



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

2017 Interim Results Announcement

August 30th, 2017

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1. Results Highlights



Interim Results Highlights

- **Revenue HK\$2.35 billion, up 29% YoY**
- **Profit attributable to shareholders HK\$375 million, up 39% YoY**

City Travel Destination	Window of the World Total visitor volume increased by 6% YoY; visitors via online channels increased significantly.	Splendid China Visitors increased by 17% YoY; construction of Nadamu project underway, Nu House project completed and commenced soft opening.
	City Hotel: Average occupancy % and room rates improved, with profit up 58% YoY.	
Natural & Cultural Destination	Songshan Scenic Spot (Extention from Shaolin to Songshan) Shaolin International Kongfu Town broke ground and Luya Waterfall add-on project in progress.	Shapotou Scenic Spot (Set sail again) New facilities, Yellow River Suspension Bridge & Tourist Service Center commenced operation; Initiated environmental evaluation, planning and design of the Sun Desert Resort.
Leisure Resort Destination	Zhuhai real-estate development Evergrande real-estate project achieved cumulative sales of about HK\$1.8 billion up to date; Ocean Spring Garden real-estate project contributed HK\$274 million in revenue.	Anji Resort 1 st phase real-estate project 87% sold with HK\$140 million revenue recognized in 1H, remaining sales revenue will be recorded by year end; Club Med Resort will launch formal operation in 2H 2017.
Asset Optimization	Planning of potential disposal of Mong Kok travel agency store property is in process; Hung Hom warehouse re-development plan progressed in orderly manner; Disposed Metropark Hotel in Yangzhou, realized HK\$29 million disposal gain.	
Innovative Business	Asset light management contract business showed a positive start; Formed tourism planning business JV, China Travel Zhiye Culture Development (Shenzhen) Co., Ltd, actively developing new leisure products: China Travel National Holiday Park and China Travel Resort Town.	



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2. Business Review



Theme Parks

City Hotels

(HKD million)	1H2017	1H2016
Revenue	364	359
Attributable profit	68	65

Window of the World – Visitors increased by 6% YoY, driving up revenue and profit by 3% and 5%.

Splendid China – Overall revenue and profit stayed flat: increase in number of visitors drove growth in ticket revenue, offset by reduced revenue from consulting business.

(HKD million)	1H2017	1H2016
Revenue	363	345
Attributable profit	61	39

Hotels in Hong Kong and Macau – As hotel industry recovered, average occupancy % and room rates showed improvement , revenue up 12% and profit up 92% YoY.

Hotels in Mainland – Yangzhou hotel was disposed in Q1; revenue and profit of Beijing hotel increased 4% and 3% YoY respectively.

Business Review

Window of the World :

- Holiday festivals welcomed by market, visitors increased by 6%, 19%, 29% respectively during Spring Festival, Ching Ming Holiday, Dragon Boat Festival; online channel visitors increased drastically through strengthened cooperation with OTAs.
- Quality theme events "Oktoberfest", "Ice Festival" will further enhance operation in 2H.
- Scenic lighting, Mount Fuji cinema and Japanese garden renovation projects on track; "Fly across America" upgrade will complete by year end.

Splendid China :

- Holiday-themed events helped drive an increase of 17.39% in visitor volume in 1H.
- Nu House project completed and commenced operation in May, main structure of Nadamu project is under construction.
- Signed five new management consulting projects.



Natural & cultural scenic spot destinations

	(HKD million)	1H2017	1H2016
Natural & Cultural	Revenue	213	223
	Attributable profit	12	8
Non-Controlling Scenic Spot	Revenue	-	-
	Attributable profit	18	21

- Overall revenue declined while profit slightly increased, mainly due to disposal of Jigongshan Scenic Spot in 2016, which no longer contributed revenue and loss in 2017.
- New add-on projects have not yet produced financial contributions in 1H, financial performance of the segment is expected to grow starting in 2H onward.

Review and Progress

Songshan Scenic Spot:

Progress of add-on projects :

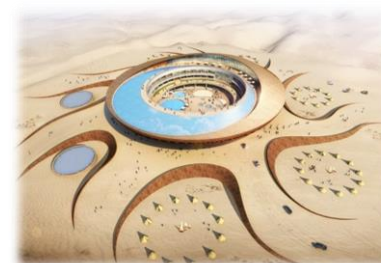
- Construction of Shaolin international Kung Fu town broke ground on 29th June;
- Luya Waterfall project 1st phase construction has begun;
- Started preparatory work of Sanhuangzhai cable car and glass suspension bridge;
- Collaborating with the Tourism Planning JV to enhance Shaolin and Songshan brand recognition;

More events will be hosted in 2H: Songshan Luya Waterfall festival, 7th anniversary celebration of enlist in the World Heritage.

Shapotou Scenic Spot :

New add-on projects :

- Tourist Service Center commenced soft opening;
- Yellow River 3D glass Suspension Bridge completed and began operation in July;
- Expansion of sand sliding site completed and the desert escalator renovation saw good progress;
- Initiated environmental evaluation, planning and design of the Sun Desert Hotel



	(HKD million)	1H2017	1H2016
Leisure Resort	Revenue	155	174
	Attributable profit	(17)	(13)
Real Estate	Revenue	414	-
	Attributable profit	0.4	(5)

Leisure Resort :

- Zhuhai Ocean Spring losses increased due to an one-off Evergrande related compensation income in 1H2016;
- Xianyang Ocean Spring was affected by the 1.3 incident, resulting in significant drop in visitors and revenue at beginning of 1H, which has been stabilized by now.

Real Estate :

- HK\$274 mil revenue was recognized for Ocean Spring garden, a housing project mainly sold to internal staff at cost.
- Anji project sales amounted to RMB 280 mil, out of which HK\$140 mil has been booked in revenue.
- Evergrande project's marketing expenses offset profit from Anji project.

Review and Progress

Zhuhai Ocean Spring :

Product upgrade progressing well :

- The Caribbean Water World upgrade completed, and the first Caribbean Carnival launched on 8th July;
- Started remodeling of outdoor hot spring; China International Hot Spring Festival will be held at year end;
- Renovated and launched new family and cartoon themed hotel rooms.

60% of Evergrande real estate has been sold, with sales amounted to RMB 1.8 billion, development plans of additional 700k sq.m. land bank will finish in 2H.

Anji project:

- Club Med Resort aimed to open in 2H 2017.
- Up to date 87% of 1st phase real estate development has been sold, and revenue & profit will be fully recognized throughout 2H.
- Continue to develop land reserves.



Travel Agency, Travel Document

- Revenue and profit up 6% & 1% YoY

Passenger Transportation Operations

- Revenue increased by 53% YoY, but profit fell by 13% YoY

Travel Agency, Travel Document

Overseas agency business was main driver of revenue growth, but expected to remain stable; travel documents business stabilized.



China Travel Tours Transportation Services

Increase in revenue was due to reclassification of Macau bus operation from previously a jointly-controlled entity to a subsidiary of the Company; rising oil prices and increase in depreciation expense led to lower gross margin.



Shun Tak-China Travel Ferry

Higher fuel prices and vessel maintenance expense resulted in a decrease in profit.

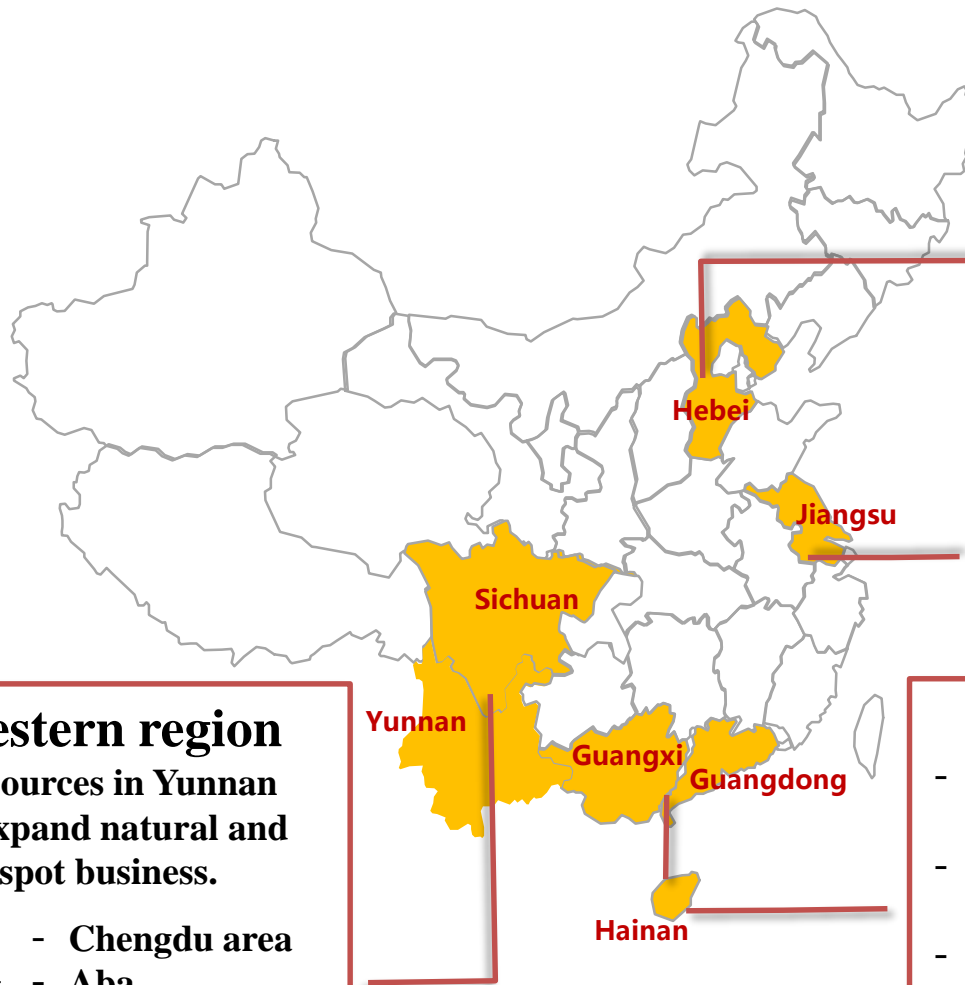


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3. Key Projects Outlook



Focus on the development of key regional markets



Beijing-Tianjin-Hebei

Build snow and ski, mountain, grassland and other specialty tourist resorts.

Eastern region

Create family-based island vacation destinations in Suzhou Taihu Xishan Island and surrounding area.

Southwestern region

Seize scenic resources in Yunnan and Sichuan, expand natural and cultural scenic spot business.

- Dali
- Chengdu area
- Tengchong
- Aba

Southern region

- Guangxi province China Travel National Holiday Park
- Hainan province Wenchang aerospace theme park project
- Guangdong-Hong Kong-Macao Greater Bay Area

Current state of holiday destinations in Guangxi Province:

- Difficult access, mass transport such as railway out of reach
- Lack tourist service infrastructure, limiting travelers' activities
- Fragmented segment without a unified promotion platform

Opportunity

Develop China Travel National Holiday Park

Take advantage of:

- ✓ Parent company's leading tourism brand power
- ✓ Comprehensive tourism resources
- ✓ Years of experience in investment and operation of travel destinations

To consolidate tourism resources and related service providers within the region and build a truly integrated regional holiday destination that offers a complete industrial chain of leisure and holiday products and services.

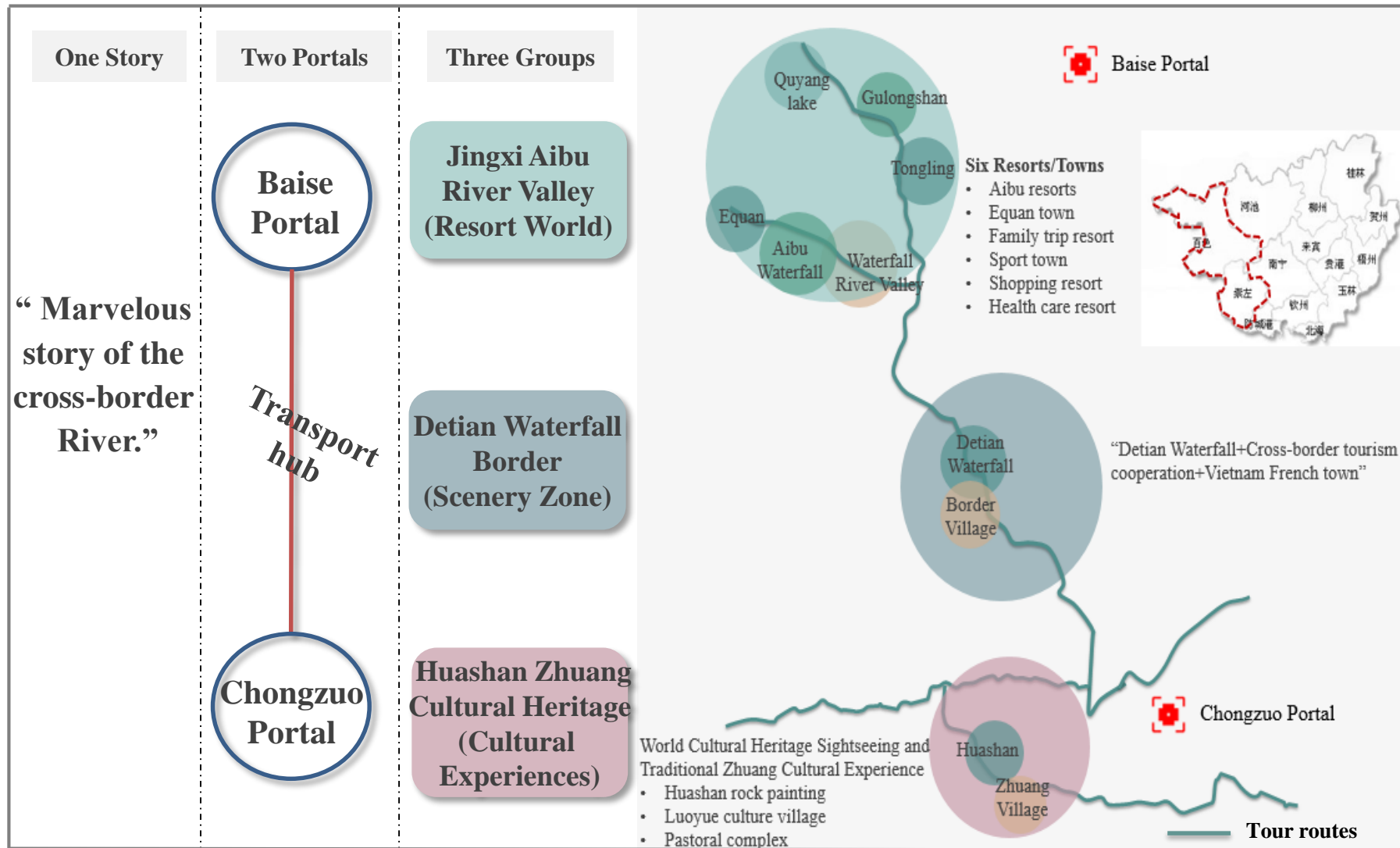
Guangxi province National Holiday Park

With Chongzuo Detian Waterfall, Zuojiang Huashan scenic area, Baise Jingxi landscape as core resources, build an integrated tourism and holiday park offering:

- Sightseeing
- Breaks and holiday
- Health and wellness
- Cultural experience
- Fine dining
- Shopping products



Guangxi province National Holiday Park Product Design



Asset Light Models: Tourism Planning & Management Contract



Management Contract Business:

- The Company and subsidiaries together have signed nearly ten new management contracts in 1H.
- The Company's asset light management business team, founded in December 2016, has since carried out tasks of system building, talent recruit and business development.



China Travel Tourism Planning Platform:

- Formed joint venture company, China Travel Zhiye Culture Development (Shenzhen) Co., Ltd with Guangdong Wisdom Scenery Marketing Co., Ltd. The Company owns 51% equity interests in the JV.
- Wisdom Scenery Marketing's know-hows and professional teams would further strengthen our tourism planning and design capability and help accelerate the expansion of travel destination business.



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4. Financial Review



Income, profits rebounded significantly

HKD (in million) 6 months ended June 30	1H2017	1H2016	Change Rate
Revenue	2,352	1,820	29%
Profit attributable to shareholders	375	270	39%
Deduct non-recurring gains/losses:			
Changes in fair value of investment properties	37	22	
Gain on disposal of subsidiaries	41	21	
Share option expense	(15)	-	
Other	1	1	
Core tourism profit attributable to shareholders	311	226	38%
Net cash from operating activities	463	357	30%
Basic earnings per share (HK cents)	6.88	4.90	40%
Interim dividend per share (HK cents)	3.0	2.0	50%
Dividend payout ratio	44%	42%	N/A

Strong Financials

HKD (in billion)	2017.6.30	2016.12.31
Total assets	20.3	20.0
Equity attributable to shareholders	15.2	14.7
Net asset value per share* (HK\$)	2.80	2.69
Cash and bank balances and wealth management products, etc.	4.97	4.79

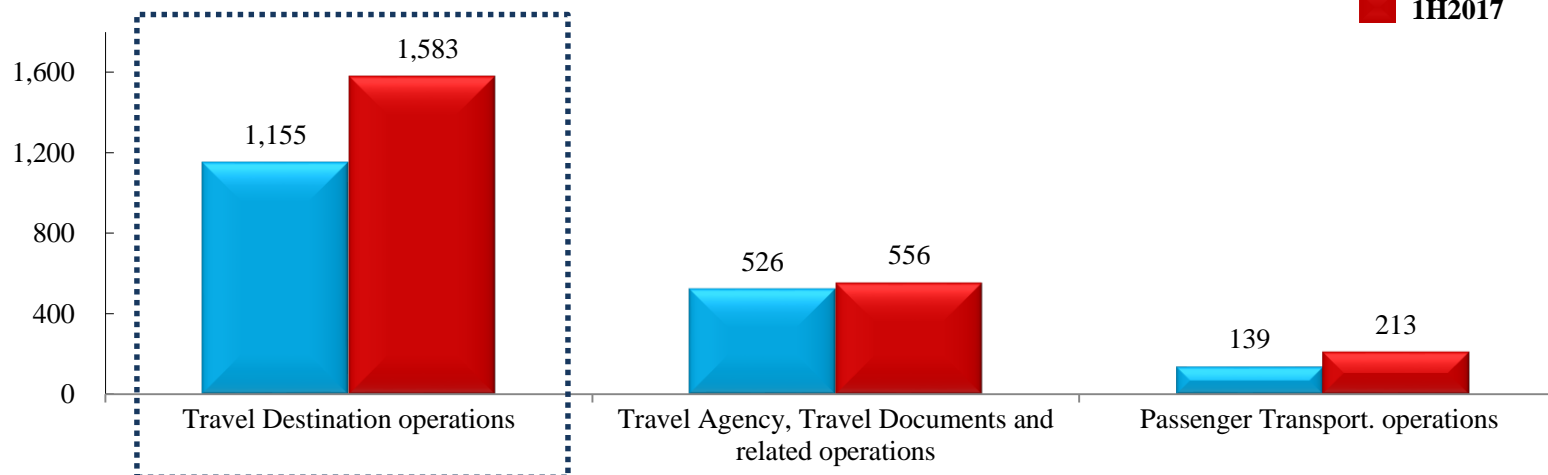
(* Based on equity attributable to shareholders)

Revenue Overview by Segment

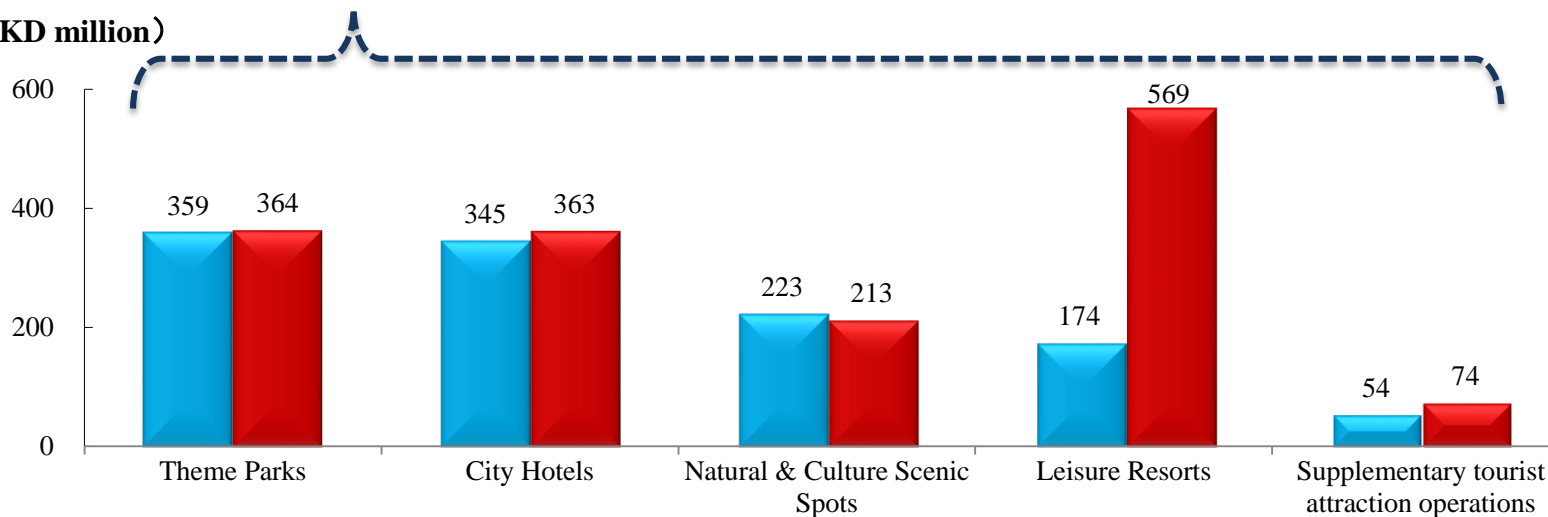
Revenue

(HKD million)

1H2016
1H2017



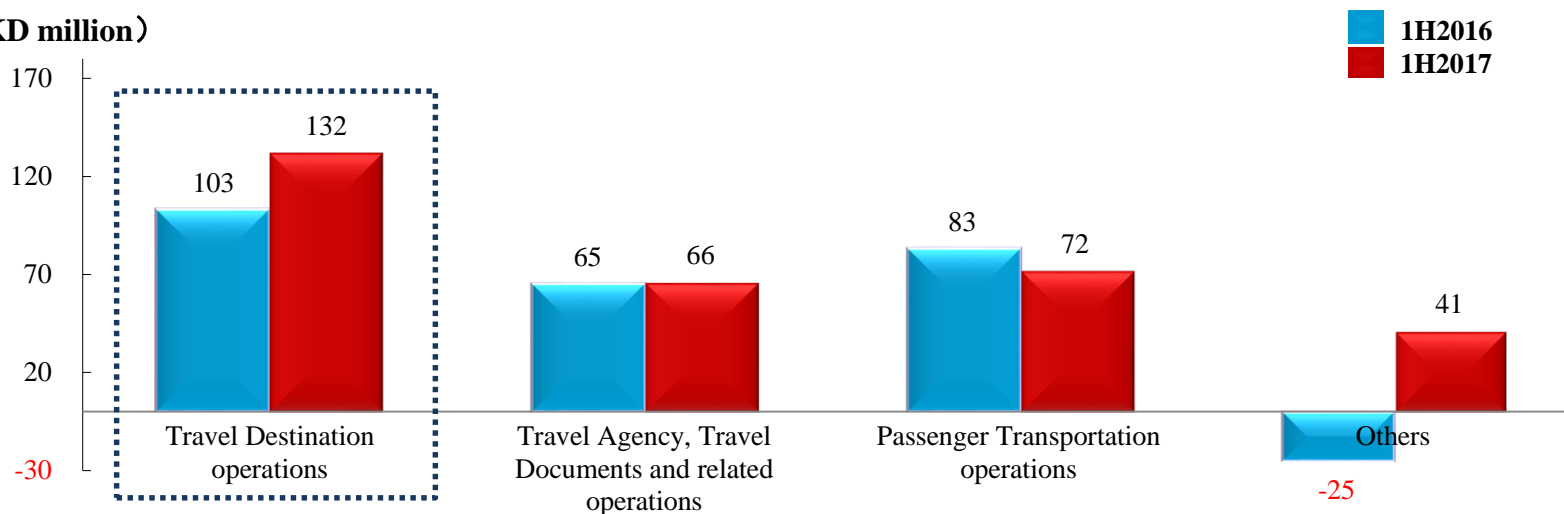
(HKD million)



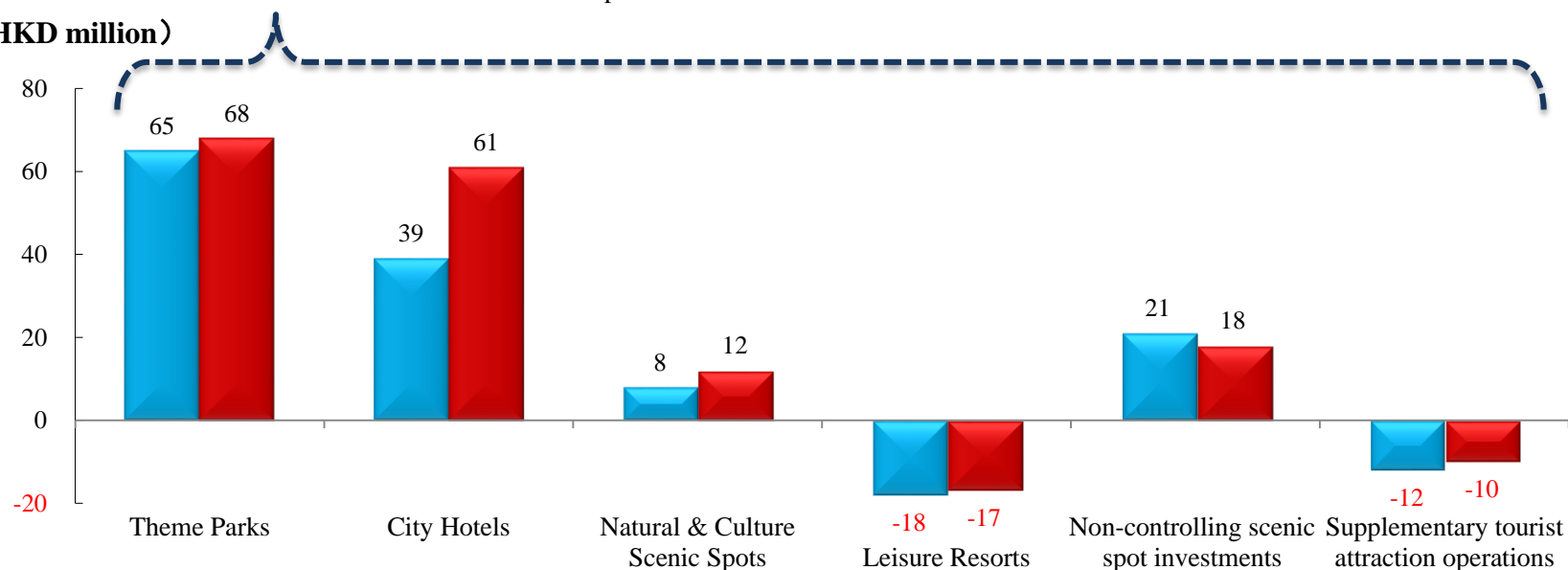
Attributable Profit by Segment

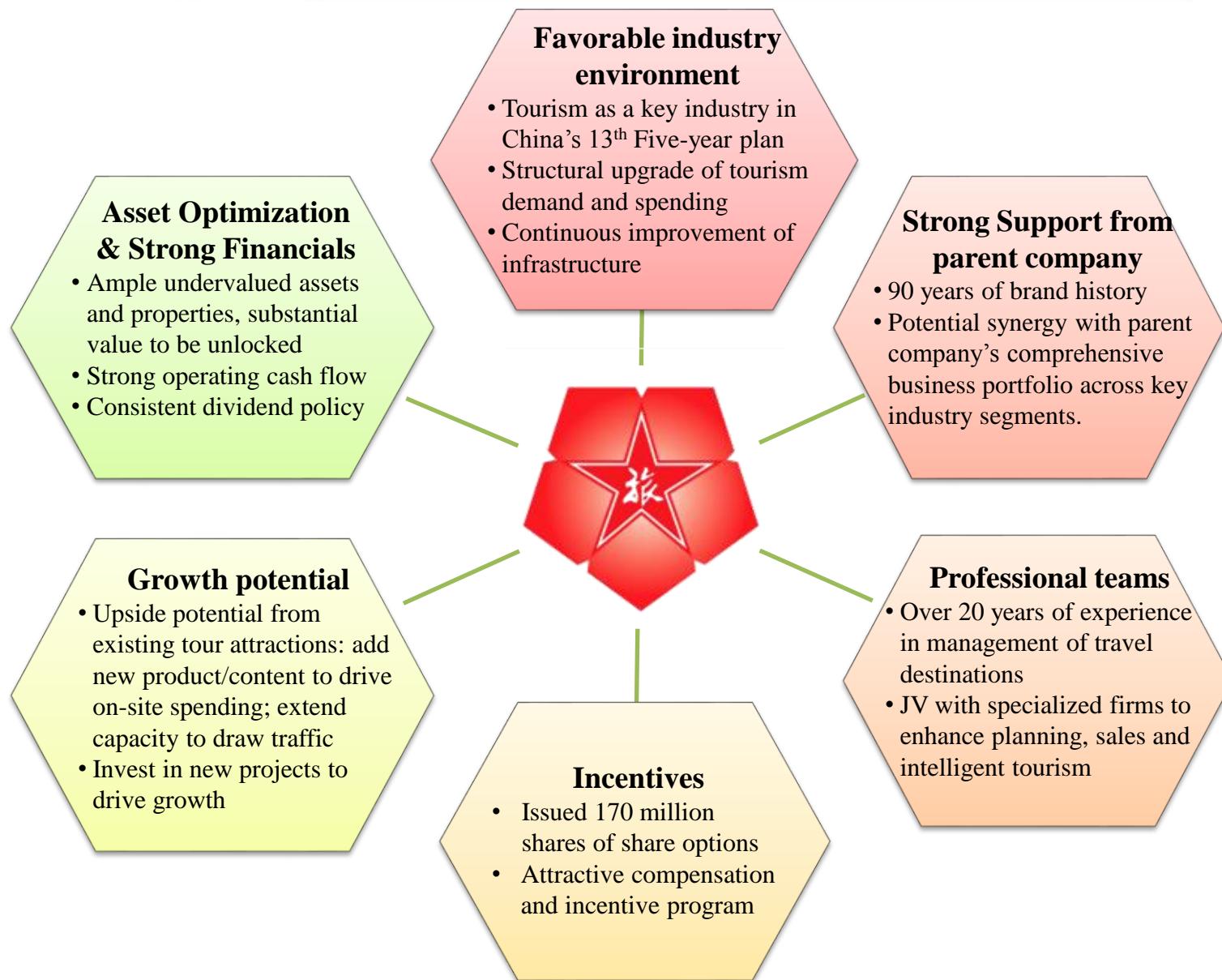
Attributable Profit (excluded non-recurring items)

(HKD million)



(HKD million)







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Appendix



Company Introduction

- China's leading investor, developer and operator of travel destinations.
- Parent company, "China National Travel Service Group Corporation" is China's largest tourism SOE under direct supervision of Chinese central government.
- Founded in July and listed in Hong Kong in November 1992, and positioned as an integrated tourism platform focusing on the investment and operation of travel destinations both in China and overseas.



- Diversified tourism business portfolio: tourist attractions, theme parks, resorts, hotels, travel agency, passenger transportation, art performance, travel documents and etc.
- Core travel destinations served over 10 million visitors per annum.

Core Principal Operations

Business sectors	Categories	Items
Travel Destination Operations	Theme Parks	Window of the World Splendid China
	City Hotels	Five hotels in Hong Kong-Macau Beijing hotel Metropark Hotels Management Company
	Natural and cultural scenic spot destinations	Songshan Shapotou Xing Zi Lu Passage Cable
	Leisure resort destinations	Zhuhai OSR Xianyang OSR Anji Company
	Non-controlling scenic spot investments	Changsha Colorful World; Changchun Jingyuetan; Huangshan Taiping Cable; Huangshan Yuping Cable;
	Supplementary tourist attraction operations	Tycoon (Shenzhen) Golf Club China Heaven Creation International Performing Arts
Travel Agency, Travel Document and Related Operations	Travel agency business (China Travel Service (Hong Kong) Limited and overseas travel agencies); Travel document business	
Passenger Transportation Operations	China Travel Tours Transportation Services; Shun Tak-China Travel Shipping	

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