

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The Board of Directors (the “**Board**”) of China Travel International Investment Hong Kong Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024 – unaudited

	Notes	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	5	2,136,982	2,054,909
Cost of sales		<u>(1,526,243)</u>	<u>(1,305,693)</u>
Gross profit		610,739	749,216
Other income and gains, net	6	73,337	48,215
Changes in fair value of investment properties		(99,045)	29,182
Selling and distribution costs		(113,918)	(149,499)
Administrative expenses		<u>(353,560)</u>	<u>(392,315)</u>
Operating profit	7	117,553	284,799
Finance income		25,691	27,479
Finance costs		(5,461)	–
Finance income, net	8	20,230	27,479
Share of profits and losses of joint ventures		34	(1,657)
Share of profits and losses of associates		<u>27,413</u>	<u>31,914</u>

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Profit before taxation		165,230	342,535
Tax expense	9	<u>(64,843)</u>	<u>(73,443)</u>
Profit for the period		<u>100,387</u>	<u>269,092</u>
Attributable to:			
Equity owners of the Company		63,230	224,225
Non-controlling interests		<u>37,157</u>	<u>44,867</u>
Profit for the period		<u>100,387</u>	<u>269,092</u>
Earnings per share (HK cents)	<i>11</i>		
Basic and diluted earnings per share		<u>1.14</u>	<u>4.05</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2024 – unaudited*

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	100,387	269,092
Other comprehensive income/(loss) for the period		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	(6,799)	15,717
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations, net	(95,522)	(324,968)
Other comprehensive loss for the period, net of tax	(102,321)	(309,251)
Total comprehensive loss for the period	(1,934)	(40,159)
Attributable to:		
Equity owners of the Company	(28,818)	(52,892)
Non-controlling interests	26,884	12,733
Total comprehensive loss for the period	(1,934)	(40,159)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		9,681,221	9,568,333
Investment properties		3,359,662	3,464,007
Prepaid land lease payments		420,703	425,654
Goodwill		1,354,614	1,354,686
Other intangible assets		112,734	112,734
Investments in associates		1,344,444	1,322,266
Investments in joint ventures		68,566	68,532
Derivative financial instrument		1,137	1,145
Other financial assets		56,759	64,400
Prepayments and other receivables		22,387	13,560
Deferred tax assets		272,864	298,396
		<hr/>	<hr/>
Total non-current assets		16,695,091	16,693,713
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		131,945	168,955
Properties under development		3,889,385	3,804,347
Completed properties held for sale		427,329	503,462
Trade receivables	12	245,358	183,540
Deposits, prepayments and other receivables		715,481	598,837
Amounts due from holding companies		23,305	26,089
Amounts due from fellow subsidiaries		310,407	311,924
Tax recoverable		81	27
Pledged and restricted deposits		3,435	60,157
Cash and bank balances		2,570,363	2,663,388
		<hr/>	<hr/>
Total current assets		8,317,089	8,320,726
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		25,012,180	25,014,439
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

		At 30 June 2024 (Unaudited) <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Equity attributable to equity owners of the Company			
Share capital		9,222,295	9,222,295
Reserves		7,054,512	7,132,069
		<u>16,276,807</u>	<u>16,354,364</u>
Non-controlling interests		<u>1,882,267</u>	<u>1,897,686</u>
Total equity		<u><u>18,159,074</u></u>	<u><u>18,252,050</u></u>
LIABILITIES			
Non-current liabilities			
Deferred income		573,700	586,347
Loans from a fellow subsidiary		465,661	468,981
Lease liabilities		238,650	218,532
Bank and other borrowings		736,684	662,964
Deferred tax liabilities		597,004	615,353
		<u>2,611,699</u>	<u>2,552,177</u>
Total non-current liabilities		<u>2,611,699</u>	<u>2,552,177</u>
Current liabilities			
Trade payables	13	811,803	880,596
Other payables and accruals		2,392,424	2,237,856
Loans from holding companies		334,761	337,147
Amounts due to holding companies		7,343	4,978
Amounts due to fellow subsidiaries		49,458	49,182
Lease liabilities		55,895	55,569
Tax payables		186,894	164,172
Bank and other borrowings		402,829	480,712
		<u>4,241,407</u>	<u>4,210,212</u>
Total current liabilities		<u>4,241,407</u>	<u>4,210,212</u>
Total liabilities		<u><u>6,853,106</u></u>	<u><u>6,762,389</u></u>
Total equity and liabilities		<u><u>25,012,180</u></u>	<u><u>25,014,439</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 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 address of its registered office is 12th Floor, CTG House, 78-83 Connaught Road Central, Hong Kong.

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was authorised for issue on 28 August 2024.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the condensed consolidated interim financial information.

4 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 reporting 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, hot spring resorts, other resorts, arts performance and tourism property development mainly located in Chinese Mainland;
- (b) the travel document and related operations segment engages in the provision of travel document and related services in Hong Kong and Chinese Mainland;
- (c) the hotel operations segment engages in the provision of hotel accommodation, food and beverage services in Hong Kong, Macau and Chinese Mainland; and
- (d) the passenger transportation operations segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macau and Chinese Mainland, vehicle and vessel rental and charter operations in Hong Kong, Macau and Chinese Mainland.

Management has determined the operating segments based on the information reviewed by the chief operating decision maker and 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 profit attributable to equity owners of the Company of each reportable operating segment excluding changes in fair value of investment properties, result from disposal of property, plant and equipment and equity-settled share option expenses.

Six months ended 30 June 2024 (unaudited)

	Tourist attraction and related operations <i>HK\$'000</i>	Travel document and related operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	1,037,146	180,408	367,805	536,894	2,122,253	14,729	2,136,982
Inter-segment revenue	<u>-</u>	<u>10</u>	<u>44</u>	<u>-</u>	<u>54</u>	<u>2,817</u>	<u>2,871</u>
	<u>1,037,146</u>	<u>180,418</u>	<u>367,849</u>	<u>536,894</u>	2,122,307	17,546	2,139,853
Elimination of inter-segment revenue					<u>(54)</u>	<u>(2,817)</u>	<u>(2,871)</u>
Revenue					<u>2,122,253</u>	<u>14,729</u>	<u>2,136,982</u>
Segment results	<u>26,433</u>	<u>94,360</u>	<u>82,222</u>	<u>5,656</u>	<u>208,671</u>	<u>(47,133)</u>	161,538
Non-controlling interests							<u>37,157</u>
Segment operating results before non-controlling interests							198,695
Equity-settled share option expenses, net of tax							(5,534)
Changes in fair value of investment properties, net of tax							(93,051)
Net gain on disposal of property, plant and equipment, net of tax							<u>277</u>
Profit for the period							<u>100,387</u>

Six months ended 30 June 2023 (unaudited)

	Tourist attraction and related operations <i>HK\$'000</i>	Travel document and related operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	1,065,846	219,393	315,636	438,982	2,039,857	15,052	2,054,909
Inter-segment revenue	<u>374</u>	<u>2,176</u>	<u>667</u>	<u>68</u>	<u>3,285</u>	<u>2,520</u>	<u>5,805</u>
	<u>1,066,220</u>	<u>221,569</u>	<u>316,303</u>	<u>439,050</u>	2,043,142	17,572	2,060,714
Elimination of inter-segment revenue					<u>(3,285)</u>	<u>(2,520)</u>	<u>(5,805)</u>
Revenue					<u>2,039,857</u>	<u>15,052</u>	<u>2,054,909</u>
Segment results	<u>86,463</u>	<u>114,499</u>	<u>69,192</u>	<u>6,257</u>	<u>276,411</u>	<u>(66,937)</u>	209,474
Non-controlling interests							<u>44,867</u>
Segment operating results before non-controlling interests							254,341
Equity-settled share option expenses, net of tax							(6,809)
Changes in fair value of investment properties, net of tax							29,111
Loss on changes in fair value of a derivative financial instrument, net of tax							(9,407)
Net gain on disposal of property, plant and equipment, net of tax							<u>1,856</u>
Profit for the period							<u>269,092</u>

5 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 period.

(a) Disaggregation of revenue

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Tourist attraction and related income	901,910	772,882
– Travel document and related income	180,408	219,393
– Hotel income	376,398	341,749
– Passenger transportation income	536,894	438,982
– Property sales income	69,110	217,066
– Consultancy and service income	11,641	9,493
	<u>2,076,361</u>	<u>1,999,565</u>
Revenue from other sources		
– Gross rental income from investment properties		
– Lease payments that are fixed or depend on an index or a rate	60,621	55,344
	<u>60,621</u>	<u>55,344</u>
Total	<u><u>2,136,982</u></u>	<u><u>2,054,909</u></u>

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 30 June 2024, there were no aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts (2023: Nil).

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its revenue from property sales as the performance obligation is part of a contract that has an original expected duration of one year or less.

6 OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Foreign exchange differences, net	53	716
Government grants	17,444	21,671
Loss on changes in fair value of a derivative financial instrument	–	(12,543)
Gain on disposal of property, plant and equipment, net	277	2,342
Other rental income, net	12,535	13,779
Reversal of provision for refund of membership fee	6,779	–
Others	36,249	22,250
	<u>73,337</u>	<u>48,215</u>

7 OPERATING PROFIT

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs	729,875	651,586
Depreciation		
– owned property, plant and equipment	237,324	243,006
– right-of-use assets	10,440	35,148
	<u>247,764</u>	<u>278,154</u>
Amortisation of prepaid land lease payments	15,152	12,422
Direct operating expenses of investment properties	3,717	5,042
Cost of properties sold	51,145	144,712
(Reversal of)/provision for impairment of trade receivables and other receivables, net	(710)	2,789
	<u>(710)</u>	<u>2,789</u>

8 FINANCE INCOME, NET

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Finance income:		
Bank deposits	<u>25,691</u>	<u>27,479</u>
Finance costs:		
Interest on bank borrowings and other borrowings	(45,530)	(28,310)
Interest on lease liabilities	<u>(5,461)</u>	<u>(7,287)</u>
	(50,991)	(35,597)
Less: Interest expense capitalised into properties under development and property, plant and equipment	<u>45,530</u>	<u>35,597</u>
	<u>(5,461)</u>	<u>–</u>
Finance income, net	<u><u>20,230</u></u>	<u><u>27,479</u></u>

9 TAX EXPENSE

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the period.

The Group's operations in Chinese Mainland are subject to PRC corporate income tax at applicable tax rate. In addition, withholding income tax is imposed on dividends relating to any profits earned and under the Provisional Regulations on Land Appreciation Tax ("LAT"), all gains arising from the transfer of real estate property in Chinese Mainland are subjected 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.

Taxation outside Hong Kong and Chinese Mainland has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

The amount of taxation charged/(credited) to condensed consolidated income statement represents:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation		
Hong Kong	37,105	26,973
Chinese Mainland and other territories	34,921	45,513
	<u>72,026</u>	<u>72,486</u>
Deferred taxation	(7,183)	957
	<u>64,843</u>	<u>73,443</u>

The share of fair value changes in equity investments as other comprehensive income included in the condensed consolidated statement of comprehensive income comprised of related tax expense of HK\$842,000 (2023: tax credit of HK\$29,000).

10 DIVIDENDS

For the six months ended 30 June 2024, the Board declared an interim dividend of HK1.5 cents per share (2023: HK1.5 cents per share).

11 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the periods attributable to equity holders of the Company, and the weighted average number of ordinary shares of 5,536,633,709 (2023: 5,536,633,709) in issue during the period.

The share options granted by the Group had no dilutive effect during the periods ended 30 June 2024 and 2023.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to equity owners of the Company, used in the basic and diluted earnings per share calculation	63,230	224,225
	<u>63,230</u>	<u>224,225</u>

Number of shares	Six months ended 30 June	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue, used in the basic and diluted earnings per share calculation	5,536,633,709	5,536,633,709

12 TRADE RECEIVABLES

The Group allows an average credit period ranging from 30 to 90 days to its trade debtors. The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Within 3 months	110,534	99,454
Over 3 months to 6 months	80,901	44,510
Over 6 months to 12 months	48,110	33,119
Over 1 year to 2 years	2,265	2,463
Over 2 years	3,548	3,994
	245,358	183,540

13 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:

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Within 3 months	374,660	299,768
Over 3 months to 6 months	179,341	89,924
Over 6 months to 12 months	91,793	317,805
Over 1 year to 2 years	49,027	60,098
Over 2 years	116,982	113,001
	811,803	880,596

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

Though global economic activity and trade rebounded steadily in the first half of 2024, the outlook remained uncertain. The Chinese economy showed strong resilience and a positive momentum of development in the face of a complex external environment and numerous difficulties and challenges, with the government continuing to introduce policies to raise domestic demand and upgrade consumption. Such measures helped to stimulate market demand and support balanced economic development. In its World Economic Outlook released in July 2024, the International Monetary Fund (“IMF”) projected that the global economy would grow by 3.2% in 2024 and 3.3% in 2025. Reflecting a rebound in private consumption in the first quarter and a stronger export performance, the IMF revised its forecast for economic growth in China upwards to 5% for 2024. China’s economic growth is expected to remain resilient. In the first half of the year, the Group continued its efforts to improve efficiency, reduce costs, and to further enhance its operating performance.

In the first half of 2024, the Group’s consolidated revenue was HK\$2,137 million, a 4% increase compared with the corresponding period of last year. Profit before taxation was HK\$165 million, a 52% decrease compared with the corresponding period of last year. Profit attributable to shareholders was HK\$63 million, a 72% decrease compared with the corresponding period of last year. Profit attributable to operation was HK\$162 million, a 22% decrease compared with the corresponding period of last year. The decrease in profit for the six months ended 30 June 2024 was mainly attributable to a decrease in fair value of investment properties.

The Group’s financial position remained stable and healthy, with adequate investment and financing capabilities. As of 30 June 2024, total assets were HK\$25,012 million, a 0.01% decrease compared with the end of last year. Equity attributable to shareholders was HK\$16,277 million, a decrease of 0.47% compared with the end of last year. An aggregate of cash and bank balances and pledged and restricted deposits amounted to HK\$2,573 million, a 6% decrease compared with the end of last year. After deducting HK\$1,941 million in loans from holding companies, loans from a fellow subsidiary, bank loans and other borrowings, net cash amounted to HK\$632 million, a 18% decrease compared with the end of last year.

DIVIDENDS

The Board declared the payment of an interim dividend of HK1.5 cents per share (2023: HK1.5 cents per share) for the six months ended 30 June 2024. The interim dividend is to be paid to shareholders on 15 October 2024. The dividend payout ratio is 132%.

BUSINESS REVIEW

(I) Tourist attractions and related operations

The Group's tourist attractions and related operations comprise:

1. Theme parks: Shenzhen The World Miniature Co., Ltd. ("**Window of the World**") and Shenzhen Splendid China Development Co., Ltd. ("**Splendid China**");
2. Natural and cultural scenic spots: 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**"), CTS (Guangxi Ningming) Yanhua Tourism Culture Co., Ltd. ("**Huashan Scenic Spot**"), CTS Guangxi Detian Waterfall Tourism Development Co., Ltd. ("**Detian Scenic Spot**"), CTS Luzhou Laojiao Culture Tourism Development Company Limited ("**CTS Luzhou Culture Tourism**"), CTS Lugu Lake (Lijiang) Tourism Development Co., Ltd. ("**CTS Lugu Lake**"), CTS Xinjiang Tourism Operation Management Co., Ltd. ("**CTS Xinjiang**"), CTS Bairui Xinjiang Tourism Development Co., Ltd. ("**Xinjiang Bairui**") and CTS Changyi (Shanghai) Tourism Development Co., Ltd. ("**CTS Changyi**"); CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd. ("**Qiandao Lake Company**"); CTS (Yunnan) Tourism Development Co., Ltd. ("**Yunnan Company**");

Non-controlling investments in scenic spots: Huangshan Yuping Cable Car Company Ltd., Huangshan Taiping Cable Car Co., Ltd., Changsha Colorful World Company Limited, Changchun Jingyuetan Youle Co., Ltd., Hangzhou New Century Senbo Tourism Investment Co., Ltd. ("**New Century Senbo**") and CTS Taohuayuan (Changde) Cultural Tourism Development Company Limited ("**CTS Taohuayuan**");

3. Leisure resorts: China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. ("**Zhuhai OSR**"), CTS (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**"), China Travel Zhiye Culture Development (Shenzhen) Co., Ltd ("**China Travel Zhiye**"), CTS Scenery (Beijing) Tourism Management Limited ("**CTS Scenery**").

In the first half of 2024, the tourism economy returned to a growth tendency, with inbound and outbound travel expanding rapidly. However, revenue from theme parks and leisure resort destinations fell short of expectations due to rainy weather in the Greater Bay Area and a year-on-year decline in revenue due to the tailing off of the real estate business. In the first half of 2024, the Group's total revenue from tourist attractions and related operations was HK\$1,037 million, a 3% decrease compared with the corresponding period of last year. Attributable profit was HK\$26 million, a 70% decrease compared with the corresponding period of last year.

Theme parks

The theme parks suffered a significant drop in visitor numbers due to weather conditions, resulting in lower revenues and profits. In the first half of 2024, the revenue of theme parks amounted to HK\$291 million, a 7% decrease compared with the corresponding period of last year. Attributable profit was HK\$30 million, a 38% decrease compared with the corresponding period of last year.

Natural and cultural scenic spots

Revenue from natural and cultural scenic spots amounted to HK\$509 million, a 41% increase compared with the corresponding period of last year. Attributable profit amounted to HK\$61 million, a 6% decrease compared with the corresponding period of last year.

Revenue from Shapotou Scenic Spot amounted to HK\$141 million, a 17% increase compared with the corresponding period of last year. Shapotou Scenic Spot seized on the summer revenue-generating period with season-specific activities such as “Sand Boat Rhapsody”, to enhance the conversion rate of the second consumption plan, generate revenue and increase profit. Revenue from Detian Scenic Spot amounted to HK\$159 million, a 39% increase compared with the corresponding period of last year. CTS Luzhou Culture Tourism was focusing on developing wine culture tourism, with revenue amounted to HK\$90 million, a 10% decrease compared with the corresponding period of last year. CTS Lugu Lake actively integrated destination products, with revenue increased by 66% year-on-year in the first half of the year. CTS Bairui mainly focused on Xinjiang’s 5A and 4A scenic spots and scarce core areas of major tourist destinations, and recorded an increase in revenue compared to the corresponding period of last year. CTS Bairui will intensify development of the custom tours business, creating a synergistical effect among various projects. Qiandao Lake Company was established in December 2023 as the main body responsible for the integrated operation and management of Qiandao Lake Scenic Spot and the execution of the overall planning and development of Qiandao Lake. Revenue of HK\$30 million was recorded in the first half of the year, with Qiandao Lake Company accelerating the project modification, strengthening the marketing and expansion of the scenic area, and increasing the number of group and individual tourists. Yunnan Company was established in December 2023 and will carry out all operation and maintenance work for the Dali Erhai ecological corridor. The Erhai Ecological Corridor project is a new tourism landmark created by Dali Prefecture. Yunnan Company’s participation in the investment and operation of local tourism resources would further improve the Company’s brand influence in the southwest region. In the first half of the year, Yunnan Company recorded revenue of HK\$52 million, and will increase its efforts in the implementation of the courier station and utilize the “Dali Erhai IP” to form a growth point in revenue. New Century Senbo, an associate of the Company, recorded an attributable profit of HK\$4 million.

Leisure resorts

Revenue from leisure resorts was HK\$219 million, a 41% decrease compared with the corresponding period of last year. The attributable loss was HK\$68 million, a 423% increase compared with the corresponding period of last year. The increased loss was mainly attributable to the decrease in revenue recognized from real estate business.

Zhuhai OSR recorded revenue of HK\$86 million, a 46% decrease compared with the corresponding period of last year. This was mainly attributable to the substantial year-on-year decrease in revenue recognised from real estate business. Zhuhai OSR enhanced revenue from its existing businesses through summer activities and marketing initiatives, and will expand the market of Sail Hotel to improve its revenue. Revenue from Xianyang OSR decreased by 12% compared with the corresponding period of last year. Xianyang OSR will stimulate market consumption by creating incentives via soft marketing activities, highlighting featured products and special services. Revenue of Anji Company decreased by 43% year-on-year due to a significant decrease in revenue recognized from real estate business. Anji Company will strengthen the requirements of the ClubMed hotel management team and control costs in order to enhance revenue, marketing and expansion, and turn around to profitability in the face of market downturns. Evergrande OSR, our associate, recorded an attributable loss of approximately HK\$15 million.

Supplementary tourist attraction operations

Revenue from supplementary tourist attraction operations was HK\$18 million, a 0.4% decrease compared with the corresponding period of last year. The attributable profit was HK\$3 million, compared with attributable loss of HK\$14 million in the corresponding period of last year.

CTS Scenery was engaged in management and consulting services, and recorded a revenue increase of 34% compared with the corresponding period of last year. It will strengthen collaboration in product research and development, project promotion and implementation. China Travel Zhiye was engaged in providing tourism planning services and recorded a revenue decrease of 43% compared with the corresponding period of last year. China Travel Zhiye has developed a business transformation and innovation plan and is striving for its implementation in the second half of the year. Heaven Creation Company was engaged in creative planning, performing arts and management businesss. Its residence performance has come to a complete halt due to the pandemic. The development of other businesses also encountered obstacles, resulting in only a moderate increase in revenue in the first half of the year compared with the corresponding period of last year.

(II) Travel document and related operations

The Group's travel document and related operations comprise China Travel Service Entry Permit Service Hong Kong Limited and China Travel Hi-Tech Computer Hong Kong Ltd.

In 2023, the relaxation of travel restrictions and socialisation measures related to COVID-19 in Hong Kong and mainland China led to a significant increase in demand for the travel document business. In the first half of 2024, the Group's revenue from travel document and related operations was HK\$180 million, a 18% decrease compared with the corresponding period of last year. Attributable profit was HK\$94 million, a 18% decrease compared with the corresponding period of last year. China Travel Hi-Tech Computer Hong Kong Ltd. provides system maintenance and data security services for the Group's travel document business, continue to optimise the travel document business system and actively cooperating with the Group in work related to digital transformation.

(III) Hotel operations

The Group's hotel operations comprise:

1. Six hotels in Hong Kong and Macau;
2. Beijing Guang'anmen Grand Metropark Hotel Co., Ltd. ("**Beijing Metropark Hotel**"); and
3. CTS H.K. Metropark Hotels Management Company Limited.

The outlook for hotel operations in Hong Kong is optimistic, with the opening of the Metropark Hotel Hung Hom in May 2024 expanding the profit growth points, and the international tourist arrivals increasing due to the relaxation of travel restrictions worldwide. Hotel operations in mainland China are also expected to maintain growth. In the first half of 2024, revenue from the Group's hotel operations was HK\$368 million, a 16% increase compared with the corresponding period of last year. Attributable profit was HK\$82 million, a 19% increase compared with the corresponding period of last year.

Key operating data

	First half of 2024	First half of 2023
Five hotels in Hong Kong and Macao <i>(excluding Metropark Hotel Hung Hom)</i>		
Average occupancy rate (%)	94.42	95.05
Average room rate (HK\$)	693.66	652.70
Beijing Metropark Hotel		
Average occupancy rate (%)	76.17	78.20
Average room rate (RMB)	716.57	660.31

(IV) Passenger transportation operations

The Group's passenger transportation operations comprise bus and vessel businesses operated under Shun Tak-China Travel Shipping Investments Limited ("**Shun Tak-China Travel**").

In the first half of 2024, revenue from passenger transportation operations was HK\$537 million, a 22% increase compared with the corresponding period of last year. Attributable profit was HK\$6 million, a 10% decrease compared with the corresponding period of last year.

The Hong Kong Government announced the first phase of border reopening between the Mainland and Hong Kong from 8 January 2023, leading to full reopening on 6 February 2023. The passenger bus business gradually resumed Hong Kong-mainland operations, and revenue in the first half of 2024 increased year-on-year. Due to COVID-19, the passenger vessel business was suspended from early February 2020 to early January 2023. The cross-border passenger vessel business between Hong Kong and Macau has gradually resumed since early January 2023, with revenue in the first half of 2024 increasing year-on-year. This segment will accelerate its transformation to explore overseas business.

Shun Tak-China Travel will seize on opportunities arising from the resumption of cross-border travel, leveraging the "Hong Kong people travelling north" trend and the opening of the "Shenzhen-Zhongshan Bridge", develop the market and quickly recover to seek business growth and in-depth participation of local businesses in search of opportunities for integration of resources and create an influential tourism transportation platform in the Greater Bay Area.

BUSINESS DEVELOPMENT

Tourist attractions and related operations

Pursuant to its strategy of building a “first-class tourist destination investment and operation service provider”, the Group focuses on natural and cultural scenic spots and leisure resorts product lines via the major pathways of mainland scenic business and Hong Kong business. These bring its focus to enhancing four major capabilities – investment, products, digitisation and operation – to achieve the objective of building first-class national tourism destination projects with branding and influence. Following the principles of “upholding fundamental principles and innovation, quality and efficiency improvement, and integration and development”, the Group has played an active role in the five areas of “better serving the good life, promoting economic development, constructing a spiritual home, showcasing China’s image, and enhancing mutual understanding among civilisations”. The Company will further promote “integrity management and quality service”, promote the in-depth integration of culture and tourism and strive to create standardised products and operational systems.

Window of the World launched a new product, Jurassic Water World, in the summer, and revamp the Ovation Street commercial outlet to form a themed area integrating “culture, tourism and business”. Splendid China will enhance the performing arts at Phoenix Plaza and upgrade the classic drama *Dragon and Phoenix Dance in China*, which is planned to be launched within the year. In addition, in cooperation with Tencent Video, it is planned to introduce the IP of *A Dream of Splendor* to create the IP empowered “Splendid and Flourishing Age”, an immersive new cultural and entertainment neighbourhood. Window of the World and Splendid China will focus on reformation development and create new products which are in line with market trends.

Shapotou Scenic Spot has continued the development of a new “scenic spot + characteristic hotel” tourism model, successfully creating a national-level tourist resort. Desert Star Hotel instituted lean management; Diamond Hotel has officially opened and achieved considerable revenue growth in the first half of the year while promoting its Shapotou Youth Desert Ride Desert Camp and Music Festival Base projects. Detian Scenic Spot continued to improve the WILD service system and co-organised a “Sino-Vietnamese Cross-border Water Song Festival” with the Vietnam National Song and Dance Troupe to enhance Sino-Vietnamese cultural exchanges and mutual understanding. Xiufeng Cable Car’s revenue and profit increased year-on-year. The Group will strengthen the marketing of the “Waterfall” brand to enhance the scenic spot’s traffic flow. The Group disposed of its 51% equity interest in Huashan Scenic Spot by public listing on the website of Shenzhen United Property and Equity Exchange in July 2024, and subsequently entered into an equity transfer agreement under which the Group agreed to dispose of 51% equity interest in Huashan Scenic Spot to Guangxi Ningming Feiyue Tourism Industry Investment Co., Ltd. at a consideration of approximately RMB16 million. The disposal of Huashan Scenic Spot aids the Group in optimising its asset portfolio of natural and cultural scenic spots, enhancing the asset turnover rate and cash flow, and further improving its sustainable development. It is expected that there will not be significant gain or loss from the disposal. CTS Luzhou Culture Tourism will strengthen the marketing development and revenue management of “Guili Park” hotel in order to catch up with the full-year target. CTS Lugu Lake will strive to resume the construction and opening of the Hualou love song project as soon as possible. Also, Lanyue Hotel has been listed in the GBE Hotel Design Awards 2024, spurring efforts to open the hotel as soon as possible and promote the “Lanyue” brand.

Zhuhai OSR transformed and upgraded its existing products and improved service with a view to enriching the “Ocean Spring” brand portfolio with differentiated products. Zhuhai OSR actively explores the Hong Kong market and taps into the purchasing potential of the clientele through the channels of diversified resource groups such as Hong Kong Ming Pao, the Hong Kong paper media, YouTube, etc. Anji Company strengthened the marketing of Elf’s Mound farm and Valley Ji City Commercial Street and leveraged the benefits of new products. CTS City’s “CTS Investment Building” project is generally positioned as a landmark urban complex of the first rank in the convention and exhibition sector, comprising a modern complex of prestigious offices and convention and exhibition and leisure areas. It has completed the main construction stage, and ongoing development work is being carried out in an orderly manner.

On 10 January 2024, the Company entered into a cooperation agreement with Chongqing Tourism Investment Group Co., Ltd. (“**Chongqing Tourism Group**”), Chongqing Cultural Tourism Development Group Co., Ltd. (“**Chongqing Cultural Tourism**”) and Chongqing Tongjing Tourism Development Co., Ltd. (“**Tongjing Company**”). The parties agreed to establish a joint venture (“**Joint Venture**”) for the urban renewal of Chongqing amusement park, and the upgrading of Tongjing scenic spot and other cultural tourism projects. The latter will exploit the Chongqing city landscape, the Three Gorges, Wuling style and other resource advantages to create metropolitan area, northeast and southeast Chongqing major brand product lines, to support the development of Chongqing’s tourism industry. The total registered capital of the Joint Venture is RMB400 million, and the Company will contribute capital of RMB220 million in cash, accounting for 55% of the equity interest of the Joint Venture. Tongjing Company will contribute capital of approximately RMB168 million, accounting for 41.99% of the equity interest of the Joint Venture. Chongqing Cultural Tourism will contribute capital of approximately RMB12 million, accounting for 3.01% of the equity interest of the Joint Venture. Chongqing Cultural Tourism agreed to contribute 60% of its equity interest in Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd. (“**Bashan Yushui**”) by way of equity investment upon the establishment of the Joint Venture, making Bashan Yushui a 60%-owned joint venture of the Joint Venture. The Joint Venture was established on 11 June 2024 under the name CTS Southwest (Chongqing) Tourism Development Co., Ltd.

After the State Council issued the “Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins” in March 2024, various provinces and municipalities followed up with the issuance of the policy. A number of the Group’s subsidiaries also responded to the policy, devising renewal plans to promote the upgrading and replacement of cultural and tourism equipment and facilities at a lower cost to create a better visitor experience. The Company has set up a special task force for the integration of culture and tourism, formulated the “Implementation Plan for Deepening the Integration of Culture and Tourism and Promoting the High-Quality Development of Tourism”, and regularly holds coordination meetings for culture and tourism integration to cultivate new business forms, new models and new products in the integration of culture and tourism.

Management business

Through subsidiaries such as CTS Scenery, Splendid China and CTS Holiday Travel Management (Hainan) Co., Ltd., the Group provides customized scenic spot management services including custom solutions and full operational services for tourist destinations. The Group now has 21 scenic spots under management, of which seven are 5A grade and seven 4A grade. Among these, CTS Scenery is a leading tourist destination operator in China, with tourism resource development and operational management being the main focus of the Group's scenic spot management business. CTS Scenery utilises the parent company's tourism industry full-chain service model, three-dimensional service platform and one-stop service system to provide unique high-value solutions and full operational services for tourism destinations. Focusing on the professional sub-discipline of the tourism industry, CTS Scenery has established a pool of professional talent across the whole chain of tourism resource development and management, including tourism investment, development, planning, operation and management. In the course of operation, CTS Scenery has built a team of professional managers aligned with the Group's strategies and values who are adept at accomplishing organisational goals and realising organisational benefits (economic, environmental and social).

Digital transformation

The Company has embraced innovation in its management and operation to pursue its course of high-quality development. In the first half of 2024, by relying on the digital platform, the Company continued to drive the digital transformation of its subsidiaries, provide an integrated platform for scenic spots, and offer tourists with a seamless travel experience by just using a mobile. Digital initiatives such as integration of destination resources, strengthening of member operation and traffic conversion, internal collaborative operation and new media marketing, have enabled the platform's self-operated transaction volume to grow steadily, effectively supporting the Company's business development in Hong Kong. Through the application of AI, AR and other new technologies, the Company has built application scenarios for scientific and technological innovation. Starway AI online, for example, provides innovative and efficient AIGC creation tools for scenic spots. The Company has held four AIGC creative competitions for Dali Erhai Corridor, Qiandao Lake, Xianyang OSR and Splendid China to reduce costs and increase the efficiency of scenic spot marketing and publicity, and enhance their visibility and influence. The Company also introduced an innovative online smart AR tour experience at Detian Scenic Spot.

In the second half of the year, the Company will continue to drive innovation in intelligent culture and tourism, improve the member operation system, promote member re-purchase, and improve online business. The destination platform will continue to integrate resources and accelerate the transformation and upgrading of the operational model. New media marketing will be used to expand multiple transformation scenarios and online promotion boundaries while strengthening the operation of private domain traffic. The Company explores new online business models through scientific and technological innovation. New technologies such as AIGC and AR will continue to be used to create new business formats such as the online-offline metaverse space, attracting users through gameplay and becoming a new entrance to online traffic. The Company will further drive development and promotion of scenic IP, and pilot the integration of IP with digital humans and tourism intelligent agents.

Passenger transportation operations

For the passenger bus business, the market trend of “Hong Kong people travelling north” and the availability of the Shenzhen-Zhongshan Bridge has led the Company to adjust the operation line in Zhongshan to provide users with a faster touring experience. In line with Hong Kong Government’s environmental policy to reduce carbon emissions, the Company has accelerated the procurement of new energy vehicles to save fuel and maintenance costs. For the passenger vessel operation, the Company will continue to implement effective cost management and control, dispose of inefficient assets and low-yield routes toward the goal of increasing its share of the cross-border marine transportation market.

On 26 July 2024, China Travel Tours Transportation Services Hong Kong Limited, a non-wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with China International Travel Service (Hong Kong) Holdings Limited, pursuant to which China Travel Tours Transportation Services Hong Kong Limited agreed to purchase seven units of second-hand tour buses with PSL certificates from China International Travel Service (Hong Kong) Holdings Limited at a total consideration of HK\$9,980,000. Under the existing government policy, the total number of non-franchised buses in Hong Kong has been capped and there has been zero growth in new PSL registration while the demand for non-franchised bus services is growing steadily after the COVID-19 pandemic. Coupled with the imbalance between the supply and demand which has been bidding up the market prices of PSLs, the acquisition will enable the passenger transportation operations to expand its own bus fleet at a reasonable cost to cope with new business opportunities in Hong Kong. For details, please refer to the Company’s announcement dated 26 July 2024.

Hong Kong and overseas business

The Group continues to develop new business and growth engines by strategically acquiring quality scenic spots, exploring new breakthroughs and expanding into overseas markets. The Maldives project is progressing in an orderly manner. At present, the hydraulic reclamation of Ambala Island is basically completed, the hotel design programme has entered the refinement phase. We are committed to making the Maldives Hotel a high-quality and distinctive island resort; and the corporate governance system of the Joint Venture is to be improved.

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. The Metropark Hotel Hung Hom was completed in January 2024, is now in full operation. The hotel is positioned in the medium- to high-end market and is capable of generating stable and competitive revenue for the Company.

In the second half of 2023, the Group acquired a property at Nos. 8-12 Fenwick Street and Nos. 42-50 Lockhart Road, Wanchai, Hong Kong (the property is now named “**Green Residence**”). The current status of Green Residence is a 15-storey serviced apartment whose close proximity to Kew Green Hotel Wanchai Hong Kong offers a high operational synergy value. In the future, the property’s operation will be fully integrated with that of Kew Green Hotel Wanchai Hong Kong, achieving full synergy in management services, resources and facilities to enhance operational efficiency. At present, the fire safety rectification works of Green Residence are in order.

INTERNAL MANAGEMENT

While striving to achieve performance targets through routine operation and management, the Company will simultaneously pursue a new level of development by strengthening its core competitiveness in investment, product, digital and operating capabilities. The Company consolidated the baseline for safety production and effectively implementing the primary responsibility of safety. In the first half of the year, we conducted safety inspections on new projects such as Qiandao Lake and Lanyue Hotel. We also carried out safety education and training tests, organised comprehensive fire-fighting trainings and examinations for all staff; strengthened the training of key enterprise safety and fire-fighting management personnel, and prepared and published safety manuals.

The Company strictly complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and regulatory requirements, continues to optimise its governance mechanism and system, maintains a high standard of corporate governance, continuously improves its internal control management and strengthened its system construction, and enhances its overall risk prevention and control capability to ensure scientific decision-making, efficient operation and controllable risks, thereby ensure a solid foundation for high quality development.

SUBSEQUENT EVENTS

On 10 August 2024, during the operation of the Section Two of the Magic Carpet Ride Line 1 located within the Detian Waterfall Scenic Spot operated by Detian Scenic Spot, the hinge joint of the steel buckle of the carpet belt near the top exit of the Magic Carpet broke suddenly, which resulted in the death of one tourist and injuries to 60 tourists (including one person sustaining serious injuries and 59 with minor injuries). After the incident, Detian Scenic Spot immediately activated its contingency plan in collaboration with the local authorities on the scene to provide treatment to the injured, evacuate tourists, maintain order and perform other emergency work. At present, Detian Scenic Spot is fully cooperating with the relevant departments to handle the aftermath of the accident and conduct investigations. For further details, please refer to the announcement of the Company dated 16 August 2024.

On 22 August 2024, Detian Scenic Spot resumed its operation in an orderly manner after the joint safety inspection team of the local government had passed the inspection.

PROSPECTS

In the first half of 2024, China’s economy continued its upward trend and made progress toward stability in spite of a complex international environment, arduous domestic reform and development tasks, new challenges arising from the continuous deepening of domestic structural adjustment, with the combined effects of continued release of macro policies impacts and the gradual formation of new supporting factors such as the recovery of external demand. In the first half of the year, China’s gross domestic product (“**GDP**”) was RMB61.7 trillion, an increase of 5.0% year-on-year, and quarterly growth was 5.3% and 4.7% in the first and second quarters respectively. At present, China is in the midst of an offensive period of transforming its mode of development and optimising its economic structure, and the overall transformation and upgrading of the country is progressing steadily. In terms of the external

environment, the momentum of global economic growth is weak, and issues such as geopolitical conflicts and international trade frictions are frequent, and China still faces many difficulties and challenges in fostering the stable operation of its economy.

On 30 July 2024, the Political Bureau of the Central Committee of the Communist Party of China convened a meeting to study the current economic situation. The meeting was of the view that, since the beginning of this year, China's economic operation has been generally stable, with progress amidst stability, and has continued to rebound in an upward trend, with the rapid cultivation of new momentum and advantages, and the high-quality development is being steadily advanced. The meeting emphasised the need to adhere to the general principle of seeking progress while maintaining stability, to implement the new development concept in a complete, accurate and comprehensive manner, to accelerate the construction of a new development pattern, to develop new quality productive forces in accordance with local conditions and to promote high-quality development, so as to enhance the sustained upturn and upward trend of the economy.

Overall, the favourable conditions for China's development outweigh the unfavourable factors, and the trend of stable long-term positive development remains unchanged.

The Company expects the economies of Hong Kong and mainland China to continue to recover slowly in the second half of 2024 in the aftermath of the pandemic, although the outlook remains uncertain due to the adverse impact of high long-term market interest rates on business activities and the development of geopolitical conditions. Given the interest rate outlook, the risk appetite for corporate investment/expansion is expected to remain conservative in the near-term. Notwithstanding the uncertainty over the timing and extent of interest rate cuts by the US Federal Reserve, market interest rates are expected to trend downwards, which will also ease the pressure on funding costs.

Looking ahead, the Group remains cautiously optimistic about the business outlook, while remaining vigilant to global economic turbulence. Despite the challenges ahead, the Group will continue in its corporate mission and objectives and pursue long-term business and profit growth. The Group will continue to explore diversified long-term value-added opportunities for its shareholders and endeavour to enhance its overall financial position to further create greater value. While committed to achieving sustainable growth in recurring earnings, the Group will exercise stringent and prudent financial, liquidity and cash flow management in order to maintain a sound financial position.

NUMBER AND REMUNERATION OF EMPLOYEE

As of 30 June 2024, the Group employed 6,963 staff. Employees are remunerated on the basis of work performance, professional experience and prevailing industry practice. The remuneration policy and packages for Group employees are periodically reviewed by management. Apart from retirement benefits and in-house training programmes, discretionary bonuses and share options are awarded to certain employees according to assessments of individual performance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position remains to be strong. The Group generally finances its operations with internally generated cash flows and loan facilities from banks. As of 30 June 2024, the Group's cash and bank balances and pledged and restricted deposits amounted to HK\$2,574 million, while bank and other borrowings, loans from a fellow subsidiary and loans from the holding companies amounted to HK\$1,940 million. The debt-to-equity ratio was 29%. The debt includes bank and other borrowings, trade payables, other payables and accruals, loans from holding companies, loans from a fellow subsidiary and amounts due to holding companies and fellow subsidiaries.

FOREIGN EXCHANGE RISK

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

CHARGE ON ASSETS

As of 30 June 2024, Group's bank deposits of approximately HK\$3 million (31 December 2023: HK\$60 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 and notes payable.

As of 30 June 2024, certain of the Group's buildings with net carrying amounts of HK\$773 million (31 December 2023: HK\$705 million) were pledged to secure bank guarantees given to suppliers in connection with credit facilities granted.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND SIGNIFICANT INVESTMENT

Save as disclosed in the "MANAGEMENT DISCUSSION AND ANALYSIS" section above, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures or significant investment during the reporting period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "MANAGEMENT DISCUSSION AND ANALYSIS" section above, the Group had no future plans for material investments or capital assets during the reporting period.

CONTINGENT LIABILITIES

As of 30 June 2024, the Group's performance bond given to a customer for due performance of a sale contract was HK\$0.3 million (31 December 2023: HK\$0.3 million).

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 period.

CORPORATE GOVERNANCE

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

For the six months ended 30 June 2024, the Company has adopted and complied with the code provisions (the "**Code Provision(s)**") of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except for the following deviations:

- Code Provision C.3.3 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. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi. However, the said Directors are subject to retirement by rotation at least once every three years in accordance with the Company's articles of association (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 F.2.2 specifies that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board was unable to attend the Company's annual general meeting held on 20 May 2024 (the "**AGM**") due to his other business commitments. Mr. Tse Cho Che Edward, an independent non-executive Director, took chair of the AGM. He, together with other members of the Board and committees of the Board who attended the AGM, were of sufficient calibre and knowledge for answering questions at the AGM, through which the Company maintained effective communication with its shareholders at the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group 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 C3 to the Listing Rules. Having made specific enquiry of all directors, the directors of the Company confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

DIVIDENDS

The Board has declared an interim dividend of HK1.5 cents per share (2023: HK1.5 cents per share) for the six months ended 30 June 2024. The interim dividend will be paid to the shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 23 September 2024. The interim dividend is expected to be paid on Tuesday, 15 October 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 19 September 2024 to Monday, 23 September 2024 (both dates inclusive), for the purposes of determining entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 17 September 2024.

REVIEW OF INTERIM FINANCIAL RESULTS

The unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee of the Company. The condensed consolidated interim financial results for the six months ended 30 June 2024 are unaudited, but have been reviewed by the Company's external auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF 2024 INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the HKExnews website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/ctii/. The 2024 Interim Report will be available on the websites of the Stock Exchange and the Company, and despatched to the shareholders of the Company in due course.

By order of the Board
Wu Qiang
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wu Qiang, Mr. Feng Gang and Mr. Li Pengyu; three non-executive Directors, namely Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi; and five independent non-executive Directors, namely Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui, Mr. Chen Johnny and Mr. Song Dawei.