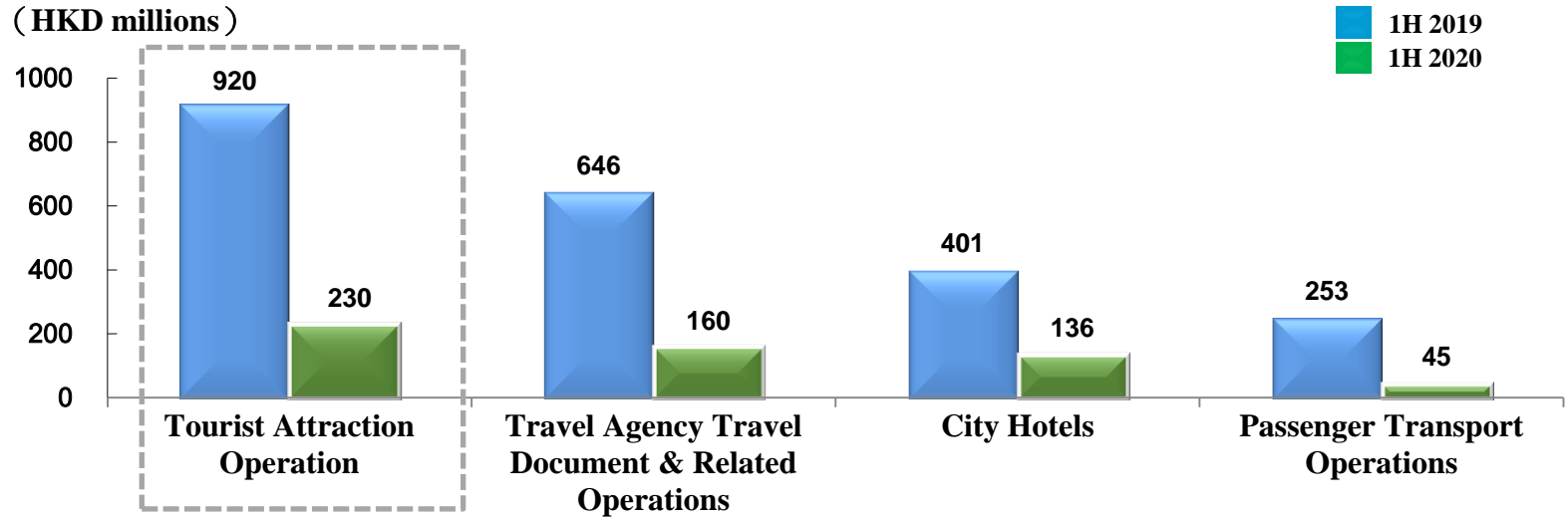
HKD (in billions)	As of June 30,2020	As of December31,2019
Total assets	21.5	21.8
Equity attributable to shareholders	15.5	16.1
Net asset value per share *(HK\$)	2.79	2.94
Balance of funds*	2.9	3.4
Asset to Debt ratio	22.54%	20.34%

*Fund balance: cash and bank balances and other wealth management products, etc. **The decrease in balance is mainly due to land payment for three land plots in Jintang County, Chengdu.**

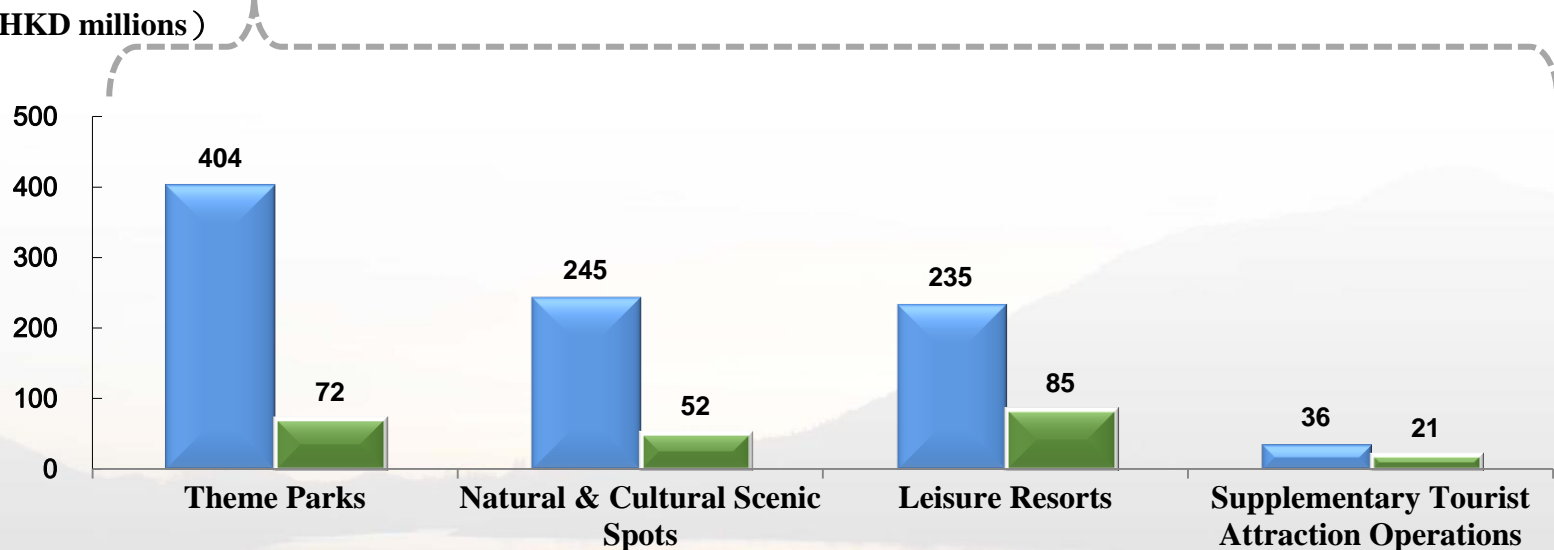
Revenue Breakdown

Revenue

(HKD millions)



(HKD millions)

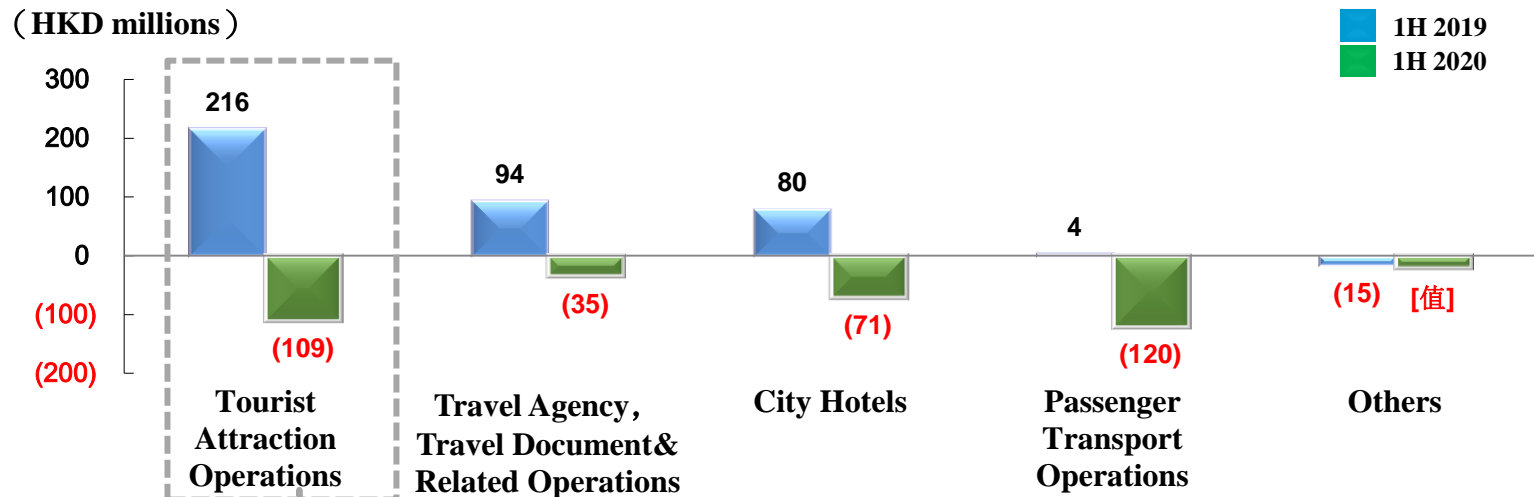


Operating Profit Breakdown

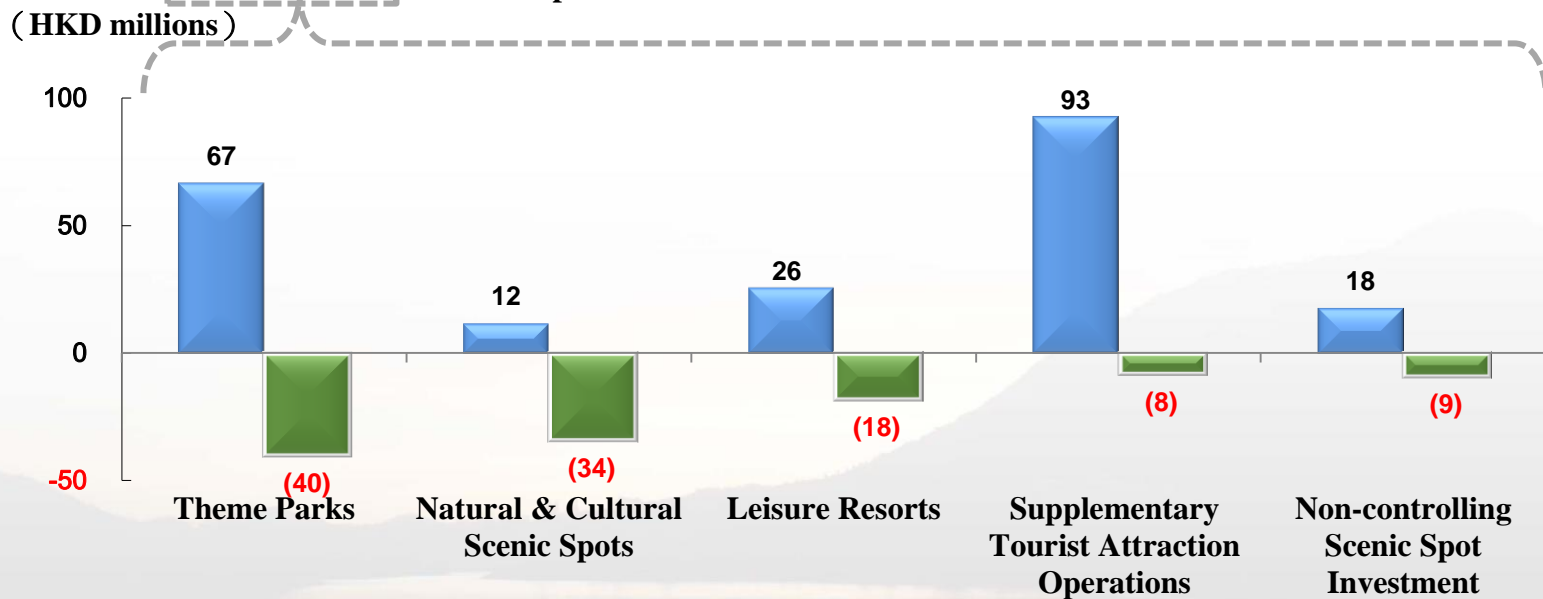


Attributable Operating Profit

(HKD millions)



(HKD millions)



1、Tourist Attraction Operations



Theme Parks

(HKD million)	1H2020	1H2019
Revenue	72	404
Attributable Operating Profit	-40	67

★ The overall business revenue fell by 82% YoY and profit turned into a loss.

Window of the World

- Revenue fell by 85% YoY.
- It launched tickets that allowed two entries within one day, parent-child ticket package and annual cards during 1H to stimulate consumption.

Splendid China

- Revenue fell by 76% YoY.
- In 1H, the management business contributed more than HK\$9M.

Natural & Cultural Scenic Spots

(HKD million)	1H2020	1H2019
Revenue	52	245
Attributable Operating Profit	-34	12

★ The overall business revenue fell by 79% YoY and profits turned into a loss.

Detian Scenic Spot

- Revenue fell by 64% YoY.
- 3 experience products have commenced operations, which will boost revenue.

Shapotou Scenic Spot

- Revenue fell by 64% YoY.
- The trial operation of the Star Hotel recorded high occupancy rate.

1、Tourist Attraction Operations(cont'd)

Leisure Resort Destination -Real estate

(HKD million)	1H2020	1H2019
Revenue	6	53
Attributable Operating Profit	27	77

Real Estate

- In 1H, sales of real estate projects in Zhuhai, Xianyang were relatively satisfactory, and recorded sales of over HK\$500M (will reflect in the account in years to come).
- Real estate project in Anji is expected to be ready for sale in the 2H, 2020.

Leisure Resort Destination -Leisure Resort

(HKD million)	1H2020	1H2019
Revenue	79	182
Attributable Operating Profit	-45	-51

Leisure Resort

- The tourism and resort business of the Zhuhai OSR, Xianyang OSR and Anji projects record reduced revenue due to the COVID-19.
- During the period, losses decreased due to tax income.

1. Tourist Attraction Operations(cont'd)

Supplementary Tourist Attraction Operations

(HKD million)	1H2020	1H2019
Revenue	21	36
Attributable Operating Profit	-8	93*

*There were HK\$ 97.5M provision reversal from Juhao Golf Club in 1H 2019.

Non-controlling scenic spot investment

(HKD million)	1H2020	1H2019
Revenue	N/A	N/A
Attributable Operating Profit	-9	18

- Due to the COVID-19 epidemic, the profits turned into a loss.

2. Travel Agency, Travel Document

Travel Agency, Travel Document

- Affected by the COVID-19, entry and exit of the border were restricted. Overall revenue fell by 75% YoY and profits turned negative.
- The divestiture of travel agency business is in progress.

3. Passenger Transportation Operations

Passenger Transportation Operations

- Due to the COVID-19 and border closure, revenue of CTTTD fell by 82% YoY and recorded negative profit.
- Shun Tak-China Travel Ferry (29%) was adversely affected by the COVID-19, loss increased.



4. City Hotels

(HKD million)	1H2020	1H2019	%
Revenue	136	401	-66%
Attributable Operating Profit	-71	80	-189%

Key Indicator	Hotels in HK and Macau(HKD)			Beijing Metropark Hotel (RMB)		
	1H2020	1H2019	%	1H2020	1H2019	%
Average Occupancy rate	59%	95%	-36pct.	27%	71%	-44pct.
Average Room rate	312	701	-55%	533	643	-17%

- **Affected by the COVID-19, the overall revenue of the hotel business decreased by 66% YoY, and profits turned into losses.**

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