



香港中旅國際投資有限公司

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Stock Code : 308)



2024
INTERIM REPORT

CONTENTS

Page

Corporate Information	2
Financial Calendar and Information for Shareholders	3
Interim Results	
– Report on Review of Interim Financial Information	4
– Condensed Consolidated Income Statement	5
– Condensed Consolidated Statement of Comprehensive Income	6
– Condensed Consolidated Statement of Financial Position	7
– Condensed Consolidated Statement of Changes in Equity	9
– Condensed Consolidated Statement of Cash Flows	11
– Notes to the Condensed Consolidated Interim Financial Information	12
Management Discussion and Analysis	33
Other Information	42





CORPORATE INFORMATION

DIRECTORS

Mr. Wu Qiang (*Chairman*)
Mr. Feng Gang (*General Manager*)
Mr. Li Pengyu
Mr. Tsang Wai Hung[#]
Mr. Tao Xiaobin[#]
Mr. Fan Zhishi[#]
Mr. Tse Cho Che Edward*
Mr. Zhang Xiaoke*
Mr. Huang Hui*
Mr. Chen Johnny*
Mr. Song Dawei*

[#] Non-Executive Director

* Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Chen Johnny (*Chairman*)
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Song Dawei

REMUNERATION COMMITTEE

Mr. Chen Johnny (*Chairman*)
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Song Dawei

NOMINATION COMMITTEE

Mr. Wu Qiang (*Chairman*)
Mr. Tse Cho Che Edward
Mr. Zhang Xiaoke
Mr. Huang Hui
Mr. Chen Johnny
Mr. Song Dawei

COMPANY SECRETARY

Mr. Lai Siu Chung

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISORS

Jeffrey Mak Law Firm

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Hong Kong Branch
Bank of China (Hong Kong) Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Bank of Communications Co., Ltd., Hong Kong Branch
DBS Bank (Hong Kong) Limited



FINANCIAL CALENDAR AND INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

Announcement of 2024 Interim results	28 August 2024
Announcement of 2023 Final Results	26 March 2023
Announcement of 2023 Interim Results	30 August 2023
Announcement of 2022 Final Results	31 March 2023

DIVIDENDS

2024 Interim	HK1.5 cents per share payable on 15 October 2024
2023 Final	HK1 cent per share paid on 20 June 2024
2023 Interim	HK1.5 cents per share paid on 17 October 2023
2022 Final	Nil

REGISTERED OFFICE

12th Floor, CTG House
78-83 Connaught Road Central
Hong Kong

SHARE REGISTRAR

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.irasia.com/listco/hk/ctii

STOCK CODE

308

LISTING DATE

11 November 1992

ISSUED SHARES

5,536,633,709 (as at 30 June 2024)



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

TO THE BOARD OF DIRECTORS OF CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 32, which comprises the condensed consolidated statement of financial position of China Travel International Investment Hong Kong Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

28 August 2024



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	6	2,136,982	2,054,909
Cost of sales		(1,526,243)	(1,305,693)
Gross profit		610,739	749,216
Other income and gains, net	7(a)	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		(353,560)	(392,315)
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		27,413	31,914
Profit before taxation		165,230	342,535
Tax expense	9	(64,843)	(73,443)
Profit for the period		100,387	269,092
Attributable to:			
Equity owners of the Company		63,230	224,225
Non-controlling interests		37,157	44,867
Profit for the period		100,387	269,092
Earnings per share (HK cents)	11		
Basic and diluted earnings per share		1.14	4.05

The notes on pages 12 to 32 form part of this interim financial information. Details of dividends payable to equity shareholders of the Company are set out in note 10.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) 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)

The notes on pages 12 to 32 form part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Notes	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	9,681,221	9,568,333
Investment properties	13	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	16	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
Total non-current assets		16,695,091	16,693,713
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	14	245,358	183,540
Deposits, prepayments and other receivables	15	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	17	3,435	60,157
Cash and bank balances	17	2,570,363	2,663,388
Total current assets		8,317,089	8,320,726
Total assets		25,012,180	25,014,439
Equity attributable to equity owners of the Company			
Share capital		9,222,295	9,222,295
Reserves		7,054,512	7,132,069
		16,276,807	16,354,364
Non-controlling interests		1,882,267	1,897,686
Total equity		18,159,074	18,252,050



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Notes	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
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	19	736,684	662,964
Deferred tax liabilities		597,004	615,353
Total non-current liabilities		2,611,699	2,552,177
Current liabilities			
Trade payables	18	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	19	402,829	480,712
Total current liabilities		4,241,407	4,210,212
Total liabilities		6,853,106	6,762,389
Total equity and liabilities		25,012,180	25,014,439

The notes on pages 12 to 32 form part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Attributable to equity owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2024 (Audited)	9,222,295	516,673	6,615,396	16,354,364	1,897,686	18,252,050
Comprehensive income						
Profit for the period	-	-	63,230	63,230	37,157	100,387
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)	-	(6,994)	-	(6,994)	195	(6,799)
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations, net	-	(85,054)	-	(85,054)	(10,468)	(95,522)
Total other comprehensive loss for the period, net of tax	-	(92,048)	-	(92,048)	(10,273)	(102,321)
Total comprehensive loss for the period	-	(92,048)	63,230	(28,818)	26,884	(1,934)
Transactions with owners						
Transfer from retained profits	-	702	(702)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	(91,836)	(91,836)
Contribution from non-controlling shareholders	-	-	-	-	49,533	49,533
Equity-settled share option arrangement	-	6,627	-	6,627	-	6,627
Dividends paid	-	-	(55,366)	(55,366)	-	(55,366)
Total transactions with owners for the period	-	7,329	(56,068)	(48,739)	(42,303)	(91,042)
At 30 June 2024 (unaudited)	9,222,295	431,954	6,622,558	16,276,807	1,882,267	18,159,074



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Attributable to equity owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2023 (Audited)	9,222,295	509,628	6,467,569	16,199,492	1,778,121	17,977,613
Comprehensive income						
Profit for the period	–	–	224,225	224,225	44,867	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)	–	15,815	–	15,815	(98)	15,717
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of foreign operations, net	–	(292,932)	–	(292,932)	(32,036)	(324,968)
Total other comprehensive loss for the period, net of tax	–	(277,117)	–	(277,117)	(32,134)	(309,251)
Total comprehensive loss for the period	–	(277,117)	224,225	(52,892)	12,733	(40,159)
Transactions with owners						
Contribution from non-controlling shareholders					23,638	23,638
Equity-settled share option arrangement		6,809	–	6,809	–	6,809
Total transactions with owners for the period	–	6,809	–	6,809	23,638	30,447
At 30 June 2023 (unaudited)	9,222,295	239,320	6,691,794	16,153,409	1,814,492	17,967,901

The notes on pages 12 to 32 form part of this interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024 – unaudited (Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Cash flows from operating activities		
Cash flows from operations	306,019	648,967
Income tax paid	(30,861)	(106,458)
Net cash flows from operating activities	275,158	542,509
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	34,042	20,000
Dividends received from associates	13,524	–
Finance income received	25,691	27,479
Purchases of property, plant and equipment and prepaid land lease payments	355,670	(571,728)
Investments in associates	(7,233)	–
Decrease in pledged and restricted time deposits	56,722	3,650
Decrease/(increase) in time deposits with original maturity of more than three months when acquired	(263,517)	102,643
Net cash flows used in investing activities	(496,441)	(417,956)
Cash flows from financing activities		
Finance cost paid	(45,530)	(28,310)
Capital element of lease rentals paid	(10,339)	(34,510)
Interest element of lease rentals paid	(5,461)	(7,287)
Dividends paid	(55,366)	–
Dividends paid to non-controlling shareholders	(42,987)	–
Proceeds of new bank and other borrowings	226,334	92,353
Repayment of bank and other borrowings	(226,370)	(90,667)
Contribution from non-controlling shareholders	49,533	23,638
Net cash flows used in financing activities	(110,186)	(44,783)
Net increase/(decrease) in cash and cash equivalents	(331,469)	79,770
Cash and cash equivalents at 1 January	2,460,347	2,415,457
Effect of foreign exchange rate changes, net	(25,073)	(82,828)
Cash and cash equivalents at 30 June	2,103,805	2,412,399
Analysis of balances of cash and cash equivalents		
Cash and bank balances	2,570,363	2,684,057
Deposits with maturity of more than three months	(466,558)	(271,658)
Cash and cash equivalents	2,103,805	2,412,399

The notes on pages 12 to 32 form part of this interim financial information.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 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.

The financial information relating to the year ended 31 December 2023 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the financial statements for the year ended 31 December 2023. The auditor's report was 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 section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2 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 (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- (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.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's principal activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, fair value risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. Risk management is carried out by senior management of the Group under policies approved by the Directors of the Company.

The interim financial report does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no changes in the risk management since year end or in any risk management policies.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation

Management analyses financial instruments carried at fair value, by valuation method. All assets and liabilities for which fair value is measured or disclosed in the interim financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: based on valuation techniques for which the lowest inputs that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: based on valuation techniques for which lowest level input that is significant to the fair value measurement is unobservable

The following table presents the Group's financial assets that are measured at fair values:

Assets

	As at 30 June 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Derivative financial instrument	–	–	1,137	1,137
Other financial assets	–	–	56,759	56,759
	–	–	57,896	57,896

	As at 31 December 2023			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Derivative financial instrument	–	–	1,145	1,145
Other financial assets	–	–	64,400	64,400
	–	–	65,545	65,545

During the period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2023: Nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (Continued)

The unlisted equity securities and derivative financial instrument are measured at fair value using a valuation technique with significant unobservable inputs (Level 3).

Unlisted equity securities

The fair value of unlisted equity securities is determined using the enterprise value to sales ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% (31 December 2023: 1%) would have decreased/increased the Group's other comprehensive loss by HK\$728,000 (31 December 2023: HK\$826,000).

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Unlisted equity securities:		
At 1 January	64,400	34,091
Net unrealised gains/(losses) recognised in other comprehensive income/(loss) during the period	(7,641)	15,688
At 30 June	56,759	49,779

Any gains/(losses) arising from the remeasurement of the Group's unlisted equity securities are recognised in the fair value reserve (non-recycling) in other comprehensive income/(loss). Upon disposal of the unlisted equity securities, the amount accumulated in other comprehensive income/(loss) is transferred directly to retained profits.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

The Group assigns a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee. Discussions of valuation processes and results are held between the management, audit committee and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period/year end the team:

- Verifies all major inputs to the independent valuation report;
- Holds discussions with the independent valuers.

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost approximate to their fair values as at 30 June 2024.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

5 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, hotspring 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

5 OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2024 (unaudited)

	Tourist attraction and related operations HK\$'000	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	1,037,146	180,408	367,805	536,894	2,122,253	14,729	2,136,982
Inter-segment revenue	-	10	44	-	54	2,817	2,871
	<u>1,037,146</u>	<u>180,418</u>	<u>367,849</u>	<u>536,894</u>	<u>2,122,307</u>	<u>17,546</u>	<u>2,139,853</u>
Elimination of inter-segment revenue					(54)	(2,817)	(2,871)
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>	<u>161,538</u>
Non-controlling interests							<u>37,157</u>
Segment operating results before non-controlling interests							<u>198,695</u>
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							277
Profit for the period							<u>100,387</u>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

5 OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2023 (unaudited)

	Tourist attraction and related operations HK\$'000	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	1,065,846	219,393	315,636	438,982	2,039,857	15,052	2,054,909
Inter-segment revenue	374	2,176	667	68	3,285	2,520	5,805
	<u>1,066,220</u>	<u>221,569</u>	<u>316,303</u>	<u>439,050</u>	<u>2,043,142</u>	<u>17,572</u>	<u>2,060,714</u>
Elimination of inter-segment revenue					(3,285)	(2,520)	(5,805)
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>	<u>209,474</u>
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>



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

6 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
	2,076,361	1,999,565
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
Total	2,136,982	2,054,909

(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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

7 OPERATING PROFIT

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
(a) Other income and gains, net		
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
	73,337	48,215
	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
(b) Other items		
Staff costs	729,875	651,586
Depreciation		
– owned property, plant and equipment	237,324	243,006
– right-of-use assets	10,440	35,148
	247,764	278,154
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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

8 FINANCE INCOME, NET

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

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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

9 TAX EXPENSE (CONTINUED)

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

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

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 (Unaudited) HK\$'000	2023 (Unaudited) 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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

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

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 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, additions of items of owned property, plant and equipment amounted to HK\$379,898,000 (2023: HK\$537,925,000) and the Group disposed of property, plant and equipment with an aggregate net book value of HK\$33,765,000 (2023: HK\$17,658,000).

During the six months ended 30 June 2024, the Group entered into a number of lease agreements for use of hotel properties, and therefore recognised the additions to right-of-use assets of HK\$27,856,000 (2023: HK\$4,594,000).

As at 30 June 2024, the accumulated impairment losses for property, plant and equipment amounted to HK\$382,585,000 (31 December 2023: HK\$382,585,000).

During the period ended 30 June 2024, due to continued underperformance of Zhuhai Ocean Spring Resort ("Zhuhai Resort") and Xianyang Ocean Spring Resort ("Xianyang Resort"), the management conducted impairment assessments of cash-generating units of Zhuhai Resort and Xianyang Resort.

As at 30 June 2024, the major assets of Zhuhai Resort were land and properties with a carrying value amounting to HK\$1,163,907,000 (31 December 2023: HK\$1,183,000,000) which belong to tourist attraction and related operations segment. The recoverable amount of relevant assets has been determined based on fair value less costs of disposal, which are higher than the carrying value.

As at 30 June 2024, the major assets of Xianyang Resort were land and properties with a carrying value amounting to HK\$193,051,000 (31 December 2023: HK\$208,000,000) which belong to tourist attraction and related operations segment. The recoverable amounts of relevant assets have been determined based on fair value less costs of disposal, which are higher than the carrying value.

In the opinion of the Company's directors, an increase of 1 percentage point in the discount rate for the impairment test of Zhuhai Resort and Xianyang Resort would cause the carrying amount of these resorts to exceed the recoverable amount by approximately HK\$84,726,000, and a decrease in both the revenue growth rate and the terminal growth rate of these resorts by 10% would cause the carrying amounts of these resorts to exceed the recoverable amount by approximately HK\$43,276,000.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INVESTMENT PROPERTIES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
At fair value		
At the beginning of the period/year	3,464,007	2,552,662
Additions	–	31,500
Changes in fair value recognised in income statement of the period/year	(99,045)	(19,126)
Acquisition of a subsidiary	–	911,000
Currency translation differences of the period/year	(5,300)	(12,029)
At the end of the period/year	3,359,662	3,464,007

Valuation

The valuations of investment properties carried at fair value were updated at 30 June 2024 by the Group's independent valuer using the same valuation techniques as in the valuation as at 31 December 2023,

As a result of the update, a net loss of HK\$99,045,000 (2023: net gain of 29,182,000), and deferred tax credit thereon of HK\$5,994,000 (2023: deferred tax of HK\$71,000), has been recognised in profit or loss for the period in respect of investment properties.

14 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 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

15 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

As at 30 June 2024, the balances included amounts due from associates of HK\$40,718,000 (31 December 2023: HK\$14,052,000), which were unsecured, interest free and repayable on demand.

16 DERIVATIVE FINANCIAL INSTRUMENT

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Derivative financial asset	1,137	1,145

17 CASH AND BANK BALANCES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Cash and bank balances	901,945	1,403,702
Time deposits	1,671,853	1,319,843
	2,573,798	2,723,545
Less: pledged and restricted deposits	(3,435)	(60,157)
Cash and bank balances in the condensed consolidated statement of financial position	2,570,363	2,663,388
Less: deposits with maturity of more than three months	(466,558)	(203,041)
Cash and cash equivalents in the condensed consolidated statement of cash flows	2,103,805	2,460,347



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

18 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 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (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

19 BANK AND OTHER BORROWINGS

Movements in borrowings are analysed as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
At the beginning of the period/year	1,143,676	654,913
Drawdown	226,334	419,594
Repayments	(226,370)	(159,452)
Reclassification	–	234,518
Currency translation differences	(4,127)	(5,897)
At the end of the period/year	1,139,513	1,143,676
Portion classified as non-current liabilities	(736,684)	(662,964)
Portion classified as current liabilities	402,829	480,712

The annual interest rate of bank and other borrowings as at 30 June 2024 is 1.20% to 5.66% (31 December 2023: 1.20% to 4.75%).

The Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's and subsidiaries' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2024, none of the covenants relating to drawn down facilities had been breached (31 December 2023: Nil).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

20 PLEDGE OF ASSETS

The following assets were pledged to secure banking facilities granted to the Group:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Bank deposits	2,933	2,952
Buildings	772,902	705,419
	775,835	708,371

21 CONTINGENT LIABILITIES

At the end of the reporting period, material contingent liabilities not provided for in the interim financial report were as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Performance bond given to a customer for due performance of a sales contract	300	300

22 COMMITMENTS

The Group had the following significant contractual commitments:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Property project, land and building	689,969	764,193
Plant and equipment and motor vehicles	68,238	58,619
Scenic spots	104,497	16,880



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

23 RELATED PARTY TRANSACTIONS

In addition to those related party balances and transactions disclosed elsewhere in this interim financial report, the Group had the following significant transactions with related parties during the period:

(a) Significant transactions with related parties

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Travel-related income from	(a)		
– immediate holding company**		153,847	174,163
– fellow subsidiaries*		2,340	1,893
Hotel-related income from	(a)		
– immediate holding company		96	157
– fellow subsidiaries		801	365
Management income from	(b)		
– immediate holding company*		134	–
– fellow subsidiaries*		939	926
Rental income from	(c)		
– immediate holding company*		3,055	759
– fellow subsidiaries*		2,050	4,443
– a non-controlling shareholder		74	1,206
– other related parties		2,105	865
– an associate		13,183	6,260
Interest income from loans to			
– fellow subsidiaries		–	4,874
Interest income from deposits placed to			
– fellow subsidiaries		12,476	7,157
Travel-related expenses paid to	(a)		
– fellow subsidiaries*		(4,124)	(1,381)
– associates		(10)	(10)
Management expenses paid to	(b)		
– fellow subsidiaries*		(2,335)	(3,096)
– other related parties		(278)	–



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (Continued)

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Related interest expense (lease liabilities):	(d)		
– immediate holding company*		(153)	(35)
– fellow subsidiaries*		(111)	(49)
– other related parties		(2,866)	(3,495)
Amount of rent payable per month:	(c)		
– immediate holding company*		(354)	(288)
– fellow subsidiaries*		(516)	(126)
– other related parties		(1,792)	(1,661)
Other operating expenses paid to			
– immediate holding company		–	(979)
– fellow subsidiaries		(1,703)	(3,591)
– a related party		(14,169)	(12,827)
		30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Lease Liabilities due to:	(d)		
– immediate holding company*		5,350	2,349
– fellow subsidiaries*		10,837	11,643
– other related parties		146,955	152,348

The travel permit administration income was determined in accordance with the terms of an agency agreement entered into between the parties and was charged at 45% of the gross fee revenue from travel permit applications.

* These related party transactions contain connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The amounts disclosed above include certain income/expenses which are exempted from the announcements and reporting requirements as they are below the de minimis threshold under the Listing Rule 14A.76(1).

Notes:

- (a) Travel-related and hotel-related income and expenses are entered into in the normal course of business based on terms mutually agreed by the parties.
- (b) Management income and expense are charged at rates in accordance with relevant contracts.
- (c) Rental are charged in accordance with respective tenancy agreements.
- (d) The outstanding balances arising from the leasing agreement with the immediate holding company, fellow subsidiaries and other related parties are included in "lease liabilities".



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant balances with related parties

- (i) On 26 May 2017, China Tourism Group Corporation Limited (“CTG”), as lender, entered into a loan agreement with CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. (“Shapotou”), as borrower, for a term of three years commencing from 26 May 2017 and with repayable on demand clause, pursuant to which CTG, the ultimate holding company of the Company, has agreed to provide a loan of RMB30,000,000 to Shapotou, a non-wholly-owned subsidiary. On 26 May 2020, Shapotou entered into an extension agreement with CTG to extend the loan maturity date to 25 May 2023. The interest rate is at a fixed rate of 1.2% per annum. The agreement expired on 30 June 2024 and Shapotou was in a negotiation process with CTG for a further extension as at the date of these consolidated financial statements. As at 30 June 2024 and 31 December 2023, the loan balance of RMB30,000,000 remained outstanding and unsettled.
- (ii) On 24 May 2017, CTG, as lender, entered into a loan agreement with CTS (Anji) Tourism Development Company Limited (“Anji”), as borrower, for a term of three years commencing from 24 May 2017 and with repayable on demand clause, pursuant to which CTG has agreed to provide a loan of RMB39,000,000 to Anji, a subsidiary of the Company. On 24 May 2020 and 24 May 2023, CTG and Anji renewed the loan agreement twice for a term commencing from 24 May 2020 and expiring on 23 May 2023, and commencing from 24 May 2023 and expiring on 23 May 2031, respectively. The interest rate of the loan made under the loan agreement is at a fixed rate of 1.2% per annum. As at 30 June 2024, the arrangement remained effective with RMB39,000,000 withdrawn (31 December 2023: RMB39,000,000).
- (iii) On 8 November 2018, the Company and CTG Finance Company Limited (“CTS Finance”), a fellow subsidiary, entered into a financial services framework agreement in respect of the provision of (i) deposit services, (ii) the comprehensive credit line services, (iii) the entrustment loan services; and (iv) the cross-border RMB cash pooling services by CTS Finance for a term commenced from 1 January 2019 and ending on 31 December 2021. On 16 November 2021, the Company entered into an extension agreement with CTS Finance to extend the terms of such services for a term of three years commencing from 1 January 2022 and ending on 31 December 2024. As at 30 June 2024, the related deposit balance was RMB1,471,932,000 (31 December 2023: RMB1,252,519,000). These transactions also constitute continuing connected transactions as defined under the Listing Rules.
- (iv) On 26 October 2022, China Travel Service (Holdings) Hong Kong Limited (“CTS (Holdings)”), as lender, entered into the Loan Agreement with the Company, as borrower, for a term of one year commencing from 26 October 2022 and ending on 26 October 2023, pursuant to which CTS (Holdings), the immediate holding company, has agreed to provide a loan of RMB230,000,000 to the Company. On 26 October 2023, CTS (Holdings) renewed the loan agreement for a term commencing from 26 October 2023, and expiring on 26 October 2024. The interest rate of the loan made under the loan agreement is at a fixed rate of 2.8% per annum. As at 30 June 2024, the arrangement remained effective with RMB230,000,000 withdrawn (31 December 2023: RMB230,000,000).
- (v) On 15 August 2023, CTS Finance entered into a loan agreement with CTS (Ningxia) Shapotou Tourist Spot Co., Ltd., a subsidiary of the Company. This loan agreement involved an amount of RMB25,000,000. The loan commenced on 15 August 2023 and is repayable in August 2026. It carries a fixed interest rate of 2.8% per annum. As at 30 June 2024, the arrangement remained effective with RMB25,000,000 withdrawn (31 December 2023: RMB25,000,000). Additionally, on 15 August 2023, CTS Finance entered into another loan agreement with CTS (Zhuhai) Haiquanwan Co., Ltd, a subsidiary of the Company, for a loan amount of RMB400,000,000. The loan term commenced on 21 September 2023 and is repayable in September 2026. This loan carries an interest rate of 3% per annum. As at 30 June 2024, the arrangement remained effective with RMB400,000,000 withdrawn (31 December 2023: RMB400,000,000).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

24. SHARE BASED PAYMENTS

On 20 January 2023, the Company passed a resolution in a shareholders' meeting for the adoption of a share option scheme (the "2023 Share Option Scheme") for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the directors and employees of the Group and for such other purposes as the board of directors of the Company may approve from time to time. Eligible participants of the Scheme include the directors and employees of the Group.

On 27 January 2023, the Company granted share options to certain directors and employees of the Group to subscribe for, in aggregate, up to 61,404,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72 per share. The price of the Company's shares at the date of grant was HK\$1.71. For detailed information, please refer to the announcement of the Company dated 27 January 2023.

On 19 January 2024, the Company granted share options to certain employees of the Group to subscribe for, in aggregate, up to 3,980,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72. For detailed information, please refer to the announcement of the Company dated 19 January 2024.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using a trinomial model, taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

Assumptions	Inputs	
	2024	2023
Dividend yield (%)	1.20%	0%
Volatility (%) (note)	30.77% – 32.84%	31.74% – 34.52%
Risk-free interest rate (%)	3.21% – 3.23%	3.03%
Exercise multiple	2.86 – 3.34	2.86 – 3.34
Forfeiture rate	0%	0%
Share price (HK\$ per share)	1.25	1.72

Note: Volatility is determined by reference to the historical share prices of the Company before the date of grant.

The following share options were outstanding under the 2023 Share Option Scheme during the period:

	30 June 2024		31 December 2023	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At the beginning of the period/year	1.72	58,516,000	–	–
Granted during the period/year	1.72	3,980,000	1.72	61,404,000
Cancelled/forfeited during the period/year	1.72	(2,168,000)	1.72	(2,888,000)
At the end of the period/year	1.72	60,328,000	1.72	58,516,000



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

24. SHARE BASED PAYMENTS (CONTINUED)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options	Exercise price	
	HK\$	Exercise period
18,594,840	1.72	27 January 2025 – 26 January 2030
1,313,400	1.72	19 January 2026 – 18 January 2031
18,594,840	1.72	27 January 2026 – 26 January 2031
1,313,400	1.72	19 January 2027 – 18 January 2032
19,158,320	1.72	27 January 2027 – 26 January 2032
1,353,200	1.72	19 January 2028 – 18 January 2033
60,328,000		

The fair values of the share options granted during the period under the 2023 Share Option Scheme were HK\$1,341,000 (2023: HK\$44,617,000). The Group recognised equity-settled share option expenses under 2023 Share Option Scheme of HK\$6,627,000 for the period ended 30 June 2024 (2023: HK\$6,809,000).

At the end of the reporting period, the Company had 60,328,000 share options outstanding under the 2023 Share Option Scheme. If the outstanding share options were exercised in full, an additional 60,328,000 ordinary shares of the Company will be issued, resulting in additional share capital of approximately HK\$103,764,000 (before issue expenses).

25. EVENTS AFTER THE REPORTING PERIOD

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.



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 0.47% decrease 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. (“**CTS 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**”);



MANAGEMENT DISCUSSION AND ANALYSIS

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



MANAGEMENT DISCUSSION AND ANALYSIS

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% compared with the corresponding period of last 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 businesses. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 (excluding Metropark Hotel Hung Hom which is opened in May 2024)		
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



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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).



MANAGEMENT DISCUSSION AND ANALYSIS

Digital transformation

The Company has embraced technological 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\$9.98 million. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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**”) (the “**Listing Rules**”) 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



OTHER INFORMATION

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).



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2024, the interests and short positions of the Directors and the Company's Chief Executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Interests in shares			Interests in underlying shares pursuant to share options	Aggregate interests	% of the issued share capital as at 30 June 2024
	Corporate interest	Personal interest	Family interest			
Mr. Feng Gang	–	–	–	1,640,000	1,640,000	0.03%
Mr. Li Pengyu	–	–	–	1,268,000	1,268,000	0.02%

Save as disclosed above, as at 30 June 2024, none of the Directors or the Company's Chief Executive, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or any interests which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" below, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

On 20 January 2023, the Company passed the resolution in a shareholders' meeting for the adoption of the 2023 Share Option Scheme (the "2023 Share Option Scheme") for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the directors and employees of the Group and for such other purposes as the Board may approve from time to time. For detailed information, please refer to the circular of the Company dated 3 January 2023 and the announcement of the Company dated 20 January 2023.

The rules of the 2023 Share Option Scheme enable the Company to grant option(s) to any directors and employees of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries (the "Participant(s)").



OTHER INFORMATION

The total number of shares of the Company which may be issued in respect of all share options to be granted under the 2023 Share Option Scheme of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at the date of adoption (the “**Scheme Mandate**”). The number of share options available for grant under the Scheme Mandate as at 1 January 2024 and 30 June 2024 were 495,147,370 shares and 493,335,370 shares, respectively. As at the date of this report, the total number of shares of the Company which may be issued under the 2023 Share Option Scheme is 553,663,370 shares, representing 10% of the total number of shares of the Company.

The Board shall not grant any share options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all share option or share awards granted to him (excluding any share option and awards lapsed in accordance with the terms of 2023 Share Option Scheme or other schemes) in the 12 month period up to and including the date of grant of the share option, exceed 1% of the shares in issue at such date (including cancelled, exercised and outstanding options) unless such grant has been duly approved by the shareholders in general meeting.

The share options granted under the 2023 Share Option Scheme may be exercised during a period to be determined and notified by the Board to the grantee, which period shall commence on the date of acceptance of the share options and expire in any event not later than the last day of the 10-year period thereafter (subject to the provisions for early termination).

The date or dates on which a share option vests will be set by the Board at the time of grant, which shall be not less than 12 months from the date on which the share option is accepted. The share options granted to the Participants will not be subject to a shorter vesting period.

Grantees are required to pay an amount of HK\$1.00 for each acceptance of an offer of the grant of share options payable on acceptance of such offer.

The exercise price will be determined by the Board and notified to a Participant and shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant, provided that in the event of fractional prices, the exercise price per Share shall be rounded upwards to the nearest whole cent.

Subject to the Board exercising its right under the rules of the 2023 Share Option Scheme to terminate the 2023 Share Option Scheme, the 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date (i.e. 20 January 2023), after which period no further share options may be granted.

On 27 January 2023, the Company granted share options to certain directors and employees of the Group to subscribe for, in aggregate, up to 61,404,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72. For detailed information, please refer to the announcement of the Company dated 27 January 2023.

On 19 January 2024, the Company granted share options to certain employees of the Group to subscribe for, in aggregate, up to 3,980,000 ordinary shares of the Company, subject to acceptance of the grantees under the 2023 Share Option Scheme at an exercise price of HK\$1.72. For detailed information, please refer to the announcement of the Company dated 19 January 2024.



OTHER INFORMATION

Details of the movement in the share options granted under the 2023 Share Option Scheme during the six months ended 30 June 2024 are set out below.

Name or category of participant	Number of share options					Balance as at 30 June 2024	Date of grant	Exercise period (Notes 1 & 6)	Exercise price (HK\$)
	Balance as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
Director									
Feng Gang	1,640,000	-	-	-	-	1,640,000	27 January 2023	27 January 2025 to 26 January 2032	1.72
Li Pengyu	1,268,000	-	-	-	-	1,268,000	27 January 2023	27 January 2025 to 26 January 2032	1.72
Sub-Total	2,908,000	-	-	-	-	2,908,000			
Other employees in aggregate									
	55,608,000	-	-	-	(2,168,000)	53,440,000	27 January 2023	27 January 2025 to 26 January 2032	1.72
	-	3,980,000	-	-	-	3,980,000	19 January 2024	19 January 2026 to 18 January 2033	1.72
Sub-Total	55,608,000	3,980,000	-	-	(2,168,000)	57,420,000			
Grand Total	58,516,000	3,980,000	-	-	(2,168,000)	60,328,000			

Note:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period. The options are exercisable in the following manner subject to the achievement of certain performance targets listed out below.
- No grantees were granted and are to be granted share options in excess of the 1% individual limit.
- Related entity participants or service providers are not eligible participants under the 2023 Share Option Scheme.
- Save as disclosed above, no share options were granted and to be granted to other Directors, chief executive or substantial shareholders of the Company, or their respective associates.
- Fair value of share options granted during the reporting period was HK\$1,341,000, and as for relevant accounting standard and policy adopted, please refer to Note 24 to the Condensed Consolidated Interim Financial Information.
- The vesting period of the share options granted under the 2023 Share Option Scheme are set out as follows:

Date of Grant	The proportion of options exercisable	Exercise Period	Vesting period
27 January 2023	First 33% of the share options	27 January 2025 to 26 January 2030	27 January 2023 to 27 January 2025 (a)
	Second 33% of the share options	27 January 2026 to 26 January 2031	27 January 2023 to 27 January 2026 (b)
	Remaining 34% of the share options	27 January 2027 to 26 January 2032	27 January 2023 to 27 January 2027 (c)
19 January 2024	First 33% of the share options	19 January 2026 to 18 January 2031	19 January 2024 to 19 January 2026 (a)
	Second 33% of the share options	19 January 2027 to 18 January 2032	19 January 2024 to 19 January 2027 (b)
	Remaining 34% of the share options	19 January 2028 to 18 January 2033	19 January 2024 to 19 January 2028 (c)



OTHER INFORMATION

7. The performance targets to be fulfilled before vesting of the share options granted on 27 January 2023 and 19 January 2024 are as follows:

Vesting Period	Performance targets
Vesting Period (a)	<ul style="list-style-type: none"> – Return on invested capital shall be no less than 1.0% in 2023 and no less than the 75th percentile of benchmarked companies; – Based on the net profit* of 2021, the compound growth rate of net profit of 2023 shall be no less than 5.0% and no less than the 75th percentile of the benchmark companies; and – In 2023, the Group's economic value added ("EVA") assessment target shall be achieved and the increase rate of the economic value added ("ΔEVA") shall be greater than 0.
Vesting Period (b)	<ul style="list-style-type: none"> – Return on invested capital shall be no less than 1.5% in 2024 and no less than the 75th percentile of benchmarked companies; – Based on the net profit of 2021, the compound growth rate of net profit of 2024 shall be no less than 5.0% and no less than the 75th percentile of the benchmark companies; and – In 2024, the Group's EVA assessment target shall be achieved and ΔEVA shall be greater than 0.
Vesting Period (c)	<ul style="list-style-type: none"> – Return on invested capital shall be no less than 2.0% in 2025 and no less than the 75th percentile of benchmarked companies; – Based on the net profit of 2021, the compound growth rate of net profit of 2025 shall be no less than 5.0% and no less than the 75th percentile of the benchmark companies; and – In 2025, the Group's EVA assessment target shall be achieved and ΔEVA shall be greater than 0.

* the net profit mentioned above refers to the profit attributable to shareholders of the Company.

The proportion of the share options to be vested in the grantees on each vesting date will be subject to the performance appraisal results of the grantees for the immediately preceding year, details of which are set out below:

Results of Personal Appraisal	% of the share options granted to the grantee to be vested on a vesting date
Excellent and Good	100%
Competent	90%
Basically Competent	60%
Incompetent	0%

The personal appraisal takes into account indicators including but not limited to qualitative and quantitative performance indicators, qualifications, education background, contribution, experience and loyalty.

8. The closing price immediately before the date on which the share options were granted, i.e. 19 January 2024, was HK\$1.28 per Share.

Save for the 2023 Share Option Scheme, the Company does not have other share schemes (as defined in Chapter 17 of the Listing Rules) nor other outstanding share option/award as at 30 June 2024.

The number of shares that may be issued in respect of the share options or awards granted under all schemes of the Company during the reporting period divided by the weighted average number of shares of the relevant class in issue for the year is approximately 1.09%.



OTHER INFORMATION

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following shareholders (other than Directors or Chief Executive of the Company) had interests, directly or indirectly, and short positions in the shares and underlying shares of the Company which were recorded in the register of interest required to be kept by the Company under Section 336 of the SFO:

Long position in the ordinary shares of the Company

Name of shareholders	Capacity	Number of shares held	% of the issued share capital as at 30 June 2024
China Tourism Group Corporation Limited (“CTG”)	Interest of controlled corporation (Note 1)	3,385,492,610	61.15%
China Travel Service (Holdings) Hong Kong Limited (“CTS (Holdings)”)	Interest of controlled corporation and beneficial owner (Note 1 and 2)	3,385,492,610	61.15%
Hongkong New Travel Investments Ltd.	Beneficial owner (Note 2)	1,136,254,901	20.52%
CTS Asset Management (I) Limited	Interest of controlled corporation (Note 2)	1,136,254,901	20.52%
Kwok Hoi Hing	Interest of controlled corporation and beneficial owner (Note 3)	332,344,000	6.00%
Surpassing Investment Limited	Beneficial owner (Note 3)	75,484,000	1.36%

Note 1: The entire issued share capital of CTS (Holdings) is beneficially owned by CTG. CTS (Holdings) is the immediate holding company of the Company. Accordingly, CTG is taken to be interested in the shares in which CTS (Holdings) is interested pursuant to Part XV of the SFO.

Note 2: Of these 3,385,492,610 shares, 2,249,237,709 shares are held directly by CTS (Holdings). 1,136,254,901 shares are held directly by Hongkong New Travel Investments Ltd., which is owned directly as to 100% by CTS Asset Management (I) Limited. CTS Asset Management (I) Limited is 100% directly owned by CTS (Holdings), and CTS (Holdings) and CTS Asset Management (I) Limited are deemed to be interested in the shares in which Hongkong New Travel Investments Ltd. is interested pursuant to Part XV of the SFO.

Note 3: Of these 332,344,000 shares, 256,860,000 shares are held directly by Kwok Hoi Hing. 75,484,000 shares are held directly by Surpassing Investment Limited, which is owned directly as to 100% by Kwok Hoi Hing, and Kwok Hoi Hing is deemed to be interested in the shares in which Surpassing Investment Limited is interested pursuant to Part XV of the SFO.

Save as aforesaid, as at 30 June 2024, the Directors are not aware of any other person (other than Directors or Chief Executive of the Company) who had any interest, directly or indirectly, or short position in the shares, underlying shares or debentures of the Company recorded in the register required to be kept by the Company under Section 336 of the SFO.

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.



OTHER INFORMATION

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 11 September 2019, the Company, as borrower, entered into a facility agreement with a bank for an uncommitted revolving loan up to an aggregate amount of HK\$1,000,000,000. The bank may at any time without prior notice modify, cancel or suspend the facility(ies) at its sole discretion including, without limitation, cancelling any unutilized facilities, and declaring any outstanding amount to be immediately due and payable. On 21 September 2021, the bank adjusted the aggregate amount of the uncommitted revolving loan under the facility agreement from HK\$1,000,000,000 to HK\$500,000,000. Pursuant to the terms of the facility agreement, the Company undertook with the bank, inter alia, that (i) CTS (Holdings) shall hold, directly or indirectly, more than 40% of the issued share capital of the Company and maintain as a single largest beneficial shareholder of the Company; and (ii) CTS (Holdings) shall be wholly-owned, indirectly or directly, by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**") and is under the direct or indirect management control by SASAC.

On 2 February 2024, the Company, as one of the borrowers, and China Travel Service Property Investment Hong Kong Limited ("**CTSPI**"), a non-wholly owned subsidiary of the Company, as the other borrower, entered into a facility agreement with DBS Bank Limited, Hong Kong Branch ("**DBS**") for an uncommitted revolving term loan facility in an aggregate amount of up to HK\$300,000,000. DBS may at any time immediately terminate, cancel or suspend the facility or any part of it. Pursuant to the terms of the facility agreement, the

Company has undertaken to DBS that, inter alia, it will (i) ensure and procure that CTS (Holdings) holds not less than 40% of the share capital in the Company at all times; and (ii) ensure CTS (Holdings) shall remain to be under the direct or indirect management and 100% ownership of the State Council of the People's Republic of China. In the event of any breach of the undertaking provided by the Company, DBS may by notice to the Company and/or CTSPI terminate the facility and/or declare all amounts owing from the Company and CTSPI arising out of or in connection with the facility to be immediately due and payable to DBS.

On 21 March 2024, the Company (as borrower) and Industrial and Commercial Bank of China (Asia) Limited ("**IBC**") (as lender) have entered into a facility letter relating to an uncommitted revolving loan facility in an aggregate amount of up to HK\$500,000,000 (or its equivalent in RMB). All outstanding principal amount and accrued interest under the facility shall be repayable on or before the date of the first anniversary of the initial drawdown date. Pursuant to the terms of the facility letter, the Company has undertaken to IBC that, inter alia, CTG and CTS (Holdings) shall remain to be the single largest shareholder of the Company during the term of the facility. Any breach of the above undertaking provided by the Company will constitute an event of default, in the event of which IBC may declare all outstanding amounts of owing from the Company (regardless of actual or contingent, current or future) arising out of or in connection with the facility will become immediately due and payable, except as otherwise waived or demanded by IBC.



OTHER INFORMATION

CHANGES IN DIRECTORS' INFORMATION

There are no changes in Directors' or chief executives' information pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2023 Annual Report.

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. 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.



OTHER INFORMATION

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.

By order of the Board

Wu Qiang
Chairman

Hong Kong, 28 August 2024