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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00308)

ANNOUNCEMENT OF 2020 FINAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to present my report to the shareholders:

SUMMARY OF RESULTS

For the year ended 31 December 2020, the Group's consolidated revenue was HK$1,967 million, representing a 56.06% decrease compared with the previous year. Loss before taxation was HK$742 million, compared with profit before taxation of HK$734 million in the previous year. Loss attributable to shareholders was HK$391 million, compared with profit attributable to shareholders of HK$387 million in the previous year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

EXECUTION OF STRATEGY

In 2020, the COVID-19 pandemic (the "**pandemic**") made a profound impact on all walks of life, and brought severe challenges and tremendous changes to most industries. The impact on the tourism industry was unprecedented, and in Hong Kong, was exacerbated by events that had already weakened local business. Under the pressure of the situation, the Group responded with a coordinated effort that embraced both pandemic prevention and control and business development. Having determined business development requirements at the beginning of the year, and through the tireless efforts of its staff, the Group was not overwhelmed by the crisis conditions, nor did it interrupt its pace of exploration, innovation, reform and development, and achieved hard-won results.

The Group remained firmly committed to becoming "a first-class cultural travel destination investment and operation service provider". It focused on tourism resources and the customer base, and optimised its strategic development plan. The Group studies the market to understand and fulfil customer demand, and to develop innovative ideas.

During the year, the Group entered into agreements with Shun Tak Holdings Limited ("**STHL**") in relation to reorganising its cross-border transportation service platform, pursuant to which the Company and STHL were to consolidate their respective existing passenger bus and ferry operations into Shun Tak-China Travel Shipping Investments Limited ("**Shun Tak-China Travel**"). Since completing the reorganisation, Shun Tak-China Travel has been a non wholly-owned subsidiary of the Company, and one of the largest tourism and transportation investment and operation concerns in the Greater Bay Area. This has enhanced the strategic planning and coordinated development of the Company's tourism industry chain, and will enable it to exploit greater opportunities for passenger transport in Guangdong, Hong Kong and Macau. The Company will seize these opportunities for passenger transportation investment and development in the Greater Bay Area and other regions, and in response to external changes, will strive to create new profit growth points through structural optimisation, cost control and other measures.

Moreover, CTS Scenery Resort Investment Company Limited ("**CTS Scenery Resort**"), a wholly-owned subsidiary of the Company, acquired a 34% equity interest in Hangzhou New Century Senbo Tourism Investment Co., Ltd. ("**New Century Senbo**") from New Century Tourism Group Co., Ltd. ("**New Century Tourism**") at a consideration of RMB391 million, becoming the second largest shareholder in New Century Senbo in February 2021. New Century Senbo's sound tourism IP and highly regarded products are attractive to the market, which will be beneficial to the leapfrog development of the Company's tourism real estate businesses. The Company and New Century Tourism will establish a friendly, mutually beneficial partnership through close cooperation, in which the Company will utilise its investment and operational advantages of market, management and capital in cultural tourism and real estate, while New Century Tourism will contribute the advantages of New Century Senbo's established brand and full-process project management services. Both sides will strive to coordinate investment and operations in cultural tourism and real estate to jointly build the "New Century Senbo Tourism Resorts" product series into a model project for the investment and operation of the Group's tourism destinations.

The Group continues to fulfil its corporate social responsibilities. CTS Scenery (Beijing) Tourism Management Limited ("**CTS Scenery**"), a wholly-owned subsidiary of the Company, has consistently implemented an "education + business" targeted poverty alleviation model, and has improved the management of core scenic spots in impoverished counties by exporting professional operational and management talent. Under its targeted poverty alleviation model of "Joint Construction by the Local Government and Enterprises", CTS Scenery aided Xuanhan county, Dazhou city, Sichuan province, and Liping county, Qiandongnan prefecture, Guizhou province, to lift all their registered poor population above poverty level. CTS Scenery also embarked on tourism construction project planning in the region-wide tourism demonstration zone Feilaisi Town and tourism cooperation planning for Deqin County, Yunnan. It promoted the transformation of Deqin County from scenic spot tourism to regional tourism; prepared an overall plan and feasibility study report for a core exhibition park and concentrated exhibition zone for Liping County, Guizhou, and an overall planning and feasibility study report for the core exhibition park and the concentrated exhibition zone of Long March National Cultural Park (Liping Section) for Liping County, Guizhou. It assisted local governments in planning and obtaining project funds, and strove to make due contributions to poverty alleviation. CTS Scenery was consequently awarded the title of "National Advanced Group for Poverty Alleviation" by the Party Central Committee and the State Council.

PROSPECTS

In 2020, China's total GDP exceeded RMB100 trillion for the first time, with the annual economic growth rate of 2.3%, making it the only major economy in the world to achieve positive economic growth against the backdrop of the pandemic. Although the pandemic negatively affected the Group's overall business operations, all levels of government in China have implemented stringent prevention and control measures and introduced various policies to pave the way for the resumption of work and production in various industries and accelerate economic recovery. Owing to the effectiveness of these measures, the domestic tourism economy and consumer confidence have gradually recovered, and have especially benefitted from the comprehensive resumption of inter-provincial tourism and the summer holiday/Golden Week of National Day peak season. The Group's tourist attraction business has also shown a recovery and gradually resumed positive growth.

In 2021, the pandemic remains to be brought fully under control in all parts of the world. However, with vaccinations proceeding in various countries and markets expecting more stimulus measures from government, international economic activity and people's livings are expected to gradually recover. However, the rise of trade protectionism and unilateralism in recent years, coupled with Sino-US frictions, have increased uncertainty in the world's outlook. To cope with this complicated global situation, China will strive to achieve higher quality and more efficient development by adhering to the 14th Five-Year Plan's strategy of accelerating the construction of a new development pattern taking the domestic big cycle as the mainstay with domestic and international development reinforcing each other in the dual cycle. China is expected to maintain solid growth, which will drive the growth of the Group's tourism business in the country.

Given uncertain external environment in the upcoming year, the Group will identify opportunities created upon the implementation of national policy, continue to optimise its allocation of assets, pursue steady improvements to operational efficiency, and accelerate its digital transformation. The Group will thoroughly implement the new development concept, create new drivers for high-quality development, and accelerate the construction of a new development pattern. The Group is confident that it will respond effectively to its challenges, bring forth new ideas, rapidly seize opportunities, and make a persistent effort to embark on a new journey of high-quality development.

ACKNOWLEDGEMENTS

Mr Fu Zhuoyang, Chairman of the Board of the Company, retired on 20 May 2020. The Company achieved steady development and growth under his leadership, and on behalf of the Company, I would like to express my sincere gratitude to Mr. Fu for his valuable contributions during his term of office.

With the strong support of the parent company and unrelenting efforts of the management and all staff, I am cautious about the Group's prospects in the prevailing volatile economic environment. I would like to take this opportunity to express my sincere gratitude to the shareholders and business partners for their support, and my great respect to directors and staff for their loyalty and perseverance in the face of the pandemic, and for their efforts and contributions to the development of our business.

Jiang Hong
Chairman of the Board

Hong Kong, 30 March 2021

The Board of Directors (the "**Board**") of China Travel International Investment Hong Kong Limited (the "**Company**") is pleased to present the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*4*	**1,966,709**	4,476,996
Cost of sales		**(1,891,006)**	(2,653,331)
Gross profit		**75,703**	1,823,665
Other income and gains, net		**603,157**	325,924
Changes in fair value of investment properties		**(183,271)**	(36,238)
Selling and distribution costs		**(403,120)**	(533,938)
Administrative expenses		**(874,070)**	(998,836)
Operating (loss)/profit	*6*	**(781,601)**	580,577
Finance income	*5*	**68,554**	87,550
Finance costs	*5*	**–**	–
Finance income, net	*5*	**68,554**	87,550
Share of profits less losses of			
– associates		**(22,612)**	66,185
– joint ventures		**(6,160)**	–
(Loss)/profit before taxation		**(741,819)**	734,312
Taxation	*7*	**129,735**	(196,548)
(Loss)/profit for the year		**(612,084)**	537,764
Attributable to:			
Equity owners of the Company		**(390,792)**	386,880
Non-controlling interests		**(221,292)**	150,884
(Loss)/profit for the year		**(612,084)**	537,764
(Loss)/earnings per share for (loss)/profit attributable to equity owners of the Company (HK cents)	*9*		
Basic (loss)/earnings per share		**(7.06)**	7.08
Diluted (loss)/earnings per share		**(7.06)**	7.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(612,084)**	537,764
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Gain on property valuation, net of tax	**605**	1,925
Equity investments at FVOCI – net movement in fair value reserve (non-recycling), net of tax	**(19,598)**	7,871
Items that may be reclassified subsequently to profit or loss:		
Share of hedging reserve, net of tax	**(2,181)**	5,627
Exchange differences on translation of foreign operations, net	**586,197**	(258,600)
Cash flow hedges:		
net movement in hedging reserve	**6,290**	–
Other comprehensive income for the year, net of tax	**571,313**	(243,177)
Total comprehensive income for the year	**(40,771)**	294,587
Attributable to:		
Equity owners of the Company	**122,505**	166,519
Non-controlling interests	**(163,276)**	128,068
Total comprehensive income for the year	**(40,771)**	294,587

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**9,412,901**	8,120,307
Investment properties		**1,621,154**	1,745,232
Prepaid land lease payments		**411,054**	2,163,793
Goodwill		**1,347,825**	1,323,828
Other intangible assets		**112,734**	198,160
Interest in associates		**933,012**	1,216,602
Interest in joint ventures		**155,578**	–
Other financial assets		**27,395**	48,782
Prepayments and other receivables		**555,382**	5,918
Deferred tax assets		**259,473**	61,901
Total non-current assets		**14,836,508**	14,884,523
Current assets			
Inventories		**175,392**	17,780
Properties under development		**4,250,099**	2,263,561
Completed properties held for sale		**374,488**	26,607
Trade receivables	*10*	**81,743**	59,748
Deposits, prepayments and other receivables		**705,683**	330,469
Loan to fellow subsidiaries		**381,439**	395,865
Amounts due from holding companies		**1,165**	22,224
Amounts due from fellow subsidiaries		**152,228**	113,989
Tax recoverable		**13,983**	75,812
Financial assets at fair value through profit or loss		**297,553**	56,904
Pledged time deposits		**10,644**	18,333
Cash and bank balances		**2,947,404**	3,198,048
Assets of disposal group classified as held for sale	*12*	**955,865**	343,065
Total current assets		**10,347,686**	6,922,405
Total assets		**25,184,194**	21,806,928

	Note	2020 HK$'000	2019 HK$'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital		**9,222,295**	9,222,295
Reserves		**6,985,164**	6,863,980
		16,207,459	16,086,275
Non-controlling interests		**2,228,804**	1,277,892
Total equity		**18,436,263**	17,364,167
LIABILITIES			
Non-current liabilities			
Deferred income		**772,363**	679,069
Lease liabilities		**229,791**	244,810
Bank and other borrowings		**95,052**	–
Deferred tax liabilities		**686,561**	604,956
Total non-current liabilities		**1,783,767**	1,528,835
Current liabilities			
Trade payables	*11*	**439,284**	243,635
Other payables and accruals		**3,207,303**	2,055,319
Loans from holding companies		**514,130**	77,028
Amounts due to holding companies		**3,882**	1,715
Amounts due to fellow subsidiaries		**4,924**	1,553
Lease liabilities		**61,309**	30,468
Tax payables		**110,164**	157,406
Bank and other borrowings		**51,569**	3,801
Liabilities of disposal group classified as held for sale	*12*	**571,599**	343,001
Total current liabilities		**4,964,164**	2,913,926
Total liabilities		**6,747,931**	4,442,761
Total equity and liabilities		**25,184,194**	21,806,928

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 Corporate information

China Travel International Investment Hong Kong Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in following activities:

– Tourist attraction and related operations

– Travel agency, travel document and related operations

– Hotel operations

– Passenger transportation operations

The Company is a limited liability company incorporated in Hong Kong and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong.

In the opinion of the directors, immediate holding company of the Company is China Travel Service (Holdings) Hong Kong Limited ("CTS (Holdings)"), which is incorporated in Hong Kong, and the parent company is China National Travel Service Group Corporation Limited, a PRC state-owned enterprise.

2 Basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, equity investments, financial assets at fair value through profit or loss and derivative financial instrument, which are stated at their fair value.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less cost to sell.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business

- Amendment to HKFRS 16, Covid-19-Related Rent Concessions

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

3 Operating segment information

Executive management is the Group's chief operating decision-maker and regularly reviews the segment results. For management purposes, the Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. No operating segments have been aggregated to form the reportable segments. A summary of details of the operating segments is as follows:

(a) the tourist attraction and related operations segment engages in the operation of theme parks, scenic spots, cable car systems, skiing facilities, hotspring resorts, other resorts, arts performance and tourism property development mainly located in Mainland China;

(b) the travel agency, travel document and related operations segment engages in the provision of travel agency, travel document and related services in Hong Kong, Mainland China, South East Asia, Oceania, the United States of America and countries in the European Union;

(c) the hotel operations segment engages in the provision of hotel accommodation, food and beverage services in Hong Kong, Macau and Mainland China;

(d) the passenger transportation operations segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macau and Mainland China, vehicle and vessel rental and charter operations in Hong Kong, Macau and Mainland China.

Management has determined the operating segments based on the information reviewed by the chief operating decision maker. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the (loss)/profit attributable to equity owners of the Company of each reportable operating segment excluding changes in fair value of investment properties, result from acquisition or disposal of investments, property, plant and equipment and share option expenses.

Segment assets include all tangible and intangible assets and current assets with the exception of interest in associates and joint ventures and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities includes all trade payables, other payables and accruals, bank and other borrowings, tax payables and deferred tax liabilities, except for head office and corporate liabilities that are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices for sales transactions made to third parties at the prevailing market prices.

Year ended 31 December 2020

	Tourist attraction and related operations *HK$'000*	Travel agency, travel document and related operations *HK$'000*	Hotel operations *HK$'000*	Passenger transportation operations *HK$'000*	Total of reportable segments *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*
Segment revenue:							
Sales to external customers	1,285,388	252,398	325,698	90,756	1,954,240	12,469	1,966,709
Inter-segment revenue	1,542	231	8,883	878	11,534	464	11,998
	1,286,930	252,629	334,581	91,634	1,965,774	12,933	1,978,707
Elimination of inter-segment revenue					(11,534)	(464)	(11,998)
Revenue					1,954,240	12,469	1,966,709
Segment results	27,984	(18,689)	(97,486)	(297,147)	(385,338)	(51,334)	(436,672)
Non-controlling interests							(221,292)
Segment operating results before non-controlling interests							(657,964)
Gain on deemed disposal of an associate							182,822
Gain on bargain purchase of a subsidiary							36,834
Changes in fair value of investment properties, net of tax							(170,486)
Net loss on disposal of property, plant and equipment, net of tax							(3,290)
Loss for the year							(612,084)

	Tourist attraction and related operations HK$'000	Travel agency, travel document and related operations HK$'000	Hotel operations HK$'000	Passenger transportation operations HK$'000	Total of reportable segments HK$'000	Corporate and others HK$'000	Total HK$'000
Segment assets	12,630,044	2,002,875	3,755,562	2,073,008	20,461,489	3,634,115	24,095,604
Interest in associates	813,678	–	–	102,026	915,704	17,308	933,012
Interest in joint ventures	103,325	–	–	52,253	155,578	–	155,578
Inter-segment receivables	158,987	603,073	616,192	75,606	1,453,858	6,538,185	7,992,043
	13,706,034	2,605,948	4,371,754	2,302,893	22,986,629	10,189,608	33,176,237
Elimination of inter-segment receivables							(7,992,043)
Total assets							25,184,194
Segment liabilities	4,629,372	500,710	479,360	607,097	6,216,539	531,392	6,747,931
Inter-segment payables	3,844,122	558,587	2,147,617	966,691	7,517,017	475,026	7,992,043
	8,473,494	1,059,297	2,626,977	1,573,788	13,733,556	1,006,418	14,739,974
Elimination of inter-segment payables							(7,992,043)
Total liabilities							6,747,931
Other segment information:							
Share of profits less losses of associates	74,211	–	–	(96,075)	(21,864)	(748)	(22,612)
Share of profits less losses of joint ventures	(3,608)	–	–	(2,552)	(6,160)	–	(6,160)
Capital expenditure (note a)	575,521	626,209	4,522	37,519	1,243,771	21,116	1,264,887
– owned property, plant and equipment	575,521	565,714	4,522	18,785	1,164,542	21,116	1,185,658
– right-of-use assets	–	60,495	–	18,734	79,229	–	79,229
Depreciation and amortisation	267,226	31,581	131,578	157,867	588,252	1,111	589,363
– owned property, plant and equipment	241,948	17,770	131,578	143,516	534,812	1,111	535,923
– right-of-use assets	25,278	13,811	–	14,351	53,440	–	53,440
Provision for impairment recognised in the income statement, net (note b)	8,538	(1,676)	–	–	6,862	–	6,862

Notes:

(a) Capital expenditure consists of additions of property, plant and equipment and prepaid land lease payments.

(b) Amounts consist of provision for impairment/(write back of provision for impairment) of trade and other receivables, property, plant and equipment, prepaid land lease payment and amounts due from associates.

Year ended 31 December 2019

	Tourist attraction and related operations *HK$'000*	Travel agency, travel document and related operations *HK$'000*	Hotel operations *HK$'000*	Passenger transportation operations *HK$'000*	Total of reportable segments *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*
Segment revenue:							
Sales to external customers	1,972,967	1,308,916	708,077	487,036	4,476,996	–	4,476,996
Inter-segment revenue	7,879	2,355	2,676	1,894	14,804	16,270	31,074
	1,980,846	1,311,271	710,753	488,930	4,491,800	16,270	4,508,070
Elimination of inter-segment revenue					(14,804)	(16,270)	(31,074)
Revenue					4,476,996	–	4,476,996
Segment results	276,631	149,968	81,164	(13,574)	494,189	(96,630)	397,559
Non-controlling interests							150,884
Segment operating results before non-controlling interests							548,443
Changes in fair value of investment properties, net of tax							(38,727)
Net loss on disposal of property, plant and equipment, net of tax							(4,278)
Reversal of share option expense							32,326
Profit for the year							537,764

	Tourist attraction and related operations HK$'000	Travel agency, travel document and related operations HK$'000	Hotel operations HK$'000	Passenger transportation operations HK$'000	Total of reportable segments HK$'000	Corporate and others HK$'000	Total HK$'000
Segment assets	10,640,691	3,521,481	3,863,725	355,608	18,381,505	2,208,821	20,590,326
Interest in associates	670,381	–	–	528,165	1,198,546	18,056	1,216,602
Inter-segment receivables	242,221	559,607	627,729	1,693	1,431,250	5,523,536	6,954,786
	11,553,293	4,081,088	4,491,454	885,466	21,011,301	7,750,413	28,761,714
Elimination of inter-segment receivables							(6,954,786)
Total assets							21,806,928
Segment liabilities	3,117,635	456,525	517,687	110,828	4,202,675	240,086	4,442,761
Inter-segment payables	3,792,459	287,520	2,116,078	294,023	6,490,080	464,706	6,954,786
	6,910,094	744,045	2,633,765	404,851	10,692,755	704,792	11,397,547
Elimination of inter-segment payables							(6,954,786)
Total liabilities							4,442,761
Other segment information:							
Share of profits less losses of associates	87,245	–	–	(21,155)	66,090	95	66,185
Capital expenditure (note a)	377,609	67,449	67,672	38,255	550,985	53,441	604,426
– owned property, plant and equipment	368,097	37,621	67,672	29,683	503,073	53,441	556,514
– right-of-use assets	9,512	29,828	–	8,572	47,912	–	47,912
Depreciation and amortisation	293,198	44,148	140,767	38,660	516,773	1,230	518,003
– owned property, plant and equipment	268,262	27,275	140,767	33,319	469,623	1,230	470,853
– right-of-use assets	24,936	16,873	–	5,341	47,150	–	47,150
Provision for impairment recognised in the income statement, net (note b)	(297)	141	(178)	–	(334)	–	(334)

Notes:

(a) Capital expenditure consists of additions of property, plant and equipment and prepaid land lease payments.

(b) Amounts consist of provision for impairment/(write back of provision for impairment) of trade and other receivables, property, plant and equipment, prepaid land lease payments and amounts due from associates.

Geographical information

(a) Revenue from external customers

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**404,836**	1,625,297
Mainland China (including Macau)	**1,488,695**	2,420,215
Overseas	**73,178**	431,484
	1,966,709	4,476,996

The analysis of the Group's revenue by geographical area is based on the location of operations in respect of travel agency and related operations, and the location at which the services were provided in respect of other operations.

(b) Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**6,794,395**	5,834,701
Mainland China (including Macau)	**7,688,946**	7,867,122
Overseas	**50,365**	45,874
	14,533,706	13,747,697

The information about the Group's non-current assets is based on the physical location of assets which exclude other financial assets and deferred tax assets.

Information about major customers

There was no revenue from any sales to any single external customer that contributed over 10% of the total sales of the Group during the year ended 31 December 2020 (2019: Nil).

4 Revenue

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year.

Disaggregation of revenue

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Tourist attraction and related income	**720,768**	1,772,817
– Tour, travel agency, travel document and related income	**264,867**	1,308,916
– Hotel income	**332,333**	710,252
– Passenger transportation income	**90,756**	487,036
– Property sales income	**437,813**	57,695
– Consultancy and service income	**47,580**	73,819
	1,894,117	4,410,535
Revenue from other sources		
Gross rental income from investment properties		
– Lease payments that are fixed or depend on an index or a rate	**72,592**	66,461
	1,966,709	4,476,996

5 Finance income, net

	2020	2019
	HK$'000	*HK$'000*
Finance income:		
Bank deposits and entrustment loans	**68,554**	87,550
Interest expense:		
Lease liabilities	**(12,990)**	(13,819)
Bank borrowings, overdrafts and other borrowings		
– wholly repayable within five years	**(5,235)**	(8,701)
	(18,225)	(22,520)
Less: Interest expense capitalised into properties under development and property, plant and equipment	**18,225**	22,520
Finance costs	**–**	–
Finance income, net	**68,554**	87,550

6 Operating (loss)/profit

The Group's operating (loss)/profit is arrived at after charging/(crediting):

		2020	2019
		HK$'000	*HK$'000*
(a)	Other income and gains, net		
	Rental income on investment properties, net	**(19,817)**	(37,171)
	Foreign exchange differences, net	**4,536**	(680)
	Government grants	**(87,308)**	(26,898)
	Management fee income	**(67,782)**	(70,276)
	Income from financial assets at fair value through profit or loss	**(6,344)**	(13,478)
	Loss on disposal of property, plant and equipment, net	**3,309**	4,332
	Reversal of provision for the closure of golf club	**(138,346)**	(155,358)
	Gain on deemed disposal of an associate	**(182,822)**	–
	Gain on bargain purchase of a subsidiary	**(36,834)**	–
	Other	**(71,749)**	(26,395)
		(603,157)	(325,924)

		2020	2019
		HK$'000	*HK$'000*
(b)	Other items:		
	Depreciation charge		
	– owned property, plant and equipment	**535,923**	438,475
	– right-of-use assets	**53,440**	47,150
		589,363	485,625
	Amortisation of prepaid land lease payments	**32,664**	29,401
	Amortisation of other intangible assets	**2,946**	2,977
	Employee benefit expenses	**1,346,576**	1,376,458
	Reversal of impairment of trade and other receivables, net	**(285)**	(334)
	Provision for impairment of property, plant and equipment and prepaid land lease payments	**7,147**	–
	Direct operating expenses of investment properties	**1,906**	2,157
	Fuel cost	**12,952**	–
	Cost of properties sold	**237,893**	30,821

7 Taxation

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Under the Provisional Regulations on Land Appreciation Tax ("LAT"), all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.

	2020	2019
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**13,899**	51,432
Under-provision in prior years	**6,401**	591
	20,300	52,023
Current – Mainland China and Macau		
Charge for the year	**20,839**	118,903
Under/(over)-provision in prior years	**619**	(2,929)
	21,458	115,974
Current – Overseas		
Charge for the year	**–**	854
LAT	**31,462**	366
Deferred tax	**(202,955)**	27,331
Total tax (credit)/charge for the year	**(129,735)**	196,548

8 Dividends

	2020	2019
	HK$'000	*HK$'000*
Interim dividend, paid, of HKNil cents (2019: HK3 cents) per ordinary share	**–**	163,685

At a board meeting held on 30 March 2021, the Board did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

9 (Loss)/earnings per share for (loss)/profit attributable to equity owners of the Company

The calculations of basic and diluted (loss)/earnings per share are based on:

	2020	2019
Basic (loss)/earnings per share		
(Loss)/profit attributable to equity owners of the Company (HK$'000)	**(390,792)**	386,880
Weighted average number of ordinary shares in issue	**5,536,633,709**	5,466,925,961
Basic (loss)/earnings per share (HK cents)	**(7.06)**	7.08

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share option is the only category of dilutive potential ordinary shares of the Group. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options together with the position of the fair value of the share options measured at their grant date, which is attributable to future periods. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2020	2019
(Loss)/profit attributable to equity owners of the Company (HK$'000)	**(390,792)**	386,880
Weighted average number of ordinary shares in issue	**5,536,633,709**	5,466,925,961
Adjustment for:		
Share options	**–**	528,557
Weighted average number of ordinary shares for diluted (loss)/earnings per share	**5,536,633,709**	5,467,454,518
Diluted (loss)/earnings per share (HK cents)	**(7.06)**	7.08

10 Trade receivables

The Group allows an average credit period from 30 to 90 days to its trade debtors. As the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral as security. Trade receivables are interest-free.

At 31 December 2020 and 2019, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2020	2019
	HK\$'000	*HK\$'000*
Within 3 months	**31,432**	48,467
Over 3 months to 6 months	**23,925**	7,058
Over 6 months to 12 months	**20,559**	2,255
Over 1 year to 2 years	**5,130**	1,001
Over 2 years	**697**	967
	81,743	59,748

11 Trade payables

The ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK\$'000	*HK\$'000*
Within 3 months	**365,953**	200,694
Over 3 months to 6 months	**22,737**	14,208
Over 6 months to 12 months	**25,002**	12,861
Over 1 year to 2 years	**9,902**	5,190
Over 2 years	**15,690**	10,682
	439,284	243,635

The trade payables are interest-free and are normally settled on terms ranging from 30 to 90 days.

12 Assets/liabilities of disposal group held for sale

On 9 August 2019, Alton Services Limited ("Alton"), a wholly-owned subsidiary of the Company, entered into an agreement ("the Agreement") in relation to the sale of its entire equity interest in China Travel Service (Hong Kong) Limited and its wholly-owned subsidiaries (together "CTSHK") within the travel agency, travel document and related operations segment, for a consideration of HK$5,130,000 to CTG Travel Service Co., Lt. (formerly known as "China Travel Service Co., Ltd."), a fellow subsidiary of the Company.

At 31 December 2020, the major classes of assets and liabilities of disposal group classified as held for sale are as follows:

	HK$'000
Assets of disposal group classified as held for sale	
Property, plant and equipment (including right-of-use assets)	**37,516**
Investment properties	**25,800**
Deferred tax assets	**1,151**
Inventories	**291**
Trade receivables, net	**7,700**
Deposits, prepayments and other receivables	**51,048**
Tax recoverable	**625**
Pledged time deposits	**2,423**
Cash and bank balances	**96,611**
	223,165
Liabilities of disposal group classified as held for sale	
Bank and other borrowings	**520**
Trade payables	**81,530**
Other payables and accruals	**181,670**
Loans from holding companies	**87,477**
Amounts due to holding companies	**307**
Amounts due to fellow subsidiaries	**4,659**
Lease liabilities	**15,506**
Tax payable	**253**
	371,922

On 8 October 2020, the Board announced that the Company intended to dispose of its 51% equity interest in CTS (Dengfeng) Songshan Shandin Culture Tourism Co., Ltd. ("Songshan Scenic Spot") and the entire shareholder's loan owed by Songshan Scenic Spot to the Company as at the date of open listing through Public Tender to be conducted on the China Beijing Equity Exchange. The Songshan Scenic Spot would therefore be classified as disposal group classified as held for sale

At 31 December 2020, the major classes of assets and liabilities of disposal group classified as held for sale are as follows:

	HK$'000
Assets of disposal group classified as held for sale	
Property, plant and equipment (including right-of-use assets)	**245,038**
Prepaid land lease payment	**261,133**
Other intangible assets	**90,631**
Deferred tax assets	**7,875**
Inventories	**59**
Trade receivables	**83**
Deposits, prepayments and other receivables	**50,936**
Financial assets at fair value through profit or loss	**42,180**
Cash and bank balances	**34,765**
	732,700
Liabilities of disposal group classified as held for sale	
Deferred income	**1,188**
Deferred tax liabilities	**25,763**
Other payables and accruals	**131,717**
Lease liabilities	**39,118**
Tax payable	**1,891**
	199,677

13 Subsequent events

(i) On 8 October 2020, the Board announced that from 10 November 2020 to 7 December 2020, the Company made an open tender in relation to the disposal of the 51% equity interest in Songshan Scenic Spot ("Target Equity") and the Shareholder's Loan of Songshan Scenic Spot on the website of China Beijing Equity Exchange. As at the expiry of the initial public tender period, the Company could not find intended qualified transferee(s). On 10 December 2020, after the expiry of the initial public tender period, Songshan Scenic Spot has repaid the Shareholder's Loan of Songshan Scenic Spot of approximately RMB63,143,130 to the Company. In light of the response of the market and condition, the Company decided to proceed with a second open tender with the bid price adjusted downward. Accordingly, the Company made an open tender again from 16 December 2020 to 13 January 2021 on the website of China Beijing Equity Exchange in respect of the disposal of the Target Equity. On 25 January 2021, after the completion of transaction process at China Beijing Equity Exchange, the Company have entered into the Equity Transfer Agreement with Deng Feng Songshan Shaolin Culture Tourism Group Company Limited ("**Deng Feng**"), pursuant to which the Company has agreed to dispose of and Deng Feng has agreed to purchase the Target Equity at the Consideration of RMB255,112,200.

(ii) On 24 December 2020, the Board announced that the Company's wholly-owned subsidiary, CTS Scenery Resort Investment Company Limited ("**CTS Scenery Resort**"), New Century Tourism Group Co., Ltd. ("**New Century Tourism**") and Hangzhou New Century Senbo Tourism Investment Co., Ltd. ("**New Century Senbo**") entered into the Equity Purchase Agreement, pursuant to which CTS Scenery Resort has conditionally agreed to purchase 34% equity interest in New Century Senbo from New Century Tourism at a consideration of RMB 391,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

For 2020, the Group's consolidated revenue was HK$1,967 million, representing a decrease of 56.06% compared with the previous year. Loss before taxation was HK$742 million, compared with profit before taxation of HK$734 million in the previous year. Loss attributable to shareholders was HK$391 million, compared with profit attributable to shareholders of HK$387 million in the previous year. Loss attributable to operation was HK$437 million, compared with profit attributable to operations of HK$398 million in the previous year. The decrease in consolidated revenue and the loss attributable to shareholders were mainly due to a significant decrease in the number of tourist arrivals under the Group in Hong Kong, Macau and the Mainland China caused by the outbreak of the coronavirus disease ("COVID-19") in 2020. This made a negative impact on the financial results of the Group's business. During the year, the Group recorded the reversal of provision for the closure of golf clubs in 2017 of HK$138 million, and gain on deemed disposal of Shun Tak-China Travel of HK$183 million from the completion of a vehicle-vessel integration project, both of which partly reduced the losses.

The Group's financial position remained stable and healthy, with adequate investment and financing capabilities. As of 31 December 2020, total assets were HK$25,184 million, an increase of 15% compared with the previous year. Equity attributable to shareholders was HK$16,207 million, a 0.75% increase compared with the previous year. Cash and bank balances, wealth management products and certain loan receivables amounted to HK$3,637 million, a decrease of 1% compared with the previous year, of which cash and bank balances amounted to HK$2,947 million and, deducting loans from the holding company, bank loans and other borrowings of HK$661 million, net cash was HK$2,286 million, a decrease of 27% compared with the previous year.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

BUSINESS REVIEW

(I) Tourist attraction and related operations

The tourist attraction and related operations of the Group comprise:

1. Theme parks: Shenzhen The World Miniature Co., Ltd. ("**Window of the World**"), Shenzhen Splendid China Development Co., Ltd. ("**Splendid China**");

2. Natural and cultural scenic spots: CTS (Dengfeng) Songshan Shaolin Culture Tourism Co., Ltd. ("**Songshan Scenic Spot**"), CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. and CTS (Ningxia) Shapotou Cable Car Co., Ltd. ("**Shapotou Scenic Spot**"), Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd. ("**Xiufeng Scenic Spot**"), Guangxi, Ningming CTS Balai Tourism Culture Co., Ltd. ("**Huashan Scenic Spot**"), Guangxi CTS Detian Waterfall Tourism Development Co., Ltd. ("**Detian Scenic Spot**"), CTS Luzhou Laojiao Culture Tourism Development Company Limited ("**Luzhou Scenic Spot**");

   Non-controlling scenic spot investments: Huangshan Yuping Cable Car Company Limited, Huangshan Taiping Cable Car Co., Ltd., Changsha Colorful World Company Limited, Changchun Jingyuetan Youle Co., Ltd. and Ningbo CTS Cicheng Ancient County Tourism Development Company Limited ("**Cicheng Tourism Company**");

3. Leisure resorts: China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. ("**Zhuhai OSR**"), Xianyang Ocean Spring Resort Co., Ltd. ("**Xianyang OSR**"), Zhuhai Evergrande Ocean Spring Land Co., Ltd. ("**Evergrande OSR**") and CTS (Anji) Tourism Development Company Limited ("**Anji Company**"); and

4. Supplementary tourist attraction operations: China Heaven Creation International Performing Arts Co., Ltd. ("**Heaven Creation Company**"), CTS (Shenzhen) City Development Co., Ltd. ("**CTS City**", formerly known as "CTS Tycoon (Shenzhen) Golf Club Company Limited"), China Travel Zhiye Culture Development (Shenzhen) Co., Ltd ("**China Travel Zhiye**") and CTS Scenery (Beijing) Tourism Management Limited ("**CTS Scenery**").

Due to the impact of travel restrictions and lockdown measures implemented in response to COVID-19, in 2020, the Group's total revenue from tourist attractions and related operations was HK$1,285 million, representing a decrease of 35% compared with the previous year. Attributable profit was HK$28 million, representing a decrease of 90% compared with the previous year. The attributable profit figure was mainly due to reversal of provision for the closure of golf clubs by CTS City in 2017 of HK$138 million, which was partly offset by operating loss of other spots of HK$121 million.

Theme parks

The number of non-local tourists to Shenzhen decreased significantly during the pandemic. Outbound tourists and group tours were also affected to a certain extent. Theme parks were also impacted greatly as their customer base is mainly foreign tourists. These factors led to a continuous decline in the number of tourists during the year. The operating performance of theme park has recovered slowly, with revenue decreased by 69.1% compared with the previous year. Attributable loss was HK$81 million, while attributable profit for the previous year was HK$119 million. During the year, the 3D projection and ice rink renovation projects at Window of the World were put into service. The revenue of management services of Splendid China increased. Window of the World and Splendid China will continue to lay emphasis on market development and research of potential market, product enrichment, and quality improvement and capacity expansion.

Natural and cultural scenic spot destinations

Under the pandemic, revenue from natural and cultural scenic spots amounted to HK$292 million, a 53% decrease compared with last year. Attributable loss amounted to HK$27 million, while attributable profit for the previous year was HK$86 million.

Due to a relatively slow recovery of operations, Songshan Scenic Spot's revenue decreased significantly and turning profit into loss. During the year, the Company made an open tender in relation to the disposal of 51% equity interest in Songshan Scenic Spot on the website of China Beijing Equity Exchange. Upon completing the transaction process, it entered into an equity transfer agreement with Deng Feng Songshan Shaolin Culture Tourism Group Company Limited on 25 January 2021, pursuant to which the Company agreed to dispose of its 51% equity interest in Songshan Scenic Spot to Deng Feng Songshan Shaolin Culture Tourism Group Company Limited at a consideration of approximately RMB255 million. The disposal of Songshan Scenic Spot will help to enhance the portfolio of the Group's natural and cultural scenic spots, raise the asset turnover rate, increase working capital, and further improve the sustainability of the Company's development. It is expected that the Group will record a net gain of approximately RMB5.87 million as a result of the disposal. As of the date of this announcement, the disposal has not yet been completed. For details, please refer to the Company announcement dated 25 January 2021.

The revenue of Shapotou Scenic Spot has decreased and turning profit into loss. However, the occupancy rate and average room rate of wooden tents in Zone B of the Star Hotel in Shapotou Scenic Spot were higher than expected, as the tents have become famous on social medias through influencers' promotion, attracting visitors during off-season in winter and hence bringing in revenue to Shapotou Scenic Spot. Revenue and profits of Xiufeng Scenic Spot have decreased. Huashan Scenic Spot implemented regional management to reduce losses. Although the revenue and profit of Detian Scenic Spot have decreased, the business situation is expected to gradually improve with the opening of "Far-sighted View of Vietnam", "Sino-Vietnam Cross-border Duty Free Shopping Street" and "Night Detian" projects during the second half of the year. Among these, "Night Detian" was awarded "Top Ten Night Tour Cultural Scenic Spots" in the Guangxi night cultural tourism brand selection for 2020.

In September 2020, the Company and Luzhou Laojiao Co., Ltd. jointly established the Luzhou Scenic Spot. The registered capital was RMB300 million, with the Company holding 60% of the equity. Luzhou Scenic Spot has upgraded and transformed Laojiaochi Scenic Spot, focusing on wine culture tourism projects, aiming to create an innovative cultural tourism spot featuring Yangtze River and liquor culture. During the year, Luzhou Scenic Spot made revenue contribution to the Company.

In November 2020, the Company and Ningbo Jiangbei Development Investment Group Co., Ltd. jointly established Cicheng Tourism Company. The registered capital is RMB300 million, with the Company holding 60% of the equity. Ningbo Jiangbei Development Investment Group Co., Ltd will gradually entrust the use rights of the built shops and the operation rights of the scenic spots in the designated area of Cicheng Ancient County to Cicheng Tourism Company. Cicheng Tourism Company will be responsible for the investment, development and operation management of designated area of Cicheng ancient county in Ningbo, with the goal of developing it into a well-known vacation spot.

On 24 December 2020, the Company's wholly-owned subsidiaries CTS Scenery Resort Investment Company Limited ("**CTS Scenery Resort**"), New Century Tourism Group Co., Ltd. ("**New Century Tourism**") and Hangzhou New Century Senbo Tourism Investment Co., Ltd. ("**New Century Senbo**") entered into an equity acquisition agreement, pursuant to which CTS Scenery Resort agreed to acquire a 34% equity interest in New Century Senbo from New Century Tourism at a consideration of RMB391 million. New Century Senbo was positioned as a micro-vacation project targetting the mid- to high-end market, promoting the provision of short-distance peri-urban holiday packages to the mid- to high-end customer group, and boosting consumption upgrade, and therefore, a value support system with special features, low cost and high quality was established. New Century Senbo has good tourism IP and high-reputation products that attract the market, a reproducible model with excellent performance. The Company's acquisition and merger of the mature tourism IP is beneficial to the leapfrog development of its tourism real estate businesses. For details, please refer to the Company announcement dated 24 December 2020. The acquisition was completed in February 2021, with CTS Scenery Resort becoming the second largest shareholder of New Century Senbo.

Leisure resorts

Under the pandemic, the number of visitors to leisure resorts decreased. Profit attributable to leisure resorts was HK$55 million, an increase of 248% compared with the previous year. Revenue was HK$683 million, an increase of 61% compared with the previous year. The increase in revenue was mainly due to a significant increase in revenue recognised in Anji Company's real estate project.

Although Zhuhai OSR recorded a year-on-year decrease in revenue, the cash flow was improved compared with the previous year from receiving government grants for lodging of quarantined persons. The renovation of the Neptune Hotel would continue. Xianyang OSR recorded a decrease in revenue, but an increase in income from the management services. In addition to the completion of upgrading the hot spring centre, it carried out pilot renovations of hot spring guestrooms with a good market response. Profit recognised in the real estate project by the associate Evergrande OSR increased.

Supplementary tourist attraction operations

The revenue from of supplementary tourist attraction operations was HK$54 million, representing a decrease of 40% compared with the previous year. Attributable profit was HK$81 million, a decrease of 26% compared with the previous year. The amount mainly represents the reversal of provision for closure of golf clubs by CTS City in 2017 of HK$138 million, and partly offset by operating loss of other spots.

Heaven Creation Company was engaged in scenic spot construction, creative planning and performing arts business. Revenue decreased and losses increased as the main audience of its repertoire are European and American tourists where the pandemic was not effectively controlled. With the suspension of some theatres, Heaven Creation Company cooperated with other scenic spots to create Beer Festival night performances, in order to actively increase revenue. China Travel Zhiye was engaged in providing tourism planning services, which recorded a decrease in revenue and a slight loss. CTS Scenery was engaged in providing management and consulting services, which recorded an increase in revenue. It will strengthen collaboration in product development, project promotion and implementation.

(II) Travel Agency, Travel Document and Related Operations

The Group's travel agency, travel document and related operations comprise:

1. Travel agency business (China Travel Service (Hong Kong) Limited and overseas branches)

2. Travel document business

The social distancing requirements and restricted cross-border activities under COVID-19 have affected the market dynamics of the entire tourism industry. In 2020, the Group's travel agency, travel documents and related operations' revenue was HK$252 million, a decrease of 80.72% compared with the previous year. Attributable loss was HK$19 million, while attributable profit was HK$150 million for the previous year.

Revenue from travel agencies and related operations decreased. The business volume of travel document business has decreased, and attributable profit has decreased by 92%.

On 9 August 2019, the Group and CTG Travel Service Co., Ltd. ("**CTS Head Office**", formerly known as "**China Travel Service Co., Ltd.**"), a subsidiary of China National Travel Service Group Corporation Limited, entered into an asset and equity interest transfer master agreement, pursuant to which the Group agreed to dispose of its business and assets relating to travel agency to CTS Head Office, for a consideration of HK$5.13 million (the "**Disposal**"). For details, please refer to the Company announcement dated 9 August 2019. Due to the complexity of the transactions involved and the prevailing conditions, of which the Group has been working towards to a resolution, the Disposal is still in progress and has not been completed as of the date of this announcement.

(III) Hotel Operation

The Group's hotel operations comprise:

1. Five hotels in Hong Kong and Macau;

2. Beijing Guang'anmen Grand Metropark Hotel ("**Beijing Metropark Hotel**"); and

3. CTS H.K. Metropark Hotels Management Company Limited.

In 2020, revenue from the Group's hotel operations was HK$326 million, representing a decrease of 54% compared with the previous year. Attributable loss was HK$97 million, and attributable profit of the previous year was HK$81 million. Affected by the COVID-19-related travel restrictions and lockdown measures, the average occupancy rate and catering income of the five hotels in Hong Kong and Macau and the Beijing Metropark Hotel dropped significantly, and the overall performance of the hotel business declined. Beijing Metropark Hotel recovered quickly and recorded a slight profit. Also, Metropark Hotel Kowloon recorded an improvement in revenue after it was designated by the government to receive oversea returnees for quarantine in Hong Kong in December 2020. Under the current business environment, some of the hotels launched discounts and promotions and strengthened cost control, in order to mitigate the negative impact of the pandemic.

(IV) Passenger Transportation Operations

The Group's passenger transportation operations comprise:

1. China Travel Tours Transportation Development (HK) Limited ("**CTTTD**") and its subsidiaries; and

2. Shun-Tak China Travel Shipping Investments Limited ("**Shun Tak-China Travel**").

On 6 March 2020, a wholly-owned subsidiary of the Company and a non-wholly-owned subsidiary of Shun Tak Holdings Limited ("**STHL**") entered into a share transfer agreement, pursuant to which the Group agreed to purchase 21% of the issued share capital of Shun Tak-China Travel at a consideration of HK$437 million. On the same day, the Company and Shun Tak-China Travel entered into a share transfer agreement, pursuant to which the Company agreed to dispose of the entire issued share capital, together with the shareholder's loan, of its wholly-owned subsidiary CTTTD, which holds the entire equity interest in China Travel Tours Transportation Services Hong Kong Limited ("**CTTTS**"), to Shun Tak-China Travel at a consideration of HK$508 million. On the same day, Shun Tak-China Travel and a wholly-owned subsidiary of STHL entered into a share transfer agreement, pursuant to which Shun Tak-China Travel agreed to purchase the entire issued share capital of Jointmight Investments Limited at a consideration of HK$55 million, to obtain certain equity interest of Shun Tak & CITS Coach (Macao) Limited (the "**Vehicle and Vessel Integration Project**"). For further details, please refer to the Company announcement dated 6 March 2020, and the circular dated 27 March 2020. The Vehicle and Vessel Integration Project was completed on 16 July 2020. Upon this, Shun Tak-China Travel became a non-wholly-owned subsidiary of the Company, and CTTTD was consolidated into Shun Tak-China Travel to become a non-wholly-owned subsidiary of the Company.

The Group's cross-border bus and passenger ferry services have been suspended due to COVID-19 and caused serious setbacks in passenger transportation. In 2020, revenue from the passenger transportation business was HK$91 million, a decrease of 81% compared with in previous year. Attributable loss was HK$297 million, compared with attributable loss of HK$14 million for the previous year. CTTTS has made efforts to develop local shuttle buses and corporate leasing to alleviate the suspension of its main business. Furthermore, it increased efforts to cultivate cultural media, cross-border shopping malls and other emerging businesses to expand its business model.

DEVELOPMENT STRATEGY

From its strategic position of building a "first-class tourist destination investment and operation service provider", the Group continued to focus on creating products related to tourism, leisure and vacation. It strove to become industry benchmarks in terms of scenery, content and experience, and pursued the strategic implementation of integrating the development of the scenic spot and real estate businesses. At present, the tourism industry is both an important source of economic growth and an important industry for improving people's livelihoods. The Group will expand its business further in the tourism consumption market, fully tap on consumption potential, create quality tourism products, promote wide application of technology in tourism destinations, improve the quality and efficiency of supply the core competitiveness of the industry, seize the opportunity of the post-pandemic consumption, and create a new pattern in tourism consumption.

The Group will continue to boost revenue and efficiency in its existing businesses by optimising their operations. Window of the World launched preferential product policies such as single daytime double tickets, parent-child package tickets and annual cards. The 3D projection project and a renovated ice rink have commenced operation. Different products and market policies were introduced to cope with market changes induced by the pandemic. Splendid China's "Dragon sightseeing cable car project" were brought into operation during the second half of the year, it will strengthen comprehensive management service mechanisms, and enhance the overall value of service.

Shapotou scenic spot will focus on implementing its "Gate of Time and Space", "Desert Legend" and "Yellow River Theme Culture Museum" projects, and continue to develop a new "scenic spot + characteristic hotel" tourism model to facilitate transformation via leisure holiday products, such as hot springs, home-stay lodgings, hotels, shows and nighttime tours. With the opening of the "Night Detian" nighttime tourism experience, the "Far-sighted View of Vietnam" and the "Sino-Vietnam Cross-border Duty Free Shopping Street" projects in the Detian scenic area during the second half of the year, the operating performance is expected to gradually improve.

Zhuhai OSR will upgrade its existing products and develop new real estate business with a view to enrich the "Ocean Spring" brand portfolio with differentiated products. To this end, it will utilize the complementary effect between travel industry and real estate industry, and continue to push forward progress in the renovation of Neptune Hotel. The hot spring centre in Xianyang OSR has been upgraded and officially went into operation during the second half of the year. It will also seek sources of business and group travellers to optimise its customer base structure. Anji Company will drive revenue growth by focusing on product innovation and channel development to enable the benign interaction of new and old products.

The Group will continue to pursue the development of a tourism resort and real estate business in Jintang County. On 8 May 2020, the Company succeeded in its tender for the state-owned construction land use rights for three land parcels in Jintang County, Chengdu City, Sichuan Province, at a consideration of approximately RMB334 million. The parcels have a high development potential as they offer easy access to transportation, and the facilities around them are relatively comprehensive. The parcels' acquisition will aid in enhancing the market share of the Group's tourism real estate business, improving its industry position and brand awareness, and expanding the Group's profit growth drivers. For details, please refer to the Company announcement dated 8 May 2020.

The Vehicle and Vessel Integration Project was completed on 16 July 2020, after which the Group recorded a gain on deemed disposal of Shun Tak-China Travel of HK$183 million. The project is expected to consolidate and expand Shun Tak-China Travel's multimodal transportation platform, reinforce strategic cooperation between the Company and STHL, and give the Group a crucial role in developing transportation 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. In addition to expanding cross-border road transportation operations on the Hong Kong-Zhuhai-Macao Bridge, there will be opportunities to explore new areas of business in the future. Upon the consolidation of financial results from Shun Tak-China Travel, the Company's overall results will be enhanced by virtue of significantly increased assets and staff in Hong Kong. Shun Tak-China Travel is expected to become a key transport operator across Guangzhou, Hong Kong, Macau and Shenzhen and will contribute to fulfill the Chinese government's strategic goals in the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" as issued in February 2019. After the pandemic is under control, it is expected that the Pearl River Delta port cluster's transportation network, overall competitiveness and throughput will be significantly enhanced, bringing abundant business opportunities to the area.

The Group will develop new business and create new growth engines by strategically acquiring quality scenic spot resources, and explore new breakthroughs to expand its business into overseas markets. During the year, the Group undertook in-depth studies on major travel destinations associated with the "Belt and Road Initiative", continued its business negotiations and research with relevant parties in Maldives, expanded the scope of target areas, broadened business networks, identified suitable targets, focused on the Japanese vacation market (being the top destination for Chinese tourists), in order to seize investment opportunities. The Group will strive to make a breakthrough with its presence in the Guangdong-Hong Kong-Macao Bay Area market, consolidate its market share in the Yangtze River Delta, and facilitate implementation of its planned projects.

The Group is studying the revitalisation and optimisation of existing assets, including properties in Hong Kong, with the aim of enhancing operational efficiency and unlocking value. In particular, the Group completed the procedure for a land premium payment for the Group-owned land parcel at Hung Hom on which Hip Kee Godown (No. 3) is located in 2018. The parcel's change to hotel use has been approved by the government and has significantly increased the land's value and development potential. The Group plans to build a multifunctional medium- to high-grade boutique hotel on the parcel. The demolition of the old building has been completed and construction of the pile foundation carried out. The hotel is expected to open in early 2024.

The Group established a digital operations department for boosting digital transformation and development of resource management platform (ERP platform). The Group has completed initial planning and has determined key projects and pilot units for digital transformation. The Group will strengthen its internal and external communications, implement special training in "the exploration and practice of the digital transformation of the cultural tourism industry", and will aim to integrate the management and control of business, operations and administration.

The Group will continue to strengthen the functional capacities of its headquarters, recruit high-calibre talent, intensify its control and business synergies, improve existing rules and systems, continue to optimise workflows, and strengthen its production safety system, so as to ensure its healthy and sustainable development.

EMPLOYEE NUMBERS AND REMUNERATION

As of 31 December 2020, the Group had 8,978 employees. Employees are remunerated based on their work performance, professional experience and prevailing industry practice. The remuneration policy and packages for Group employees are periodically reviewed by the management. Apart from retirement benefits and in-house training programmes, discretionary bonuses and share options are awarded to certain employees according to assessments of their individual performance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position was strong. The Group generally finances its operations with internally generated cash flows and loan facilities from banks. As of 31 December 2020, the Group's cash and bank balances amounted to HK$2,947 million, whereas the bank and other borrowings and loans from the holding company amounted to HK$661 million. The debt-to-capital ratio was 26%, and the debt including bank and other borrowings, trade payables, other payables and accrued loans from holding companies, and amounts due to holding companies and fellow subsidiaries.

FOREIGN EXCHANGE RISK

The Group has certain assets, borrowings and major transactions denominated in foreign currencies, and is thus exposed to different levels of foreign currency risk. The Group has not engaged in any particular hedge against foreign exchange risk. The Group will closely monitor and manage its foreign currency exposure and to take appropriate measures as required.

PLEDGE OF ASSETS

As of 31 December 2020, the Group's bank deposits of approximately HK$11 million (31 December 2019: HK$18 million) were pledged to banks to secure certain credit facilities granted by suppliers to the Group's subsidiaries, and certain bank guarantees given in lieu of utility and rental deposits.

As of 31 December 2020, certain of the Group's buildings with net carrying amounts of HK$57 million (31 December 2019: HK$1.5 million) were pledged to secure bank guarantees given to suppliers in connection with credit facilities granted.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Except as set out in the "Business Review" section above, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures for the year.

CONTINGENT LIABILITIES

As of 31 December 2020, the Group's performance bond given to a customer for due performance of a sale contract was HK$0.3 million (31 December 2019: HK$0.3 million).

SIGNIFICANT INVESTMENTS HELD

To utilise the Group's idle funds more efficiently without affecting operating cash while ensuring fund safety, the Group used some idle funds to subscribe for RMB denominated wealth management products. As of 31 December 2020, the Group held wealth management products amounting to a total of RMB250 million (equivalent to approximately HK$298 million). During the year, income from financial assets at fair value through profit or loss was approximately HK$6 million.

During the year, in respect to each subscription above, the relevant applicable percentage ratios (as defined under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") calculated by the Group were all less than 5% and the subscription did not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The above outstanding wealth management products at the end of the year with agreed maturity date will be gradually recovered before the end of 2021; whereas the outstanding wealth management products without agreed maturity date will be redeemed where appropriate according to the Group's fund position.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year, the Group did not make future plans for material investments or capital assets.

PROSPECTS

In 2020, the macro-economic situation remained complicated and the slowdown of economic expansion was notable. Downward pressure on the global economy increased due to suspension or reduction of socialising and economic activities under COVID-19, an ongoing global pandemic that began in early 2020. Continued US-China trade tensions brought many uncertainties to the global economy and political climate. Amid many challenges, China's annual GDP grew by 2.3% year-on-year and surpassed RMB100 trillion for the first time, reflecting the country's strong and stable economic foundation. The shift from the year-on-year 6.8% decrease in GDP growth rate for the first quarter of 2020 to a positive GDP growth rate for the whole of 2020 reflects that pandemic control measures were effective. The implementation of the tax and fee cutting policy ensured a restoration of normal public life and enabled enterprises to resume production, bringing about the gradual recovery and stabilisation of society and the economy.

The Group sought opportunities in these crises. It made comprehensive preparations for pandemic control while, on the basis of making proper, arrangements for various operations and management to secure adequate cashflow, resumed production in an orderly manner, and follow the national lines of "Six Stabilities" and "Six Guarantees". The Group also enhanced its ability during the business suspension period thus accumulating strength for future development. We have made certain achievements in our operation and management with the joint persistence and efforts of the management.

The year 2021 heralds the start of the 14th Five-Year Plan for China's national development. It is also a particularly important year in China's modernization drive after the successful building of a moderately prosperous society in all respects. As its Central Economic Work Conference, the Chinese Central Government made a profound analysis on the general condition of the country and proposed that a strategic focus on boosting domestic demand be one of the eight key tasks in 2021. With the overall judgment made by the Central Government in connection with the economic situation, the Group will properly respond to the economic situation on the basis of our thorough understanding of the industry. We will remain true to our original aspiration and keep our mission firmly in mind. We will adhere to the general principle of pursuing progress while ensuring stability, accurately understand the government's new direction for development, act on the new development philosophy, carry out its work on high-quality development as the theme, and pursue the fundamental purpose of satisfying a growing need for better tourism options, striving for a better balance between business development and safety.

With the rollout of vaccination programmes, it is generally expected that the pandemic will gradually come under control, and economic activities will get back on track. However, the business environment remains uncertain in the short term. The Group is cautious about future development prospects, and will respond by monitoring the COVID-19 situation and evaluating its potential risks and impacts on both financial and trading prospects. The Group's overall business remains fundamentally stable and sound, with abundant funds and excellent investment and development capability and capacity. The Company will make an all-out effort to accomplish its various tasks, and proceed with the radical reform and integrated development of the Group. We will remain on the outlook for suitable growth opportunities to complement our existing revenue streams in the medium to longer term, and create greater shareholder value.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

DIVIDENDS

The Board does not recommend the payment of a final dividend (2019: Nil) for the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBER

The annual general meeting of the Company will be held on Thursday, 27 May 2021. The Register of Members of the Company will be closed from Monday, 24 May 2021 to Thursday, 27 May 2021 (both dates inclusive), for the purposes of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 21 May 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Group is committed to maintain high standards of corporate governance to safeguard the interests of shareholders and other stakeholders and enhance shareholder value. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance.

The Company has complied with the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020, except for the following deviations:

- Code Provision A.2.7 specifies that the Chairman should at least annually hold meetings with the Independent Non-Executive Directors without the presence of other directors. During the year, the Chairman did not hold any meeting with the Independent Non-Executive Directors without the presence of other directors because the Independent Non-Executive Directors of the Company may express their views directly to the Chairman from time to time via other means including correspondences and emails. The Company is of the view that there is efficient communication between the Chairman and Independent Non-Executive Directors.

- Code Provision A.4.1 specifies that Non-Executive Directors should be appointed for a specific term, subject to re-election. Although the Company's Non- Executive Directors do not have a specific term of appointment, pursuant to the Company's articles of association (the "**Articles**"), at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Board considers that such requirements are sufficient to meet the underlying objective and spirit of the relevant Code Provisions.

- Code Provision D.1.4 specifies that the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Lo Sui On, Mr. Yang Hao, Mr. Fan Dongsheng and Mr. Tsang Wai Hung. However, the said Directors are subject to retirement by rotation at least once every three years in accordance with the Articles. In addition, the Directors are expected to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

- Code Provision E.1.2 specifies that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board of the Company has not attended the Company's annual general meeting held on 29 May 2020 because of other business commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management on the accounting principles and practices adopted by the Company and discussed the auditing, risk management, internal controls and financial reporting matters including a review of the final results of the Company for the year ended 31 December 2020.

PUBLICATION OF 2020 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/ctii/. The 2020 Annual Report will be available on the HKExnews and the Company's websites, and despatched to the shareholders of the Company in due course.

By Order of the Board
Jiang Hong
Chairman

Hong Kong, 30 March 2021

DIRECTORS

As at the date of this announcement, the Directors are:

Executive Directors:
Mr. Jiang Hong, Mr. Lo Sui On, Mr. You Cheng, Mr. Yang Hao, Mr. Wu Qiang and Mr. Fan Dongsheng.

Non-Executive Director:
Mr. Tsang Wai Hung.

Independent Non-Executive Directors:
Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui, Mr. Chen Johnny and Mr. Song Dawei.