

星旅相伴
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2013 Annual Results Announcement

28 March, 2014



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT H.K.LTD

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2013 Financial Review

Financial Highlights



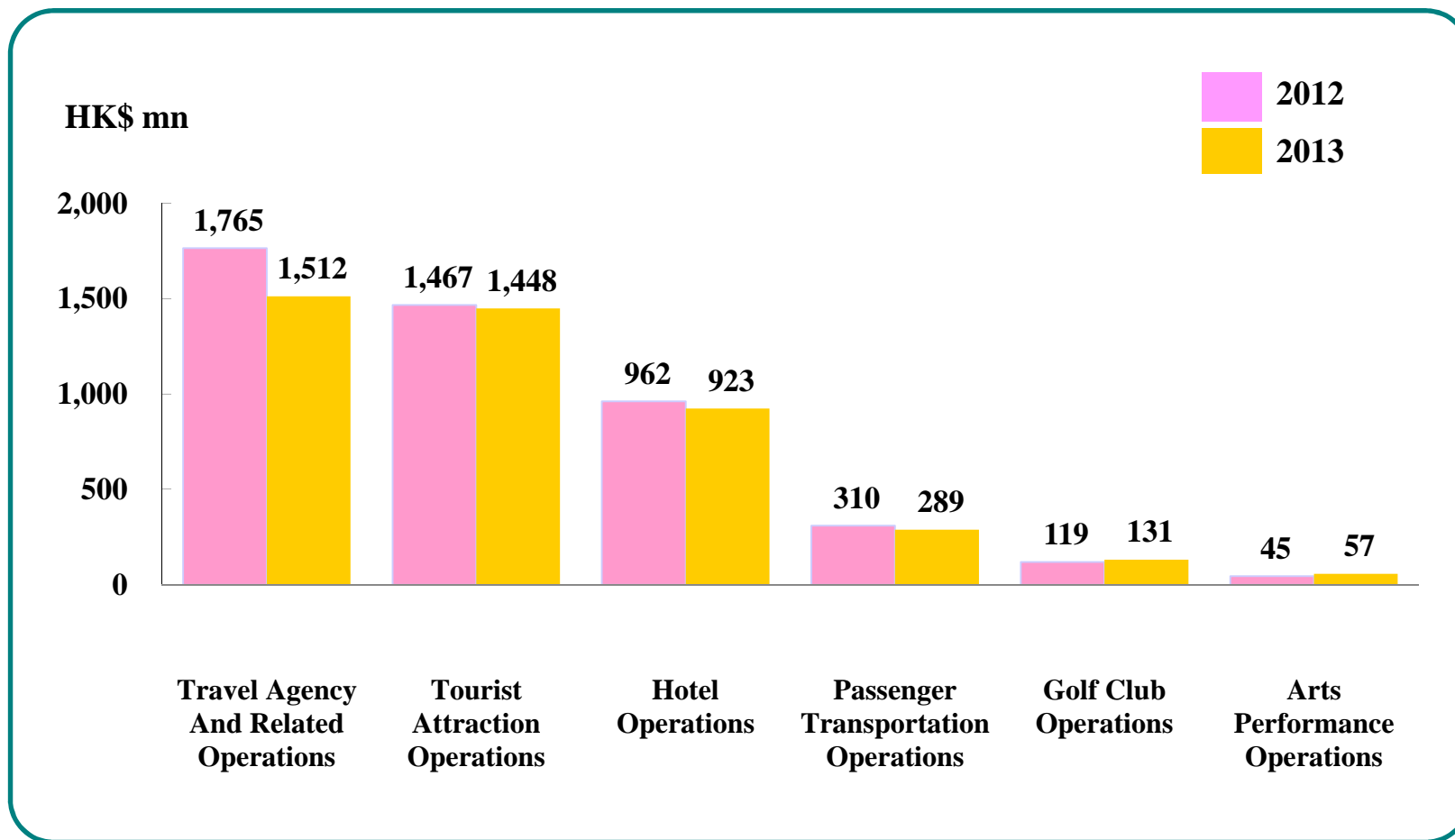
For the 12 months ended 31 Dec	2013 HK\$ mn	2012 HK\$ mn	Change
Turnover	4,360	4,668	-7%
Profit attributable to shareholders	1,152	804	43%
Basic earnings per share (HK cents)	20.4	14.2	44%
Final dividend per share (HK cents)	4	3	33%
Total dividend per share (HK cents)	6	5	20%
Dividend payout ratio	29%	35%	N/A

Overall results achieved better growth

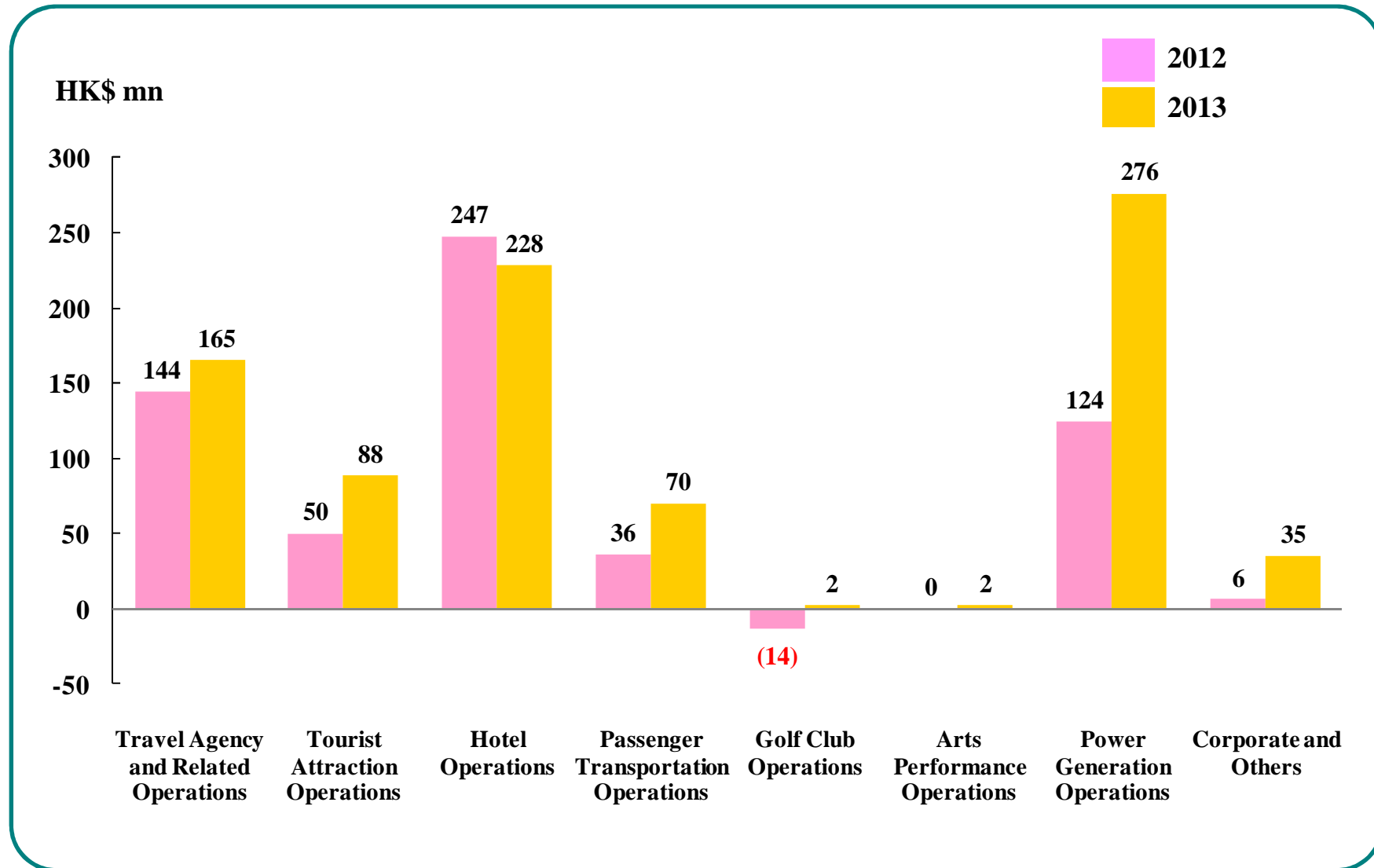
Excluding the effect of revaluation of investment properties and non-recurring items, profit attributable to shareholders was HK\$864 million (+46%) ; of which profit attributable to core travel operations and non-core power generations was HK\$589 million (+26%) and HK\$276 million (+122%) respectively.

- Results improved: the travel agency and related operations, tourist attraction, passenger transportation, golf club, art performance and power generation operations
- Results declined: hotel operations

Revenue by Segment



Attributable Profit by Segment



Balance Sheet



	31 December 2013 HK\$ mn	31 December 2012 HK\$ mn	Change
Total assets	19,228	17,410	10%
Equity attributable to shareholders	14,493	13,471	8%
Net asset value per share**(HK\$)	2.57	2.38	8%
Cash and bank balance*	1,967	2,678	-27%
Bank and other borrowings	532	435	22%
Net cash	1,435	2,243	-36%
Net cash to equity ratio**	10%	17%	N/A
Total liabilities to equity ratio**	27%	23%	N/A
Current ratio	1.9	2.2	N/A

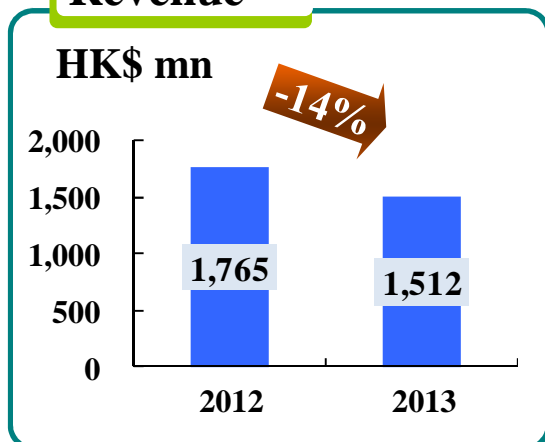
* Excluding pledged time deposits

** Based on equity attributable to shareholders

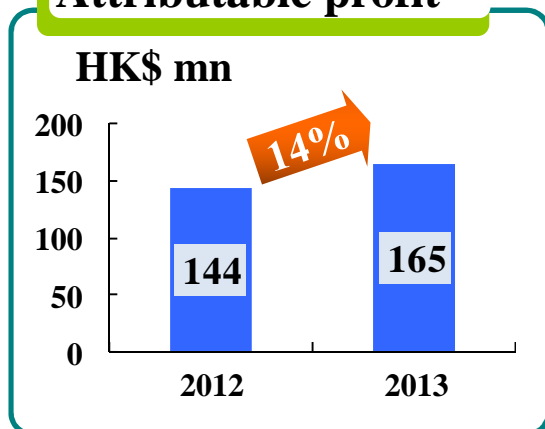
2013 Business Review

Travel Agency and Related Operations

Revenue



Attributable profit



Travel Agency business

The revenue decreased 17% compared to last year, which was mainly due to weak global economy, avian influenza in eastern China and travel agency's own structural adjustment. However, the result improved due to strengthening of internal control.

Travel document business

It was affected by the lower volume of travel document renewal, the zero hospital quota policy in Hong Kong towards pregnant women carrying a baby whose parents are both non-residents of Hong Kong, the avian influenza in eastern China and the additional border check points in mainland offering landing visas. As a consequence, revenue and profit decreased.

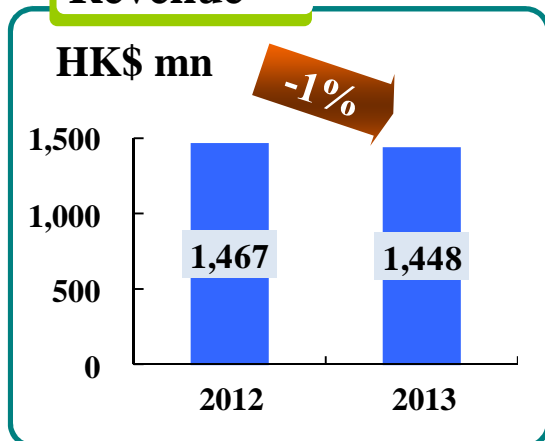
Mangocity.com

The revenue increased by 2% compared to last year, of which revenue from air ticketing and hotel commission decreased whereas revenue from travel packages and travel insurance commission increased. Mangocity.com continued to strengthen cost control and reduce losses.



Tourist Attraction Operations

Revenue



The total number of visitors was 9.58 million (-12%); Profit attributable to shareholders increased due to an increase in exchange gain, better profit contribution from the theme parks and non-controlling scenic spot investments and the fact that there was a one-off expense resulting from the opening of Xianyang OSR hotel last year.

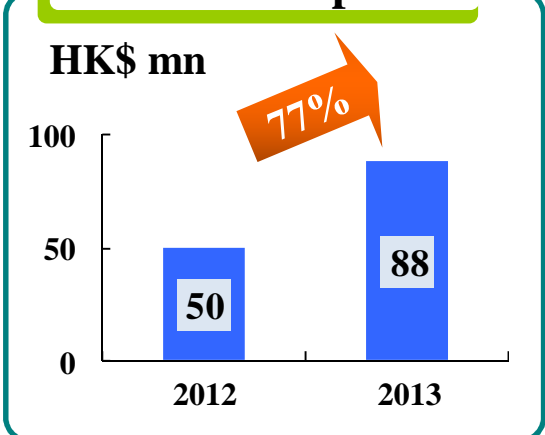
Theme parks (Window of the World and Splendid China)

Revenue was HK\$708 million (+7%); profit attributable to shareholders was HK\$111 million (+11%), which was mainly due to the rise in ticket price after the launch of new projects and the increase of management services provided by Splendid China.

Natural and cultural Scenic Spots (Songshan Scenic Spot, Jigongshan Scenic Spot and Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd.)

Revenue was HK\$276 million (-12%), which was mainly due to decrease in tour visitors resulting from slowdown of China's economic growth and China's frugality policy. Profit attributable to shareholders was HK\$1.88 million (2012: HK\$4.45 million). The revenue of Jigongshan Scenic Spot decreased slightly but the losses decreased due to strengthening of cost control.

Attributable profit



Tourist Attraction Operations (Cont'd)



Leisure Resorts (Zhuhai OSR, Xianyang OSR, Chengdu Huashuiwan Sakura Hotel and Anji Project)

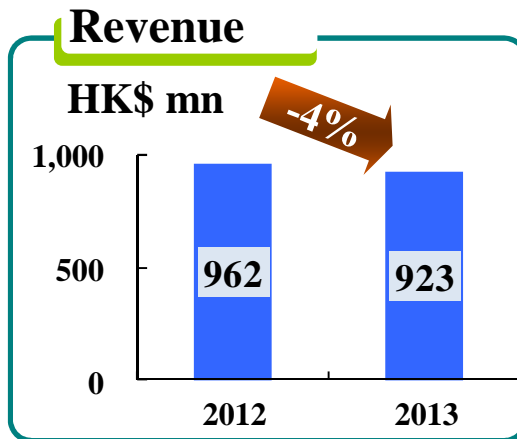
Revenue was HK\$464 million (-5%), of which the revenue of Zhuhai OSR decreased due to the impact of China's frugality policy whereas the revenue of Xianyang OSR increased due to the opening of its hotel last year. Losses attributable to shareholders were HK\$62 million (2012: losses of HK\$88 million), which was mainly due to an increase in exchange gain and the fact that there was a one-off expense resulting from the opening of Xianyang OSR hotel last year.



Non-controlling scenic spots investments (Changsha Colorful World, Changchun Jingyuetan, Huangshan Taiping Cable Car, Huangshan Yuping Cable Car and Nanyue Cable Car)

Profit attributable to shareholders was HK\$36 million (+10%), which was mainly due to the rise in attributable profit of Changsha Colorful World.

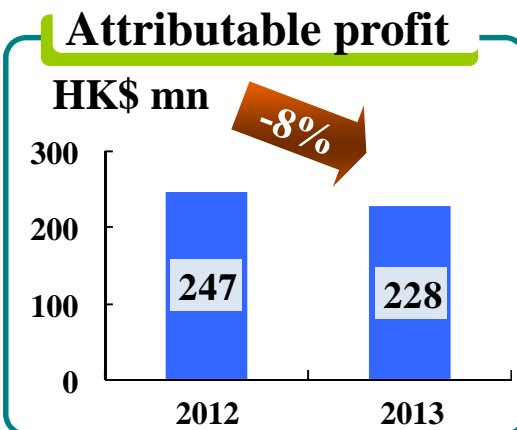
Hotel Operations



Revenue decreased due to the impact of slowdown of macro-economic growth and China's frugality policy.

5 Hotels in HK and Macau

- Revenue was HK\$685 million (-2%); profit attributable to shareholders was HK\$164 million (-7%);
- Average occupancy rate was 89% (2012: 91%); average room rate was HK\$911 (-0.4%);



3 Hotels in Mainland China

- Revenue was HK\$205 million (-5%); profit attributable to shareholders was HK\$41 million (-3%);
- Average occupancy rate was 66% (2012: 68%); average room rate was RMB 498 (-1%);

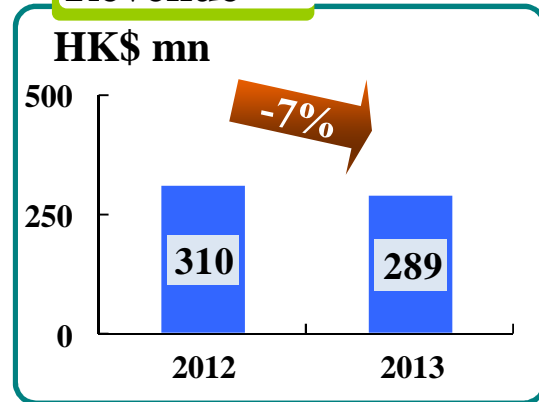
Metropark Hotels Management Company

Revenue was HK\$58 million (-20%); profit attributable to shareholders was HK\$23 million (-16%).



Passenger Transportation Operations

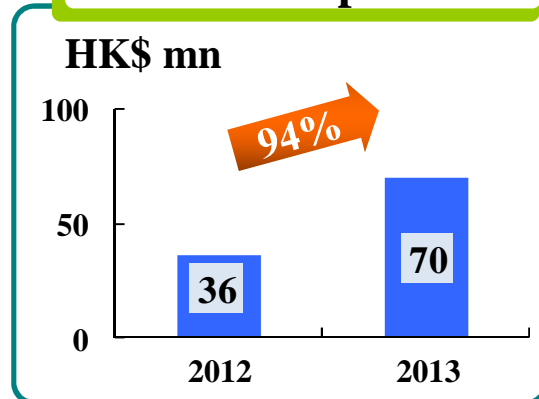
Revenue



CTTT

It served 5.32 million passengers (-8%). Revenue was HK\$289 million (-7%), which was mainly due to the close down of loss making bus routes and reduction of trips with low loading factor. Profit attributable to shareholders was HK\$25 million (+35%), which was mainly due to the strengthening of cost control and the decrease of fuel prices of 3% compared to last year.

Attributable profit



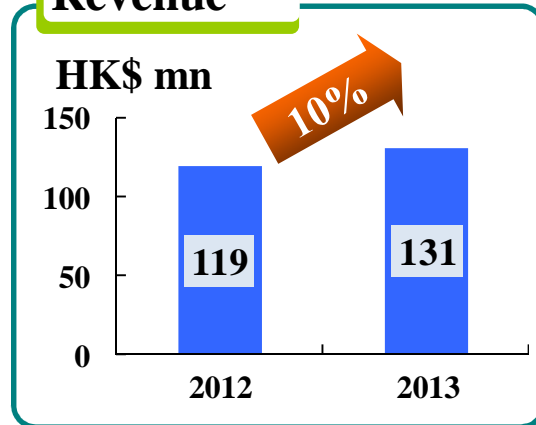
Shun Tak – China Travel

Profit attributable to shareholders increased compared to last year, which was mainly due to factors such as growth of demand in regional travel and the increasing market share, etc..



Golf Club Operations

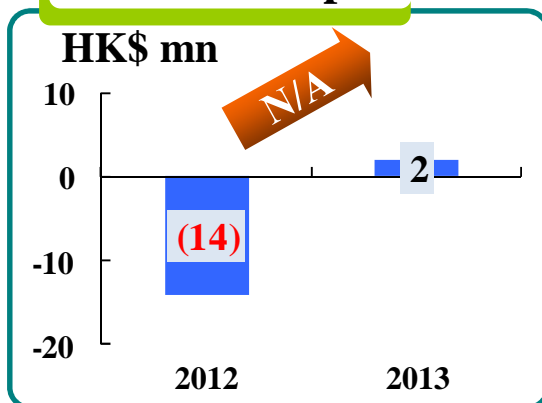
Revenue



CTS Tycoon (Shenzhen) Golf Club

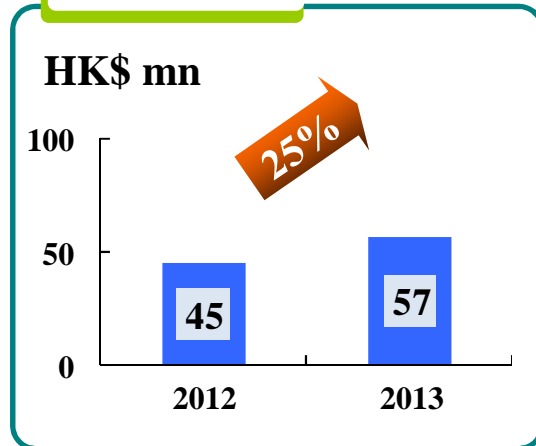
- Revenue increased due to increases in number of golfers visiting, consumption per capita and amortized revenue from membership sales. The Golf Club achieved a turnaround to profit;
- Membership sales amounted to RMB60 million (+23%)

Attributable profit/loss

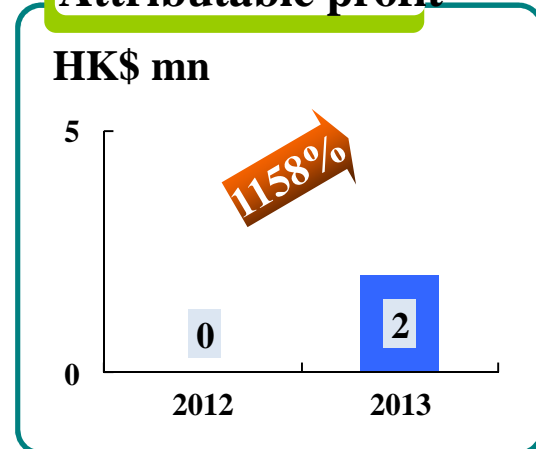


Arts Performance Operations

Revenue



Attributable profit



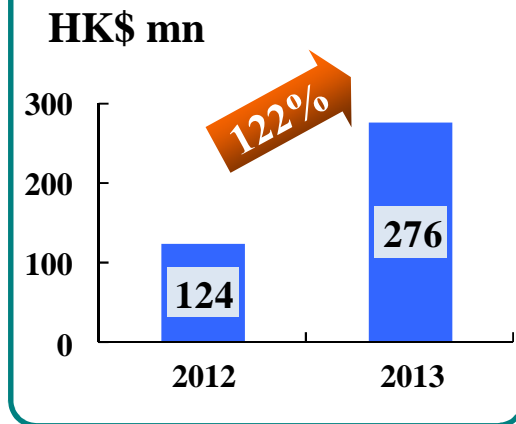
China Heaven

- Revenue increased due to increase in revenue from arts performance production and government subsidy.
- “Adventures of Marco Polo”, the new stage play produced by Heaven Creation, was performed in Hohhot, the White House Theatre in Branson and the National Centre for the Performing Arts in Beijing and was well received.



Power Generation Operations

Attributable profit



Weihe Power (A Sino-foreign Co-operative Joint Venture)

- Profit attributable to shareholders increased due to the increase in revenue from trans-regional electricity supply and heat supply and the 19% decrease in average coal price compared to last year.
- Due to the structural adjustment of China's electricity tariff, the on-grid electricity tariff of Weihe Power was reduced since 25 September 2013.



Share Repurchase & Management Enhancement



Share Repurchase

In 2013, the Company repurchased a total of 22.70 million of its shares on The Stock Exchange of Hong Kong Limited. The average purchase price per share was approximately HK\$1.49 and the total consideration paid was HK\$33.84 million.

Management Enhancement

- Review business portfolio and undertake business transformation, gradually exit from businesses or enterprises incurring losses or with low gross profit margin, so as to raise profitability ;
- Optimize organizational structure with less management layers and reasonable use of human resources, and enhance management efficiency;
- Strengthen benchmarking, enhance competitiveness and cost control capability of businesses, and reduce losses and increase profit;
- Establish standardized and smart tourist attractions, create construction management platform and centralized procurement system; and
- Speed up the recruitment of professionals, enhance capability in travel planning and design, real estate development and construction management, etc..

Strategic Positioning

- The Group is positioned as a comprehensive travel businesses platform with focus on tourist attractions and adopts the development model of **“travel destination development plus tourism real estate”**. Travel destination development will focus on acquisition of scarce natural and cultural scenic spots such as famous mountains and rivers while tourism real estate will leverage on tourism element to create and enhance real estate value. The Group will increase its efforts to acquire travel resources and strengthen internal resources sharing.
- In execution of its strategy, the Group will gradually exit from businesses with low return and dispose of assets with low or no return in an orderly manner.

Strategic Projects Development

- **Zhuhai OSR:** Approximately 2.7 million square metres of land has been acquired, of which 970,000 square metres of land is for real estate development. The preparation work for the construction of the first batch of real estate (with a total gross floor area of approximately 50,000 square metres) is underway.
- **Anji project:** acquired the first 90,000 square metres of land for real estate development, and engaged a renowned resort management group to provide consultancy service in the project phase.
- **Guilin and Shapotou projects:** the Company entered into cooperation agreements with Guilin Tourism Development Corporation and Zhongwei City, Ningxia Hui Autonomous Region respectively to invest in scenic spots in Guilin and Shapotou.
- **Other tourism real estate projects:** the Company actively pushed forward the negotiation and finalization.

Disposal of Mangocity.com

- The Company decided to dispose of Mangocity.com, which had been incurring losses for a long time and failed to achieve synergies, to its controlling shareholder for RMB602 million (subject to adjustment). A disposal gain of approximately RMB350 million is expected if the disposal is approved by independent shareholders.

Business Prospects

Push forward strategic projects development

- The Group holds a prudently optimistic view towards the fundamentals of its overall businesses;
- The Group will complete the investment in scenic spot projects in Guangxi Guilin and Ningxia Shapotou.
- The Group will push forward the construction of strategic projects such as Zhuhai OSR Phase 2 and Anji Lingfeng Mountain resort, etc.. The Group will achieve the positive interaction between tourism and real estate as soon as practicable so as to drive sustainable development.
- It is expected that capital expenditures will continue to increase and gearing ratio will be maintained at healthy level.

Q & A Session