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2011 Annual Results Presentation

16th March, 2012

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

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2011 Financial Review

Financial Highlights

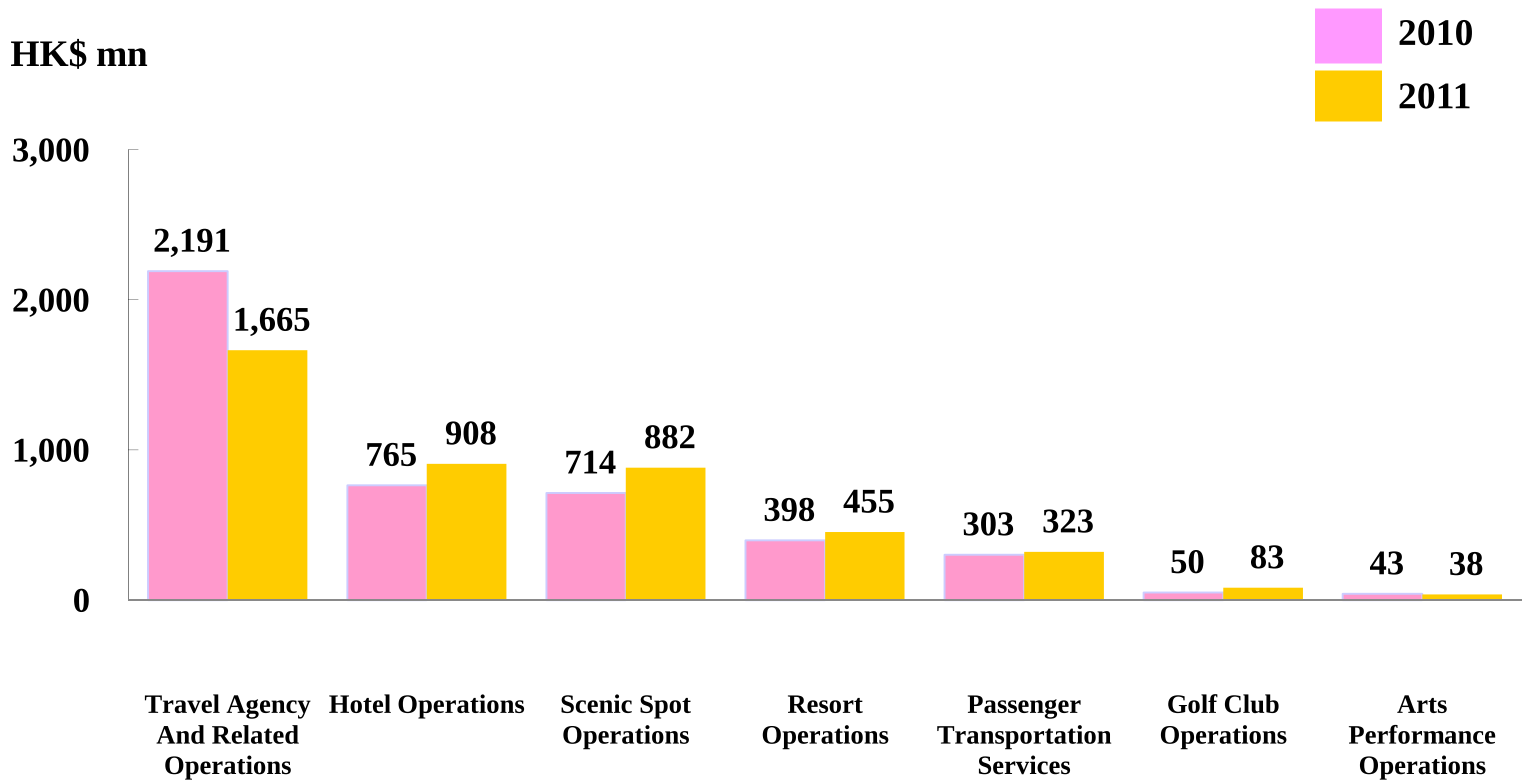
for the year ended 31 December	**2011 HK$ mn**	2010 HK$ mn	**Change**
Turnover	**4,353**	4,465	**-3%**
Profit attributable to shareholders	**695**	155	**348%**
Basic earnings per share (HK cents)	**12.2**	2.7	**348%**
Final dividend per share (HK cents)	**3**	1	**200%**
Full year dividend per share (HK cents)	**5**	1	**400%**
Dividend payout ratio	**41%**	37%	**N/A**

Major Reasons for Earnings Growth

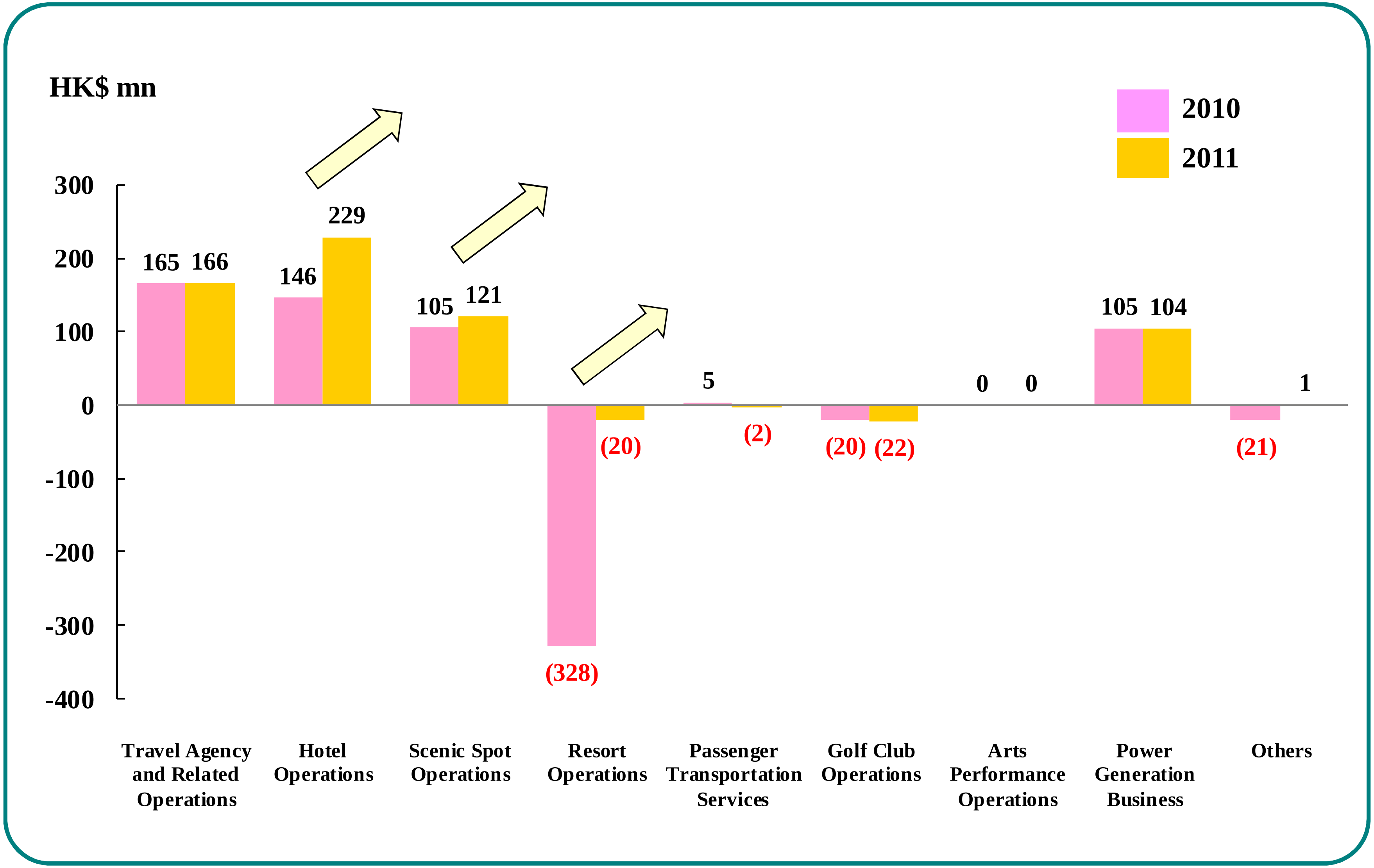
The profit attributable to shareholders was HK$695 mn (+348%). Excluding the effect of revaluation of investment properties and other significant items, the profit attributable to shareholders was HK$577 mn (+224%), which was mainly attributable to the continuous recovery of the tourism industry and the enhancement of operations of major business segments by the Group:

- The hotel and scenic spot operations achieved double-digit profit growth;
- The resort operations reduced losses significantly due to operational improvement and the fact that certain fixed assets of Zhuhai Ocean Spring Resort ("Zhuhai OSR"), whose useful life estimate had been shortened, were fully depreciated last year, with Zhuhai OSR achieving profit turnaround.

Revenue by Segment



Attributable Profit by Segment



Balance Sheet

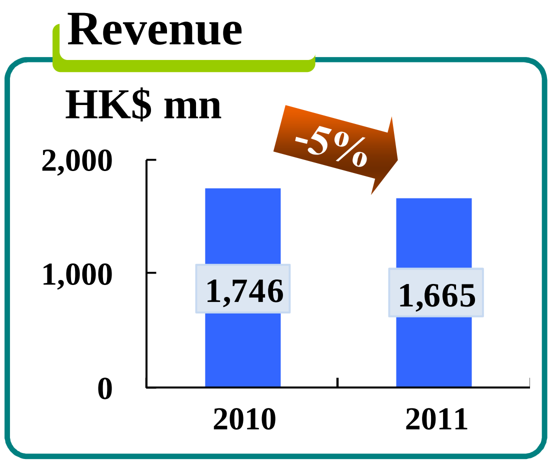
	31 December 2011 HK$ mn	31 December 2010 HK$ mn	Change
Total assets	**17,024**	15,038	**13%**
Equity attributable to shareholders	**12,986**	12,035	**8%**
Net asset value per share(HK$)**	**2.3**	2.1	**8%**
Cash and cash equivalents*	**3,491**	2,422	**44%**
Interest-bearing bank and other borrowings	**850**	316	**169%**
Net cash	**2,641**	2,106	**25%**
Net cash to equity**	**20%**	17%	**N/A**
Total liabilities to equity**	**25%**	20%	**N/A**
Current ratio	**2.1**	2.1	**N/A**

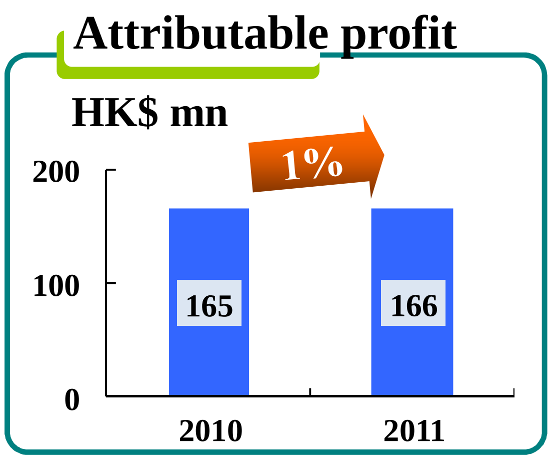
* Excluding pledged time deposits

** Based on equity attributable to shareholders

2011 Business Review

Travel Agency and Related Operations



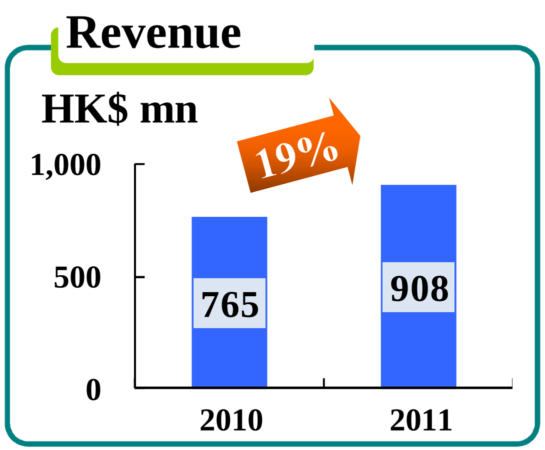


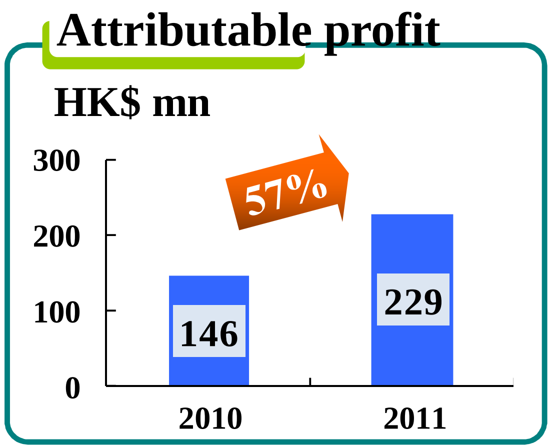
Hong Kong and overseas travel agencies and an on-line travel consolidator

Travel Agency: While the Group's HK travel agency recorded a decrease in outbound tours to Mainland China after the closing of Shanghai World Expo last year, the reservation business reported an increase in revenue which, together with the effective cost-control by the overseas travel agencies, helped to mitigate the impact on the travel document business caused by the end of the peak period for travel permit renewal and reduction of certain visa fees.

Mangocity: The revenue of Mangocity.com increased by 34%. Business travel and air ticketing commission revenue recorded double-digit growth whereas hotel commission revenue remained stable due to reduction in commission rate. Reduction in losses continued during the year. The foundation piling work of the headquarter building of Mangocity.com in Shenzhen was completed and the building is expected to be completed in 2013.

Hotel Operations





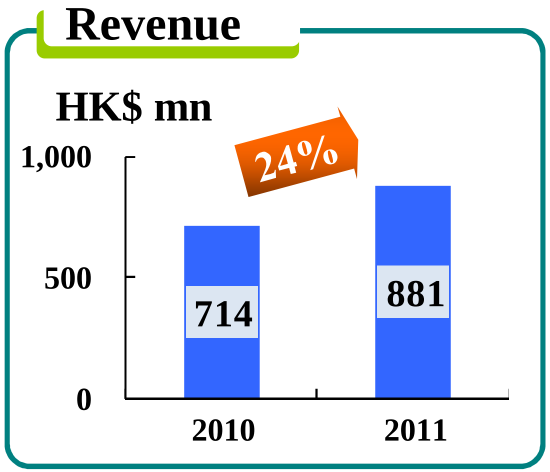
5 hotels in HK and Macau, 3 hotels in Mainland China and a hotel management company ("CTS Metropark")

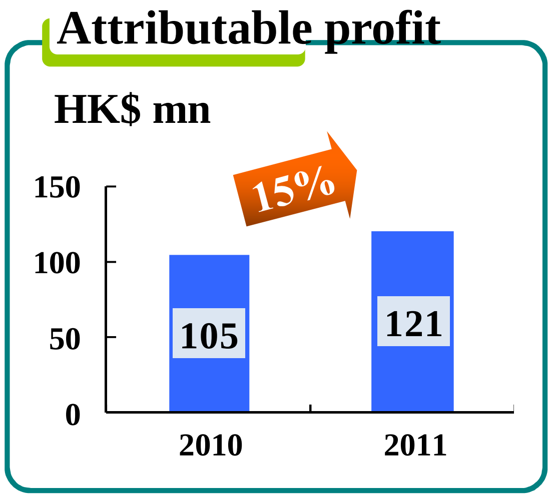
HK and Macau hotels： Led by RMB appreciation, the number of Mainland visitor arrivals to HK and Macau increased. The revenue of 5 hotels in HK and Macau was HK$663 mn (+21%) and the attributable profit was HK$161 mn (+67%). The average occupancy rate was 91% (2010: 91%) and the average room rate was HK$856 (+26%).

Mainland hotels and CTS Metropark： The revenue was HK$245 mn (+14%) and the attributable profit was HK$68 mn (+37%). The average occupancy rate was 68% (2010: 66%) and the average room rate was RMB498 (+1%). Grand Metropark Hotel Beijing delivered better results with increases in occupancy rate and room rate which, together with increase in revenue of CTS Metropark's consultancy and management services, helped to drive profit growth.

During the year, the hotel operations strengthened centralized procurement and saved on procurement costs. In addition, the hotel operations strengthened provision of management services with the signing of 9 additional hotel management consultancy contracts during the year.

Scenic Spot Operations





Window of the World, Splendid China, Songshan, Jigongshan and other scenic spots

The attributable profit was dragged down by the loss incurred by the new joint venture, Jigongshan Scenic Spot, in its initial operation. After eliminating this factor, attributable profit was HK$143 million (+36%).

Window of the World: The number of ticket purchasing visitors was 2.94 mn (+20%), the second highest level in its history. The revenue was HK$435 mn (+24%) and the attributable profit was HK$73 mn (+39%), which was mainly attributable to the opening of a motion simulator theatre project "Flying over America" in June 2010 and the growth in spending per capita resulted from ticket price increase. It enhanced the competitive advantage brought by its famous festival activities and aggressively expanded the night market, with nighttime admission reaching 0.50 mn (+50%). In August 2011, it successfully co-hosted the Universiade closing ceremony that enhanced its brand influence.

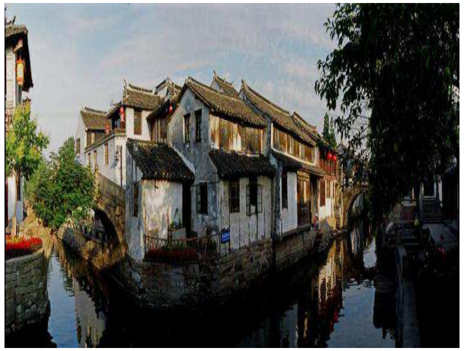
Scenic Spot Operations (Continued)

Splendid China: The number of ticket purchasing visitors was 1.27 mn (+4%), the revenue was HK$182 mn (+13%) and the attributable profit was HK$19 mn (+58%). It strengthened provision of management services and realized management revenue of RMB10 mn (+800%). The overall renovation program is under way in an orderly manner, and the first phase construction of the Tea Horse Trail Project, known as “Hill Tribes”, was completed and opened to public in October 2011.

Songshan Scenic Spot: The number of ticket purchasing visitors was 2.10 mn (+14%), the revenue was HK$219 mn (+19%) and the attributable profit was HK$15 mn (+10%). Leveraging on the successful inscription of the historic monuments of Dengfeng in “The Centre of Heaven and Earth” on the World Heritage List, it organized themed marketing campaigns and strengthened co-operation with travel agencies to drive revenue growth. However, the growth in revenue was partially offset by the increase in labour costs and other costs.

Scenic Spot Operations (Continued)

Jigongshan Scenic Spot: commenced official operation in May 2011 and attracted 0.22 mn ticket purchasing visitors. The revenue was HK$24 mn and the attributable loss was HK$22 mn. It was still under the renovation and improvement stage. Although the number of ticket purchasing visitors and revenue increased significantly compared to the pre-joint venture period, it was still unable to cover the depreciation expenses arising from fixed asset investment and other operating costs. During the year, renovation and improvement works were carried out on a number of hotels and villas and a reception capacity of 554 guest rooms were established.

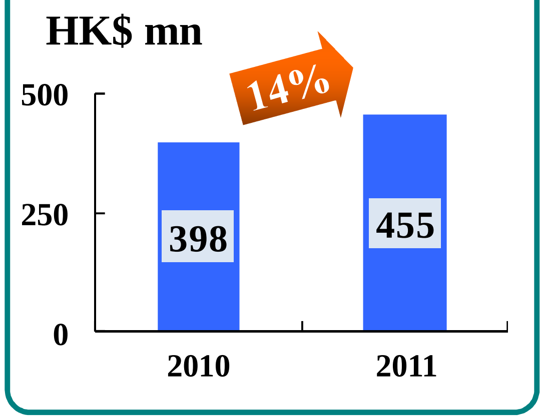


Other scenic spots: include Chengdu Huashuiwan Sakura Hotel and several associated companies which operate Window of the World in Changsha and various cable car operations in famous scenic spots. The revenue was HK$22 mn (+17%) and the attributable profit was HK$36 mn (+34%), which was mainly driven by the result of Chengdu Huashuiwan Sakura Hotel.

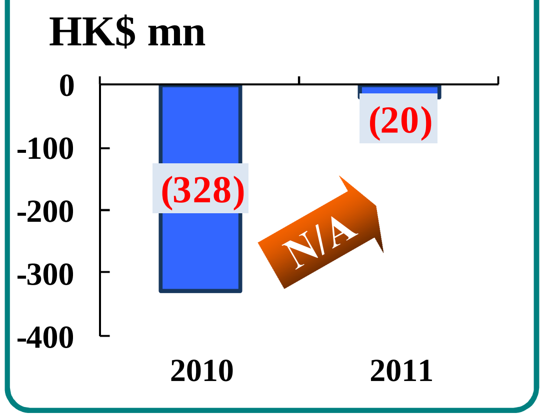
During the year, the Group continued to advance the expansion of its travel resources network. Site visits and studies were conducted on various scenic spot projects in Jiangsu, Zhejiang, Shanghai, Fujian, Henan, Ningxia and Shandong, etc.. Several projects entered into substantive negotiation stage.

Resort Operations

Revenue



Attributable loss



Zhuhai OSR and Xianyang Ocean Spring Resort ("Xianyang OSR")

Zhuhai OSR:

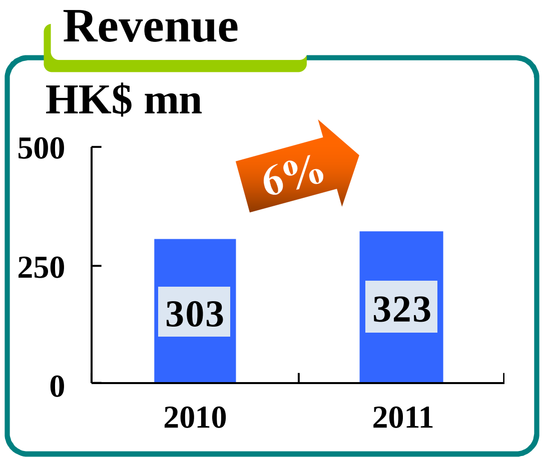
- The number of visitors was 2.69 mn (+3%), the revenue was HK$386 mn (+11%) and the attributable profit was HK$5 mn (2010: loss of HK$289 mn), achieving a profit turnaround;
- continued to develop the conference market, revenue of which increased by 13%. Prices were adjusted flexibly in different seasons. Depreciation expenses were substantially reduced as certain fixed assets whose useful life estimate had been shortened, were fully depreciated last year. During the year, planning for the phase two project and the tender offer for soft ground foundation treatment works were completed.

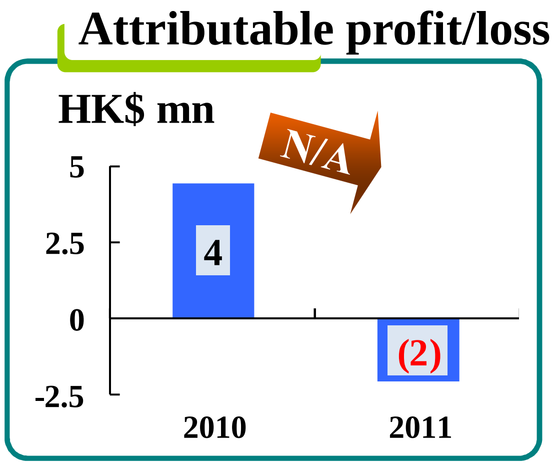
Resort Operations (Continued)

Xianyang OSR：

- The number of visitors was 0.30 mn (+16%), the revenue was HK$69 mn (+34%) and the attributable loss reduced to HK$24 mn (2010: loss of HK$39 mn), realizing a net operating cash inflow;
- attracted repeated visitors and new visitors successfully and increased the proportion of conference tour visitors to spur growth in spending per capita, thereby stimulating revenue growth. The construction of the complementary hotel was basically completed and it was expected to commence operation officially by mid-year in 2012. The submission of the planning proposal of the tourism real estate project for approval was basically completed and an agreement was signed with a construction plan designing unit.

Passenger Transportation Services





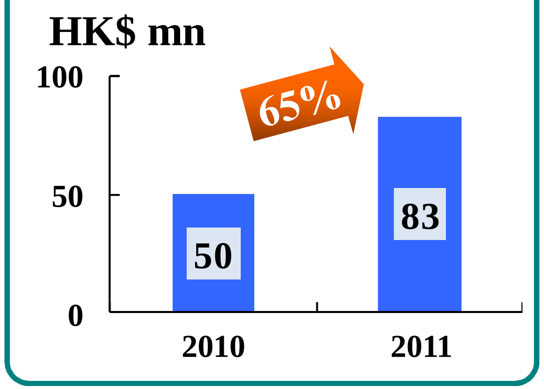
Bus operations ("CTTT") and ferry operations ("Shun Tak-China Travel", an associated company)

CTTT: served 6.06 mn passengers (+3%). The revenue was HK$323 mn (+6%) and the attributable profit was HK$9 mn (-52%). It won the operation rights of small passenger vehicles at the Hong Kong Airport and raised prices in some cross-border long-haul bus routes, thereby driving revenue growth. However, profit decreased due to increase in fuel prices and rising staff costs. Both the passenger volume and revenue of a jointly controlled entity of CTTT in Macau reached new high through expansion of routes.

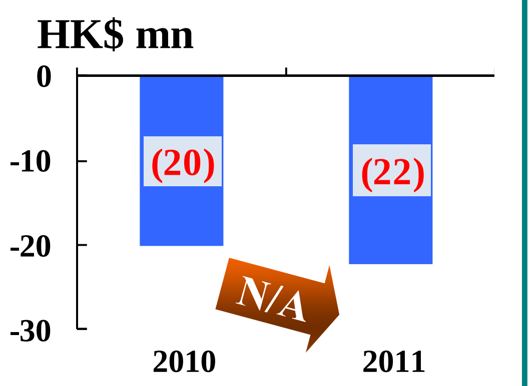
Shun Tak-China Travel: The attributable loss was HK$11 mn (2010: loss of HK$15 mn). The market share and revenue increased as a result of the completion of its acquisition of First Ferry, together with a competitor reducing fare promotions and another competitor exited. With synergies from coordinated sales efforts and operation with First Ferry, it recorded monthly profit at the end of the year despite high fuel prices.

Golf Club Operations

Revenue



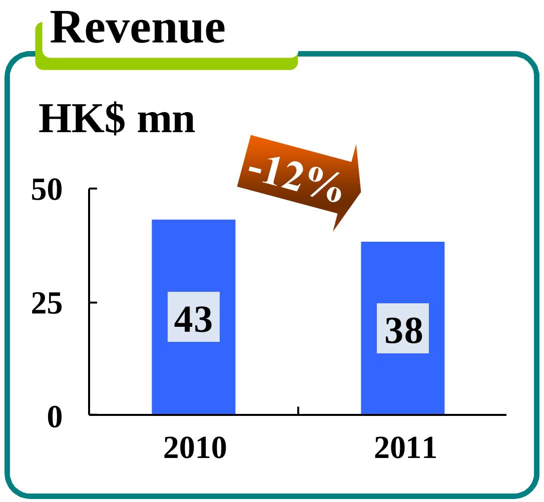
Attributable loss

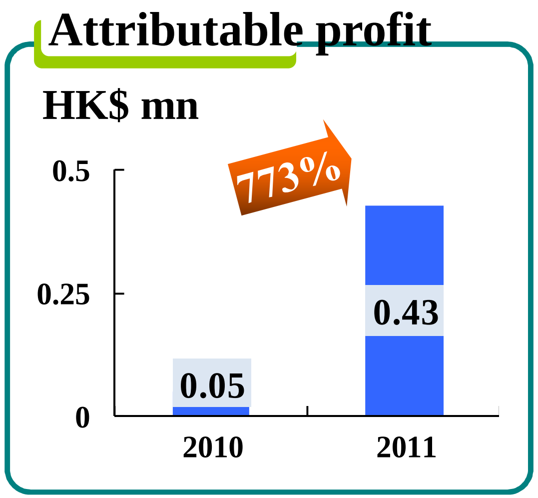


CTS Tycoon (Shenzhen) Golf Club

The renovation and expansion project of the golf club had been completed. The 45-hole golf course and the new clubhouse commenced full operation in March 2011, driving revenue growth. However, operating result did not improve yet due to increase in depreciation expense, staff cost and other costs. During the year, sales of membership generated revenue of RMB66 mn, together with government compensation, producing a net operating cash inflow of HK$193 mn. A small-scale tourism real estate project was under the preliminary stage of seeking approval.

Arts Performance Operations



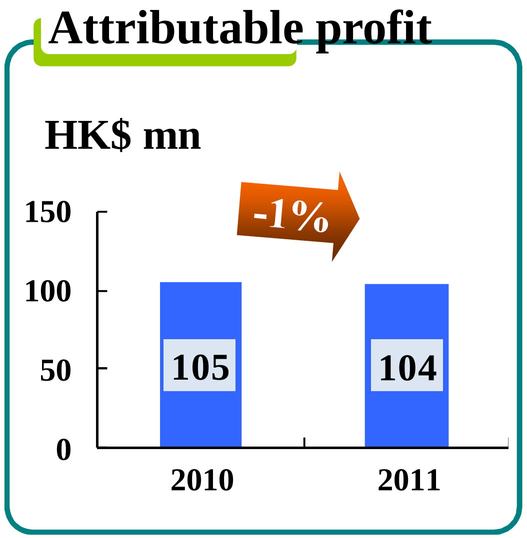


China Heaven Creation

It continued to enhance the performance of “The Legend of Kung Fu” at the Red Theatre in Beijing (北京紅劇場) and the White House Theatre in Branson in the United States of America. The conceptual design for the Beijing core district of performing arts and a number of other performing arts planning tasks were completed. A performance tour contract was signed for performing “The Legend of Kung Fu” in Europe for a term of 10 years and a troupe left for Spain at the end of the year for a performance tour of four months.

Power Generation Business

Jointly-controlled entity- Weihe Power



In 2011, the on-grid electricity volume was 5.6 bn kWh (-1%) and the attributable profit was HK$104 mn (-1%). During the year, the average electricity tariff increased by 5% but coal prices increased by 19%, thereby putting pressure on operating profit. However, with the availability of tax benefits, the attributable profit was comparable to last year. Based on future expectations and taking a prudent stance, the Group made a provision for impairment of investment in Weihe Power in the amount of HK$53 mn during the year.

Cancellation of Potential Transactions and Share Repurchases

Cancellation of potential transactions

In the announcement of the Company dated 11 July 2011, the Group confirmed that it was considering the proposals to spin off its hotel operations, to acquire the Qingdao Ocean Spring Resort ("Qingdao OSR") project and to invest in the scenic spot project in Jiangsu Province. Subsequently, based on market conditions and development prospect of tourism industry in Mainland China, the Group reassessed the circumstances, refined its corporate development strategy and decided to terminate the original hotel spin-off proposal and to suspend potential acquisitions including the Qingdao OSR. A relevant announcement was made on 4 November 2011.

Share repurchases

On 7 December 2011, the Company started to repurchase its shares. During the year, the Company repurchased a total of 6.73 mn shares on a cumulative basis for approximately HK$8.01 mn, with an average price per share of HK$1.19.

Direction and Business Prospects

Progress Ahead in Clear Direction

- With the continuous development of national economy and increasing popularity of holiday travel, trends of individual travel and destination-oriented economic activities have emerged in the tourism industry. The significance of tourism resources has become increasingly important and controlling quality tourism resources has become an important means to gain core competitiveness for tourism enterprises;
- The Group will strengthen the management and development of its scenic spot operations, so as to realize the consolidation of and creation of synergy between scenic spots and other tourism elements. Next step is to become the flagship in the tourism industry, which enhances synergies of the tourism industry chain and realizes resource sharing and value creation;

Progress Ahead in Clear Direction (Cont'd)

- The Group will accelerate the expansion of its travel destination network in Mainland China. The Group will seek quality tourism resources that are famous, mature, sizable and profitable or establish leisure resort with tourism real estates as major component in areas with competitiveness in resources, location, transport and climate, and strong local government support. Learning from its experiences, the Group will strictly control the development scale and speed of its projects and focus on economic benefits. The Group will develop projects in phases and match long-term projects with short-term projects, striking a balance between scale, economic benefits and profit stability;
- The Group will actively employ capital and market means to accelerate the adjustment of business mix with additions and exits. The Group will actively enter into areas of strategic importance and acquire scarce tourism resources, focus on development of high-end, premium, high value-added or high gross profit margin businesses and bring the existing businesses up to industry-leading level with action plan. At the same time, the Group will exit from markets and businesses lacking competitive advantages, of low returns and with high risk. In addition, the Group will enhance synergies between its businesses and gradually increase its resource sharing ratio.

Business Prospects

Travel Agency and Related Operations

Looking ahead in 2012, our HK travel agency, being the sole authorized ticket reseller of the London Olympic Games in HK, will further expand its brand influence. It is expected that the travel document business will still be affected by the reduction of certain visa fees. Mangocity.com will focus on expanding its airline and hotel reservation and business travel businesses, and revenue is expected to grow continuously. Mangocity.com will build up its differentiation advantages in individual travel, international airline reservation, HK and Macau hotel reservation service, cruise tours and vehicle rental service, etc..

Hotel Operations

The visitor arrivals and spending in HK and Macau are expected to increase continuously, providing strong support for development of the hotel operations. The Group will strive to strengthen its provision of management services, broaden its sources of earnings, expand its brand influence, as well as keep a vigilant eye on hotel investment opportunities in Hong Kong. In order to enhance its long-term competitiveness, Metropark Hotel Mongkok has planned for a temporary closure for large-scale renovation works in 2012. If the plan proceeds, the short-term operating results will be affected, but the long-term prospect will be brighter.

Business Prospects (Continued)

Scenic Spot and Resort Operations

Driven by strong domestic tourism consumption, it is expected that the revenue of scenic spot and resort operations will increase continuously.

Window of the World: The "Miniature Train" project is expected to be launched in mid-2012 and drive growth.

Splendid China: The overall renovation program of Splendid China is under way in an orderly manner, and scheduled to be completed between 2011 and 2015 in four phases. The first phase 210,000m^2 renovation zone is expected to be completed in 2012 and drive steady growth.

Songshan Scenic Spot: will further enhance its management and service levels to enrich visitors' experience, and proceed with the preparatory work of the "Tourist Town" project in a prudent manner to extend the industry chain.

Jigongshan Scenic Spot: will continue to renovate the villas and hotels during its nurturing stage, increase its marketing efforts and look for means to enhance asset values. It is expected that the operation has yet to become profitable.

Business Prospects (Continued)

Zhuhai OSR: will endeavor to maintain profitability after its profit turnaround in 2011. It will continue to explore opportunities in MICE (meetings, incentives, conferences, events) business and grasp the opportunities brought by the China International Aviation & Aerospace Exhibition to be held in Zhuhai in 2012 to drive revenue growth. In addition, it will steadily proceed with its phase two tourism project, commence the soft ground foundation treatment work in the first half of the year, and strive to commence the construction of a small portion of the tourism real estate project by the end of the year.

Xianyang OSR: will reinforce the trend of continuous revenue growth for its hot spring centre, prepare for opening of the complementary hotel and ensure its subsequent smooth management and operation. It is expected that the hotel will incur losses in its initial operation period. The tourism real estate project, with a total gross floor area of approximately 150,000m^2, is expected to commence construction in 2012.

Business Prospects (Continued)

Tourism Resource Development

The Group will accelerate the pace of seeking quality tourism resources in regions including Jiangsu, Zhejiang, Guangdong and Hunan, etc. in order to accelerate the expansion of travel destination network. The Group will improve the system of management standards for scenic spots and refine the management standards for different types of scenic spots such as "leisure holidays", "nature and heritage" and "theme park", etc. to further enhance management and service levels.

Passenger Services, Golf Club and Art Performance Operations

Revenue of passenger transportation services is expected to be stable and rising. However, the results will still be affected by high fuel prices. The new golf course will have a full year operation in 2012 and depreciation expense will increase. It is expected that pressure will remain. The Golf Club will increase membership sales efforts and proceed with the preliminary work on the tourism real estate development project in full force, in order to accelerate recoupment of investment. Heaven Creation will actively build up its business scale and earnings base to improve its development potential.

Business Prospects (Continued)

A closing note

- In summary, the fundamentals of most of the Group's businesses remain sound. Given that some new businesses remain in the nurturing stage and development of tourism real estate business is at an early stage, together with the uncertainties in domestic and external macro-economic environment, the Group will strive to maintain the comparative steadiness of its operating results in the near term. In the medium to long term, we take a favourable view of the tremendous earnings growth potential of such new businesses especially the tourism real estate business;
- Against the backdrop of adverse and complicated external economic situations and continuous, steady and fairly rapid growth in Chinese economy, the Group will remain highly vigilant, rise to challenges and capture business opportunities actively with its healthy business and financial foundation and sufficient cash reserves. The Group will adhere to its clear development strategies, strengthen its business and earnings foundation, and achieve the objective of value creation, providing better returns for shareholders.

Q&A Session