

## Innovation in Hot Spring Tourism Industry of China

Huang Zhimin , President of China Hot Spring Tourism Association

Distinguished guests, ladies and gentlemen,

It's a great honor for me to be here and share some of my thoughts on the topic of innovation in hot spring tourism industry. I have been in this business for 20 years. Right now, changes of the world, of our times and of history are unfolding in ways like never before. Only by innovation can we consistently create value and competitive advantages which is one of a kind.

Why we need innovation? Innovation is a key to value creation. We are committed to providing customers with an excellent experience, not only the hot spring, but also a pleasant, diverse leisure lifestyle. Innovation is our mission, and a commitment to society and customers. Customers will benefit in a innovation boom society, they will enjoy more and more unforgettable experiences. This is one of the reasons why we strive to innovate.

Embrace changes, take on new challenges, and adapt to changing circumstances. If we don't upgrade ourselves, it's no doubt that we can't winning the future. Innovation is our moat, it includes unique hot spring resources, exclusive customer experiences, and evolving business model. In the face of the fierce market competition, whether your company in an invincible position or not, is directly depends on its innovation capability.

Then, it lead us to the next question: How we innovate?

Firstly, cost efficiency. Reduce costs by improving efficiency, enabling us to provide more competitive products in the market.

Secondly, service innovation. Think what the customer think, and keep close track of customer insights. Whether you have regular or not, even

fans, is up to your service.

Thirdly, product innovation. We persist in delivering attractive niche products to increase customer base. Last but not least, model innovation. We focus on optimizing business models in order to better adapt to the dynamic market.

I want to share with you the innovation progress of Tianmu Hot spring, our journey can be divided into 3 eras:

In the 1.0 era, from 2002~2008, we were in the early stages. During this period, our focus is on innovative hot spring products and services. Lushan Tianmu Hot Spring, is the most representative project of this period. It is the first large-scale scenic garden style hot spring in China, which is 21 years ago. In that year, we begin to combine modern physical therapy and healthcare resources to make a workers' sanatorium upgrade into a whole new product by redesign and redevelop. It truly open a new era of hot spring industry in China.

In the 2.0 era, from 2009~2017, we started to arrange integrating cultural and tourism development. Our goal is to create original leisure resort industry cluster area.

Mingyueshan Tianmu Hot spring hotel is our typical project. It contains resort hotels, various hot spring areas, large water parks, and health care complex. Since its opening, it has received over 10 million tourists in total. At the same time, we actively participate in the infrastructure construction of this town, so that can promote local economic development, it has changed from a rural town to a world-renowned hot spring destination.

At the moment, we are in the 3.0 era, from 2018 till now, we are strive to explore the evolution of cultural tourism ecology. This is a time that needs forward-looking power.

We have elevated innovation to a higher level, adopting O+EPC model

(Operation+ Engineering Procurement Construction) and committing to operation-oriented, project life-cycle development. Emphasize the foresight of operations, be oriented towards business results, focus on the entire process management of operations, and refine it to every module. The innovation in this period was more forward-looking, it increased the supply of high-quality cultural tourism products, created a supply matrix of products and services, and focused on building a hot spring resort complex to meet the dynamic demand of the market.

As an ancient Chinese adage advises, “If one can make things better for one day, he should make them better every day.” Looking ahead, innovation must be upheld as it is not just a means to an end, but a tenet in its own right, which will be more firmly embraced through tests and trials. A formidable mission is a magnificent and glorious mission. Together, let us usher in an even brighter future!

Thank you all for listening.