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

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

# ANNOUNCEMENT OF 2013 FINAL RESULTS

The Board of Directors (the "Board") of China Travel International Investment Hong Kong Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 together with the comparative figures.

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2013*

| | *Note* | **2013**<br>***HK$'000*** | 2012<br>*HK$'000* |
|---|---|---|---|
| **Revenue** | *4* | **4,359,918** | 4,668,431 |
| Cost of sales | | **(2,275,542)** | (2,515,494) |
| Gross profit | | **2,084,376** | 2,152,937 |
| Other income and gains, net | *4* | **194,882** | 198,572 |
| Changes in fair value of investment properties | | **155,529** | 165,051 |
| Selling and distribution costs | | **(587,758)** | (619,761) |
| Administrative expenses | | **(992,106)** | (1,034,705) |
| Operating profit | *6* | **854,923** | 862,094 |
| Finance income | *5* | **107,515** | 94,520 |
| Finance costs | *5* | **(15,397)** | (18,913) |
| Finance income, net | *5* | **92,118** | 75,607 |

| | Note | **2013** | 2012 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Share of profits less losses of | | | |
| Associates | | **352,127** | 173,000 |
| Joint ventures | | **5,235** | 9,077 |
| Write back of provision for impairment of interest in an associate | | **175,000** | – |
| **Profit before taxation** | | **1,479,403** | 1,119,778 |
| Taxation | *7* | **(225,404)** | (217,973) |
| **Profit for the year** | | **1,253,999** | 901,805 |
| **Attributable to:** | | | |
| Equity owners of the Company | | **1,151,889** | 803,561 |
| Non-controlling interests | | **102,110** | 98,244 |
| **Profit for the year** | | **1,253,999** | 901,805 |
| **Earnings per share for profit attributable to equity owners of the Company, basic and diluted (HK cents)** | *9* | **20.40** | 14.16 |
| **Dividends** | *8* | **338,107** | 283,108 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2013*

| | 2013 | 2012 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Profit for the year** | **1,253,999** | 901,805 |
| **Other comprehensive income/(loss)** | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Share of hedging reserve of an associate | **1,963** | 242 |
| Release of exchange difference upon disposal of subsidiaries | **–** | 751 |
| Exchange differences on translation of foreign operations, net | **191,405** | (14,047) |
| Other comprehensive income/(loss) for the year, net of tax | **193,368** | (13,054) |
| **Total comprehensive income for the year** | **1,447,367** | 888,751 |
| Attributable to: | | |
| Equity owners of the Company | **1,326,559** | 791,236 |
| Non-controlling interests | **120,808** | 97,515 |
| | **1,447,367** | 888,751 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2013*

| | Note | 31 December 2013 HK$'000 | 31 December 2012 HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **9,231,146** | 8,082,383 |
| Investment properties | | **1,859,778** | 1,668,577 |
| Prepaid land lease payments | | **418,068** | 431,660 |
| Goodwill | | **1,278,574** | 1,278,574 |
| Other intangible assets | | **188,853** | 188,086 |
| Interests in associates | | **1,092,225** | 901,842 |
| Interests in joint ventures | | **38,503** | 36,458 |
| Available-for-sale investments | | **23,017** | 22,742 |
| Prepayments | | **93,583** | 44,465 |
| Pledged time deposit | | **–** | 1,030 |
| Deferred tax assets | | **14,085** | 12,915 |
| Total non-current assets | | **14,237,832** | 12,668,732 |
| **Current assets** | | | |
| Inventories | | **143,027** | 105,136 |
| Trade receivables | *10* | **274,484** | 257,785 |
| Deposits, prepayments and other receivables | | **1,583,487** | 1,298,753 |
| Amount due from immediate holding company | | **28,297** | 33,701 |
| Amounts due from fellow subsidiaries | | **39,186** | 44,901 |
| Tax recoverable | | **7,333** | 2,318 |
| Financial assets at fair value through profit or loss | | **892,868** | 292,286 |
| Pledged time deposits | | **54,683** | 28,313 |
| Cash and bank balances | | **1,966,772** | 2,678,401 |
| Total current assets | | **4,990,137** | 4,741,594 |
| **Total assets** | | **19,227,969** | 17,410,326 |

| | Note | 31 December 2013 HK$'000 | 31 December 2012 HK$'000 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **563,457** | 565,867 |
| Reserves | | **13,929,808** | 12,904,962 |
| | | **14,493,265** | 13,470,829 |
| **Non-controlling interests** | | **834,012** | 807,603 |
| **Total equity** | | **15,327,277** | 14,278,432 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income | | **771,909** | 456,721 |
| Bank and other borrowings | | **20,233** | 41,985 |
| Deferred tax liabilities | | **512,894** | 477,643 |
| Total non-current liabilities | | **1,305,036** | 976,349 |
| **Current liabilities** | | | |
| Trade payables | *11* | **377,699** | 335,720 |
| Other payables and accruals | | **1,616,716** | 1,336,845 |
| Amount due to immediate holding company | | **1,062** | 1,691 |
| Amounts due to fellow subsidiaries | | **19,738** | 8,788 |
| Tax payable | | **68,304** | 79,069 |
| Bank and other borrowings | | **512,137** | 393,432 |
| Total current liabilities | | **2,595,656** | 2,155,545 |
| **Total liabilities** | | **3,900,692** | 3,131,894 |
| **Total equity and liabilities** | | **19,227,969** | 17,410,326 |
| **Net current assets** | | **2,394,481** | 2,586,049 |
| **Total assets less current liabilities** | | **16,632,313** | 15,254,781 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

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

– Travel agency and related operations
– Tourist attraction operations
– Hotel operations
– Passenger transportation operations
– Golf club operations
– Arts performance operations
– Power generation operations

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

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

## 2 BASIS OF PREPARATION

The consolidated financial statements of China Travel International Investment Hong Kong Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). They have been prepared under the historical cost convention, as modified by revaluation of investment properties and financial assets at fair value through profit or loss, which have been measured at fair value.

### (a) New and amended standards adopted by the Group

The following new standards, amendments and interpretations to existing standards are mandatory and relevant to the Group for the financial year beginning 1 January 2013.

| | |
|---|---|
| HKAS 1 (Amendment) | Presentation of Financial Statements |
| HKAS 19 (Amendment) | Employee Benefits |
| HKAS 27 (Revised 2011) | Separate Financial Statements |
| HKAS 28 (Revised 2011) | Investments in Associates and Joint Ventures |
| HKFRS 1 (Amendment) | First Time Adoption of Government Loans |
| HKFRS 7 (Amendment) | Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities |
| HKFRS 10 | Consolidated Financial Statements |
| Amendments to HKFRSs 10,11 and 12 | Transitional Guidance |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| Annual Improvements 2009-2011 Cycle | Amendments to a number of HKFRSs issued in June 2012 |

Except that the adoption of HKAS 1 (Amendment), HKFRS 10, HKFRS 12 and HKFRS 13 had resulted in changes on disclosures as described below, the adoption of other new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

**(b) New standards, amendments and interpretations to existing standards that are not effective and have not been early adopted by the Group**

At the date of authorisation of these consolidated financial statements, the following new standards, amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group:

| | |
|---|---|
| HKAS 19 (Amendment) [(2)] | Defined Benefit Plans |
| HKAS 32 (Amendment) [(1)] | Financial Instruments: Presentation on Asset and Liability Offsetting |
| HKAS 36 (Amendment) [(1)] | Impairment of Assets on Recoverable Amount Disclosures |
| HKAS 39 (Amendment) [(1)] | Financial Instruments: Recognition and Measurement – Novation of Derivatives |
| HKFRS 9 [(4)] | Financial Instruments |
| HKFRS 14 [(3)] | Regulatory Deferred Accounts |
| Amendments to HKFRSs 10,12 and HKAS 27 [(1)] | Consolidation for Investment Entities |
| HK(IFRIC) – Int 21 [(1)] | Levies |
| Annual Improvement 2010-2012 Cycle [(2)] | Amendments to a number of HKFRSs issued in January 2014 |
| Annual Improvement 2011-2013 Cycle [(2)] | Amendments to a number of HKFRSs issued in January 2014 |

(1) Effective for financial periods beginning on or after 1 January 2014
(2) Effective for financial periods beginning on or after 1 July 2014
(3) Effective for financial periods beginning on or after 1 January 2016
(4) Mandatory effective date to be determined but is available for adoption

The Group is in the process of assessing the impact of these standards, amendments and interpretations to existing standards and does not expect there will be a material impact on the consolidated financial statements of the Group.

## 3 OPERATING SEGMENT INFORMATION

Executive management is the Group's chief operating decision-maker and regularly reviews the segment results. For management purposes, the Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. A summary of details of the operating segments is as follows:

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

(b) the tourist attraction operations segment engages in the operation of theme parks, scenic spots, cable car systems, skiing facilities and resorts hotel which comprise hot spring centers, hotels and leisure and entertainment facilities located in Mainland China;

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

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

(e) the golf club operations segment engages in the provision of comprehensive facilities to individuals or corporate members of the Group's golf club in Shenzhen, Mainland China;

(f) the arts performance operations segment engages in the production of arts performances in Mainland China and overseas; and

(g) the power generation operations segment engages in the generation of electricity in Mainland China.

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/(loss) attributable to equity owners of the Company of each reportable operating segment excluding material non-recurring incomes or expenses, such as changes in fair value of investment properties (net of tax), write back of provision for impairment of interest in an associate, net gain on disposal of subsidiaries, and net gain/(loss) on disposal of property, plant and equipment.

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

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

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

Certain comparative figures in the operating segment information have been reclassified to conform to the current year's presentation. These reclassifications have no impact on the Group's total equity as at both 31 December 2013 and 2012, and on the Group's profits for the year ended 31 December 2013 and 2012.

**Year ended 31 December 2013**

| | Travel agency and related operations *HK$'000* | Tourist attraction operations *HK$'000* | Hotel operations *HK$'000* | Passenger transportation operations *HK$'000* | Golf club operations *HK$'000* | Arts performance operations *HK$'000* | Power generation operations *HK$'000* | Total of reportable segments *HK$'000* | Corporate and others *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|---|
| Segment revenue: | | | | | | | | | | |
| Sales to external customers | 1,511,507 | 1,448,153 | 922,678 | 289,203 | 131,470 | 56,907 | – | 4,359,918 | – | 4,359,918 |
| Intersegment revenue | 7,289 | 14,322 | 6,420 | 1,139 | 286 | – | – | 29,456 | 21,549 | 51,005 |
| | 1,518,796 | 1,462,475 | 929,098 | 290,342 | 131,756 | 56,907 | – | 4,389,374 | 21,549 | 4,410,923 |
| Elimination of intersegment revenue | | | | | | | | (29,456) | (21,549) | (51,005) |
| Revenue | | | | | | | | 4,359,918 | – | 4,359,918 |
| Segment results | 164,572 | 87,717 | 227,904 | 69,777 | 2,130 | 1,509 | 275,527 | 829,136 | 35,040 | 864,176 |
| Changes in fair value of investment properties, net of tax | | | | | | | | | | 122,730 |
| Gain on disposal of subsidiaries, net | | | | | | | | | | 578 |
| Loss on disposal of property, plant and equipment, net | | | | | | | | | | (13,674) |
| Other income | | | | | | | | | | 3,079 |
| Write back of provision for impairment of interest in an associate | | | | | | | | | | 175,000 |
| Taxation | | | | | | | | | | 225,404 |
| Non-controlling interests | | | | | | | | | | 102,110 |
| Profit before taxation | | | | | | | | | | 1,479,403 |

**Year ended 31 December 2013 (Continued)**

| | Travel agency and related operations HK$'000 | Tourist attraction operations HK$'000 | Hotel operations HK$'000 | Passenger transportation operations HK$'000 | Golf club operations HK$'000 | Arts performance operations HK$'000 | Power generation operations HK$'000 | Total of reportable segments HK$'000 | Corporate and others HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Segment assets | 3,349,194 | 7,033,892 | 4,865,690 | 156,280 | 709,946 | 141,939 | – | 16,256,941 | 1,840,300 | 18,097,241 |
| Interests in associates | 8,179 | 123,551 | – | 391,910 | – | – | 568,585 | 1,092,225 | – | 1,092,225 |
| Interests in joint ventures | – | – | – | 27,619 | – | 10,884 | – | 38,503 | – | 38,503 |
| Intersegment receivables | 1,310,397 | 3,815 | 569,193 | 100 | – | – | – | 1,883,505 | 12,285,112 | 14,168,617 |
| | 4,667,770 | 7,161,258 | 5,434,883 | 575,909 | 709,946 | 152,823 | 568,585 | 19,271,174 | 14,125,412 | 33,396,586 |
| Elimination of intersegment receivables | | | | | | | | | | (14,168,617) |
| Total assets | | | | | | | | | | 19,227,969 |
| Segment liabilities | 754,902 | 1,146,714 | 642,293 | 74,106 | 639,702 | 47,327 | – | 3,305,044 | 595,648 | 3,900,692 |
| Intersegment payables | 553,476 | 2,597,507 | 3,066,223 | 645,684 | 246,914 | 57,621 | – | 7,167,425 | 7,001,192 | 14,168,617 |
| | 1,308,378 | 3,744,221 | 3,708,516 | 719,790 | 886,616 | 104,948 | – | 10,472,469 | 7,596,840 | 18,069,309 |
| Elimination of intersegment payables | | | | | | | | | | (14,168,617) |
| Total liabilities | | | | | | | | | | 3,900,692 |
| **Other segment information:** | | | | | | | | | | |
| Share of profits less losses of | | | | | | | | | | |
| Associates | (3,211) | 34,787 | – | 45,024 | – | – | 275,527 | 352,127 | – | 352,127 |
| Joint ventures | – | – | – | 5,014 | – | 221 | – | 5,235 | – | 5,235 |
| Write back of provision for impairment of interest in an associate | – | – | – | 175,000 | – | – | – | 175,000 | – | 175,000 |
| Capital expenditure# | 166,506 | 1,237,441 | 54,228 | 19,297 | 14,562 | 3,180 | – | 1,495,214 | 1,585 | 1,496,799 |
| Depreciation and amortisation | 44,398 | 262,878 | 104,597 | 24,243 | 42,301 | 2,095 | – | 480,512 | 1,239 | 481,751 |
| Provision for impairment losses/ (write back of provision for impairment) recognised in the income statement, net | 1 | 703 | 2,106 | – | – | (105) | – | 2,705 | – | 2,705 |

# Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

Year ended 31 December 2012

| | Travel agency and related operations HK$'000 | Tourist attraction operations HK$'000 | Hotel operations HK$'000 | Passenger transportation operations HK$'000 | Golf club operations HK$'000 | Arts performance operations HK$'000 | Power generation operations HK$'000 | Total of reportable segments HK$'000 | Corporate and others HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Segment revenue: | | | | | | | | | | |
| Sales to external customers | 1,765,098 | 1,467,157 | 961,643 | 309,877 | 119,239 | 45,417 | – | 4,668,431 | – | 4,668,431 |
| Intersegment revenue | 7,373 | 12,133 | 6,534 | 1,421 | 361 | – | – | 27,822 | 25,350 | 53,172 |
| | 1,772,471 | 1,479,290 | 968,177 | 311,298 | 119,600 | 45,417 | – | 4,696,253 | 25,350 | 4,721,603 |
| Elimination of intersegment revenue | | | | | | | | (27,822) | (25,350) | (53,172) |
| Revenue | | | | | | | | 4,668,431 | – | 4,668,431 |
| Segment results | 143,907 | 49,683 | 246,718 | 35,990 | (13,915) | 122 | 124,342 | 586,847 | 6,318 | 593,165 |
| Changes in fair value of investment properties, net of tax | | | | | | | | | | 138,276 |
| Gain on bargain purchase | | | | | | | | | | 1,829 |
| Gain on disposal of subsidiaries, net | | | | | | | | | | 5,751 |
| Gain on disposal of property, plant and equipment, net | | | | | | | | | | 45,699 |
| Other income | | | | | | | | | | 4,892 |
| Other gain | | | | | | | | | | 13,949 |
| Taxation | | | | | | | | | | 217,973 |
| Non-controlling interests | | | | | | | | | | 98,244 |
| Profit before taxation | | | | | | | | | | 1,119,778 |

Year ended 31 December 2012 (Continued)

| | Travel agency and related operations *HK$'000* | Tourist attraction operations *HK$'000* | Hotel operations *HK$'000* | Passenger transportation operations *HK$'000* | Golf club operations *HK$'000* | Arts performance operations *HK$'000* | Power generation operations *HK$'000* | Total of reportable segments *HK$'000* | Corporate and others *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|---|
| Segment assets | 3,174,501 | 5,258,228 | 4,752,728 | 196,022 | 684,849 | 136,247 | – | 14,202,575 | 2,269,451 | 16,472,026 |
| Interests in associates | 11,390 | 103,987 | – | 169,922 | – | – | 616,543 | 901,842 | – | 901,842 |
| Interests in joint ventures | – | – | – | 29,121 | – | 7,337 | – | 36,458 | – | 36,458 |
| Intersegment receivables | 863,242 | 3,967 | 642,113 | 7,168 | – | – | – | 1,516,490 | 13,169,814 | 14,686,304 |
| | 4,049,133 | 5,366,182 | 5,394,841 | 402,233 | 684,849 | 143,584 | 616,543 | 16,657,365 | 15,439,265 | 32,096,630 |
| Elimination of intersegment receivables | | | | | | | | | | (14,686,304) |
| Total assets | | | | | | | | | | 17,410,326 |
| Segment liabilities | 677,947 | 750,570 | 594,238 | 54,958 | 538,796 | 42,348 | – | 2,658,857 | 473,037 | 3,131,894 |
| Intersegment payables | 26,755 | 1,944,685 | 3,291,543 | 719,296 | 324,678 | 55,685 | – | 6,362,642 | 8,323,662 | 14,686,304 |
| | 704,702 | 2,695,255 | 3,885,781 | 774,254 | 863,474 | 98,033 | – | 9,021,499 | 8,796,699 | 17,818,198 |
| Elimination of intersegment payables | | | | | | | | | | (14,686,304) |
| Total liabilities | | | | | | | | | | 3,131,894 |
| **Other segment information:** | | | | | | | | | | |
| Share of profits less losses of | | | | | | | | | | |
| Associates | (383) | 31,395 | – | 17,646 | – | – | 124,342 | 173,000 | – | 173,000 |
| Joint ventures | – | – | – | 9,077 | – | – | – | 9,077 | – | 9,077 |
| Capital expenditure# | 82,538 | 633,087 | 10,809 | 5,954 | 4,500 | 275 | – | 737,163 | 3,552 | 740,715 |
| Depreciation and amortisation | 46,794 | 232,973 | 106,130 | 25,654 | 51,579 | 2,672 | – | 465,802 | 807 | 466,609 |
| Provision for impairment losses/ (write back of provision for impairment) recognised in the income statement, net | (92) | 261 | 579 | 600 | – | – | – | 1,348 | (13,949) | (12,601) |

# Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

**Geographical information**

(a) Revenue from external customers

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **1,840,507** | 2,051,122 |
| Mainland China (including Macau) | **2,188,549** | 2,239,750 |
| Overseas | **330,862** | 377,559 |
| | **4,359,918** | 4,668,431 |

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

(b) Non-current assets

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **5,640,954** | 5,586,441 |
| Mainland China (including Macau) | **8,485,536** | 6,971,462 |
| Overseas | **74,240** | 75,172 |
| | **14,200,730** | 12,633,075 |

The information about the Group's non-current assets is based on the physical location of assets which exclude available-for-sale investments and deferred tax assets.

**Information about major customers**

There was no revenue from any sales to any single external customer that contributed over 10% of the total sales of the Group during the years ended 31 December 2013 (2012: Nil).

## 4 REVENUE, OTHER INCOME AND GAINS, NET

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

An analysis of revenue, other income and gains, net, is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Travel agency and related operations | **1,511,507** | 1,765,098 |
| Tourist attraction operations | **1,448,153** | 1,467,157 |
| Hotel operations | **922,678** | 961,643 |
| Passenger transportation operations | **289,203** | 309,877 |
| Golf club operations | **131,470** | 119,239 |
| Arts performance operations | **56,907** | 45,417 |
| | **4,359,918** | 4,668,431 |
| **Other income** | **138,022** | 121,442 |
| **Gains, net** | **56,860** | 77,130 |
| | **194,882** | 198,572 |

## 5 FINANCE INCOME, NET

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income: | | |
| Bank deposits and entrustment loans | **107,515** | 94,520 |
| Finance income | **107,515** | 94,520 |
| Interest expense: | | |
| Bank borrowings, overdrafts and other borrowings | | |
| – Wholly repayable within five years | **(15,397)** | (20,553) |
| Less: amount capitalised in assets under construction | **–** | 1,640 |
| Finance costs | **(15,397)** | (18,913) |
| Finance income, net | **92,118** | 75,607 |

Capitalisation rate of 4% per annum was used in year 2012, representing the weighted average rate of the costs of borrowings used to finance the assets under construction.

## 6 OPERATING PROFIT

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Total employee benefit expenses | **1,273,043** | 1,295,865 |
| Depreciation | **452,654** | 438,445 |
| Amortisation of prepaid land lease payments | **25,820** | 24,936 |
| Amortisation of other intangible assets | **3,277** | 3,228 |
| Minimum lease payments under operating leases: | | |
| Land and buildings | **84,548** | 75,951 |
| Plant and machinery and motor vehicles | **14,965** | 23,761 |

## 7 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Group: | | |
| Current – Hong Kong | | |
| Charge for the year | **75,557** | 77,635 |
| Overprovision in prior years | **(1,412)** | (2,089) |
| Current – Mainland China and Macau | | |
| Charge for the year | **120,917** | 117,509 |
| Overprovision in prior years | **(366)** | (687) |
| Overseas – Charge for the year | **1,721** | 1,199 |
| Deferred tax | **28,987** | 24,406 |
| Total tax charge for the year | **225,404** | 217,973 |

## 8 DIVIDENDS

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividend, paid, of HK 2 cents (2012: HK 2 cents) per ordinary share | **112,724** | 113,390 |
| Final dividend, proposed, of HK 4 cents (2012: HK 3 cents) per ordinary share | **225,383** | 169,718 |
| | **338,107** | 283,108 |

At a board meeting held on 27 March 2014, the directors proposed a final dividend of 4 HK cents per share. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 December 2014.

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

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Basic earnings per share** | | |
| Profit attributable to equity owners of the Company | **1,151,889** | 803,561 |
| Weighted average number of ordinary shares in issue | **5,645,780,144** | 5,674,677,689 |
| | **HK20.40 cents** | HK14.16 cents |

**Diluted earnings per share**

Diluted earnings per share is equal to the basic earnings per share for the year ended 31 December 2013 and 2012 as the exercise price of the outstanding share options granted by the Company was higher than the average market price of the shares of the Company and they thus are anti-dilutive.

## 10 TRADE RECEIVABLES

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

At 31 December 2013 and 2012, the ageing analysis of the trade receivables, based on the invoice date and net of the provision for impairment of trade receivables, is as follows:

| | **Group** | |
|---|---|---|
| | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **221,675** | 229,648 |
| 3 to 6 months | **35,257** | 18,161 |
| 6 to 12 months | **9,039** | 5,922 |
| 1 to 2 years | **8,513** | 4,054 |
| | **274,484** | 257,785 |

## 11 TRADE PAYABLES

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

| | Group | |
|---|---|---|
| | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **323,979** | 296,328 |
| 3 to 6 months | **22,087** | 18,646 |
| 6 to 12 months | **13,680** | 5,697 |
| 1 to 2 years | **9,584** | 4,842 |
| Over 2 years | **8,369** | 10,207 |
| | **377,699** | 335,720 |

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Business Review

In 2013 the global economic growth was still weak and the Chinese economy also experienced the severe challenge of decelerating growth rate. China's tourism industry was affected by China's frugality policy and consequently, civil servants' travel consumption fell, business travel consumption slowed down, but leisure travel consumption showed a robust growth trend, highlighting the strong demand for leisure travel. The overall tourism economy maintained steady development.

In 2013 the Group continued to strengthen the fundamental management of existing businesses, strive to increase revenue and improve the performance of loss making businesses such as Mangocity.com and Ocean Spring Resorts, etc.. As a consequence, the operating fundamentals of existing businesses were further improved and the overall results achieved better growth. Six operations including the travel agency and related operations, tourist attraction, passenger transportation, golf club, art performance and power generation operations achieved better results albeit decline in the hotel operations.

In 2013 the Group actively pushed forward the implementation of strategies to develop tourism real estate projects and enter into famous natural and cultural scenic spots. Key strategic projects such as Zhuhai OSR Phase 2 and Anji Lingfeng Mountain Resort made steady progress. The Group entered into cooperation agreements in respect of scenic spot projects in Guangxi Guilin and Ningxia Shapotou. The Group decided to exit from Mangocity.com which had been incurring losses for a long term and failed to achieve synergies.

## Results Overview

In 2013, the Group's consolidated revenue was HK$4,360 million, a 7% decrease compared to last year; profit attributable to shareholders was HK$1,152 million, a 43% increase compared to last year. Basic earnings per share was HK20.4 cents, a 44% increase compared to last year.

Excluding the effect of revaluation of investment properties and non-recurring items (please refer to note 3 to the consolidated financial statements for details), profit attributable to shareholders was HK$864 million, a 46% increase compared to last year; of which profit attributable to core travel operations and non-core power generation operations was HK$589 million and HK$276 million respectively, representing an increase of 26% and 122% compared to last year.

The Group's financial position remained stable and strong. At the end of 2013, equity attributable to shareholders was HK$14,493 million, a 8% increase compared to the end of last year; cash and bank balances amounted to HK$1,967 million and after deducting bank loans of HK$532 million, the net cash was HK$1,435 million, a 36% decrease compared to the end of last year.

**Travel Agency And Related Operations**

The Group's travel agency and related operations comprise:

1. Travel agency business (China Travel Service (Hong Kong) Limited ("CTSHK") and overseas travel agencies);

2. Travel document business; and

3. Mangocity.com, an online travel consolidator.

In 2013, the revenue of the travel agency and related operations was HK$1,512 million, a 14% decrease compared to last year; profit attributable to shareholders was HK$165 million, a 14% increase compared to last year.

The revenue of the travel agency business decreased 17% compared to last year, which was mainly due to weak global economy, avian influenza in eastern China and travel agency's own structural adjustment. However, the result improved due to strengthening of internal control.

The travel document business was affected by the lower volume of travel document renewal, the zero hospital quota policy in Hong Kong towards pregnant women carrying a baby whose parents are both non-residents of Hong Kong, the avian influenza in eastern China and the additional border check points in mainland offering landing visas. As a consequence, revenue and profit decreased.

The revenue of Mangocity.com increased by 2% compared to last year, of which revenue from air ticketing and hotel commission decreased whereas revenue from travel packages and travel insurance commission increased. Mangocity.com continued to strengthen cost control and reduce losses.

**Tourist Attraction Operations**

The Group's tourist attraction 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 (Dengfeng) Songshan Shaolin Culture Tourism Co., Ltd. ("Songshan Scenic Spot"), CTS (Xinyang) Jigongshan Culture Tourism Co., Ltd ("Jigongshan Scenic Spot") and Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd.);

3. Leisure resorts (China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. ("Zhuhai OSR"), Xianyang Ocean Spring Resort Co., Ltd. ("Xianyang OSR"), Chengdu Huashuiwan Sakura Hotel Company Limited and CTS (Anji) Tourism Development Company Limited ("Anji Project")); and

4. Non-controlling scenic spot investments (Changsha Colorful World Company Limited, Changchun Jingyuetan Youle Co. Ltd., Huangshan Taiping Cable Car Co., Ltd., Huangshan Yuping Cable Car Company Ltd. and Nanyue Cable Car Co. Ltd.).

In 2013, the number of visitors at our tourist attractions was 9.58 million, a 12% decrease compared to last year; revenue was HK$1,448 million, a 1% decrease compared to last year; profit attributable to shareholders was HK$88 million, a 77% increase compared to last year, which was mainly due to an increase in exchange gain, better profit contribution from the theme parks and non-controlling scenic spot investments and the fact that there was a one-off expense resulting from the opening of Xianyang OSR hotel last year.

The revenue of our theme parks was HK$708 million, a 7% increase compared to last year; profit attributable to shareholders was HK$111 million, a 11% increase compared to last year, which was mainly due to the rise in ticket price of Window of the World and Splendid China after the launch of new projects and the increase of management services provided by Splendid China.

The revenue of our natural and cultural scenic spots was HK$276 million, a 12% decrease compared to last year, which was mainly due to decrease in tour visitors resulting from slowdown of China's economic growth and China's frugality policy. Profit attributable to shareholders was HK$1.88 million (2012: HK$4.45 million). The revenue of Jigongshan Scenic Spot decreased slightly but the losses decreased due to strengthening of cost control.

The revenue of our leisure resorts was HK$464 million, a 5% decrease compared to last year, of which the revenue of Zhuhai OSR decreased due to the impact of China's frugality policy whereas the revenue of Xianyang OSR increased due to the opening of its hotel last year. Losses attributable to shareholders were HK$62 million (2012: losses of HK$88 million), which was mainly due to an increase in exchange gain and the fact that there was a one-off expense resulting from the opening of Xianyang OSR hotel last year.

Profit attributable to shareholders of non-controlling scenic spot investments was HK$36 million, a 10% increase compared to last year, which was mainly due to the rise in attributable profit of Changsha Colorful World Co., Ltd.

**Hotel Operations**

The Group's hotel operations comprise:

1. Five hotels in Hong Kong and Macau;

2. Three hotels in mainland China; and

3. CTS H.K. Metropark Hotels Management Company Limited ("Metropark Hotels Management Company").

In 2013, due to the impact of slowdown of macro-economic growth and China's frugality policy, the revenue of the hotels operations was HK$923 million, a 4% decrease compared to last year; profit attributable to shareholders was HK$228 million, an 8% decrease compared to last year.

The revenue of five hotels in Hong Kong and Macau was HK$685 million, a 2% decrease compared to last year; profit attributable to shareholders was HK$164 million, a 7% decrease compared to last year;

The revenue of the three hotels in mainland China was HK$205 million, a 5% decrease compared to last year; profit attributable to shareholders was HK$41 million, a 3% decrease compared to last year.

The revenue of Metropark Hotels Management Company was HK$58 million, a 20% decrease compared to last year; profit attributable to shareholders was HK$23 million, a 16% decrease compared to last year.

**Major operating statistics**

| | **2013** | 2012 |
|---|---|---|
| **Five hotels in Hong Kong and Macau** | | |
| Average occupancy rate (%) | **89** | 91 |
| Average room rate (HK$) | **911** | 915 |
| **Three hotels in Mainland China** | | |
| Average occupancy rate (%) | **66** | 68 |
| Average room rate (RMB) | **498** | 503 |

**Passenger Transportation Operations**

The Group's passenger transportation operations include:

1) China Travel Tours Transportation Services Hong Kong Limited and its subsidiaries ("CTTT"); and

2) An associated company, Shun Tak – China Travel Shipping Investments Limited ("Shun Tak – China Travel").

In 2013, the revenue of passenger transportation operations was HK$289 million, a 7% decrease compared to last year; profit attributable to shareholders was HK$70 million, a 94% increase compared to last year.

CTTT served 5.32 million passengers, an 8% decrease compared to last year; revenue was HK$289 million, a 7% decrease compared to last year, which was mainly due to the close down of loss making bus routes and reduction of trips with low loading factor. Profit attributable to shareholders was HK$25 million, a 35% increase compared to last year, which was mainly due to the strengthening of cost control and the decrease of fuel prices of 3% compared to last year.

Profit attributable to shareholders of Shun Tak – China Travel increased compared to last year, which was mainly due to factors such as growth of demand in regional travel and the increasing market share, etc..

**Golf Club Operations**

In 2013, the revenue of CTS Tycoon (Shenzhen) Golf Club ("Golf Club") was HK$131 million, a 10% increase compared to last year, which was mainly due to increases in number of golfers visiting, consumption per capita and amortized revenue from membership sales. Profit attributable to shareholders was HK$2.13 million (2012: losses of HK$14 million) and the Golf Club achieved a turnaround to profit. Membership sales amounted to RMB60 million, a 23% increase compared to last year.

**Art Performance Operations**

In 2013, the revenue of China Heaven Creation International Performing Arts Co., Ltd. ("China Heaven") was HK$57 million, a 25% increase compared to last year, which was mainly due to increase in revenue from arts performance production and government subsidy. Profit attributable to shareholders was HK$1.51 million (2012: HK$0.12 million). "Adventures of Marco Polo", the new stage play produced by Heaven Creation, was performed in Hohhot, the White House Theatre in Branson and the National Centre for the Performing Arts in Beijing and was well received.

**Power Generation Operations**

In 2013, the profit attributable to shareholders of the Group's associated company Shaanxi Weihe Power Co., Ltd. ("Weihe Power", a Sino-foreign co-operative joint venture) increased by 122% to HK$276 million due to the increase in revenue from trans-regional electricity supply and heat supply and the 19% decrease in average coal price compared to last year. Due to the structural adjustment of China's electricity tariff, the on-grid electricity tariff of Weihe Power was reduced since 25 September 2013.

**Share Repurchase**

In 2013, the Company repurchased a total of 22.70 million of its shares on The Stock Exchange of Hong Kong Limited. The average purchase price per share was approximately HK$1.49 and the total consideration paid was HK$33.84 million. The Company considers that repurchasing its shares at the appropriate time would help to increase shareholder value.

**Management Enhancement**

Since 2013 the Group has been striving to enhance management in five areas, and will continue to increase its efforts to enhance the competitiveness of businesses to cope with the environment. We believe results will surface gradually.

1. review business portfolio and undertake business transformation, gradually exit from businesses or enterprises incurring losses or with low gross profit margin, so as to raise profitability;

2. Optimize organizational structure with less management layers and reasonable use of human resources, and enhance management efficiency;

3. Strengthen benchmarking, enhance competiveness and cost control capability of businesses, and reduce losses and increase profit;

4. Establish standardized and smart tourist attractions, create construction management platform and centralized procurement system; and

5. Speed up the recruitment of professionals, enhance capability in travel planning and design, real estate development and construction management, etc..

**Strategic Positioning**

The Group is positioned as a comprehensive travel businesses platform with focus on tourist attractions and adopts the development model of "travel destination development plus tourism real estate". Travel destination development will focus on acquisition of scarce natural and cultural scenic spots such as famous mountains and rivers while tourism real estate will leverage on tourism element to create and enhance real estate value. The Group will increase its efforts to acquire travel resources and strengthen internal resources sharing. The Group will adhere to the use of strategy to guide development, speed up development pace, increase revenue steadily and strive to create value for shareholders.

In execution of its strategy, the Group will gradually withdraw from businesses which are incompatible with its strategic positioning, lacking synergy, and have been loss making for a long time with no prospects of turning around.

**Strategic Development**

In accordance with its strategic plan, the Group pushed forward the development of travel destinations and tourism real estate. In 2013, Zhuhai OSR pushed forward various tasks such as land acquisition, planning and design and soft ground foundation treatment works for its phase two tourism plus real estate development, in preparation for the construction of the first batch of real estate (with a total gross floor area of approximately 50,000 square metres). Approximately 2.7 million square metres of land has been acquired, of which 970,000 square metres of land is for real estate development. Anji project acquired the first 90,000 square metres of land for real estate development, and engaged a renowned resort management group to provide consultancy service in the project phase.

In December 2013, the Company and Guilin Tourism Development Corporation entered into a cooperation agreement, pursuant to which the Company would acquire 51% equity interest in Guilin Tourism Development and Investment Co., Ltd., a wholly-owned subsidiary of Guilin Tourism Development Corporation, at a consideration of approximately RMB200 million. Through the joint venture company, both parties will develop the core scenic spots in Guilin – Ludiyan scenic spot and Binjiang scenic spot. Ludiyan scenic spot is ranked as one of the top ten most beautiful limestone caves in China. Binjiang scenic spot comprises the Fubo Mountain and Diecai Mountain adjacent to Li River.

In February 2014, the Company and Zhongwei City, Ningxia Hui Autonomous Region entered into a cooperation agreement, pursuant to which the Company would acquire 51% equity interest in Ningxia Shapotou Tourist Attraction Co., Ltd. through subscription of new capital, acquire 51% equity of Ningxia Shapotou Cable Car Co., Ltd. through acquisition of existing capital, and invest in other tourism projects with potential in the city.

The Guilin and Shapotou projects are profit-making projects and they would effectively increase the business foundation and market influence of the Group's natural and cultural scenic spots after completion of the cooperation agreements. In addition, the Group also actively pushed forward the negotiation and finalization of other tourism real estate projects.

In terms of development method, in addition to wholly-owned development or joint venture development with local governments and local state-owned enterprises, the Group is actively exploring opportunities to acquire or invest in successful foreign-owned enterprises and private enterprises both in China and aboard. Also, the Group is actively exploring opportunities to introduce joint venture partners at strategic or project level. The Group will strive to become a diversified group, further introduce new market mechanism and speed up development pace.

With the commencement of construction of existing travel destinations and tourism real estate projects and addition of new projects, it is expected that capital expenditures will continue to increase in 2014. In order to increase Shareholders' return through financial leverage, the Group will moderately increase its bank loans and maintain a healthy gearing ratio.

In the area of structural adjustment, the Group decided to exit from Mangocity.com which had been incurring losses for a long time and failed to achieve synergies. The Group and the CTS (Holdings) Group entered into a conditional sales and purchase agreement on 27 March 2014, pursuant to which the Group would dispose of Mangocity.com to the CTS (Holdings) Group. For details, please refer to the relevant announcement of the Company.

**Business Prospects**

Although the global economic situations will remain complicated and uncertain, China's economy and tourism industry stay promising in the long run, and are still in a development period which is full of opportunities. There are favourable conditions and factors as well as difficulties, challenges and uncertainties. China Tourism Academy continued to hold a relatively optimistic expectation of China's tourism economy in 2014, and considered that it would continue the steady and relatively rapid growth trend.

For 2014, the Group holds a prudently optimistic view towards the fundamentals of its overall businesses, yet fully realize the complex economic situations domestic and abroad, the keen industry competition, certain businesses still face pressure and challenges, and there will be more difficulties in the short term.

The Group will continue to adopt the five management enhancement measures mentioned above, strive to increase profit and improve and turn around loss making businesses to maintain steady growth in overall operation.

The Group will continue to strengthen the investment and development of quality travel destinations and tourism real estate projects. The Group will complete the investment in scenic spot projects in Guangxi Guilin and Ningxia Shapotou and push forward the construction of strategic projects such as Zhuhai OSR Phase 2 and Anji Lingfeng Mountain resort, etc.. The Group will achieve the positive interaction between tourism and real estate as soon as practicable so as to drive sustainable development.

The Group will actively explore opportunities to acquire or invest in successful foreign-owned enterprises and private enterprises both in China and aboard. Also, the Group will actively explore opportunities to introduce joint venture partners at strategic or project level. The Group will strive to become a diversified group, further introduce new market mechanism and speed up development pace. At the same time, the Group will continue to seek appropriate opportunities to exit from businesses with low return and dispose of assets with low or no return in an orderly manner.

The Group will strive to break through the development bottleneck, and create value for its shareholders.

**Number and Remuneration of Employees**

As at 31 December 2013, the Group had 10,982 employees. The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the management. Apart from the retirement benefit and in-house training programs, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

**Liquidity, Financial Resources and Capital Structure**

The financial position of the Group was strong. The Group generally finances its operations with internally generated cash flows and loan facilities from banks. As at 31 December 2013, the cash and bank balances of the Group amounted to HK$1,967 million whereas the bank and other borrowings amounted to HK$532 million. The debt to capital ratio was 17.58% and the debt includes bank and other borrowings, trade and other payables, amounts due to immediate holding company and fellow subsidiaries.

**Foreign Exchange Risk**

The Group has certain assets, borrowings, and major transactions which are denominated in foreign currencies, thus exposes a certain level of foreign currency risk. The Group has not engaged in any particular hedging vehicles to hedge against foreign exchange risk. However, the Group will closely monitor and manage foreign currency exposure and to make use of appropriate measures when required.

**Charge on Assets**

As at 31 December 2013, the Group's bank deposits of approximately HK$54 million (31 December 2012: HK$28 million) were pledged to banks to secure certain credit facilities granted by suppliers to the Group's subsidiaries, and certain bank guarantees given in lieu of utility and rental deposits.

As at 31 December 2013, certain of the Group's buildings with an aggregate value of approximately HK$9.01 million (31 December 2012: HK$9.43 million) were pledged to secure bank guarantees given to suppliers in connection with credit facility granted.

**Contingent Liabilities**

As at 31 December 2013, the Group's performance bond given to a customer for due performance of a sale contract was HK$0.3 million (31 December 2012: HK$0.3 million).

**Corporate Social Responsibility**

The Group is unwaveringly dedicated to performing its responsibility as a good corporate citizen, doing business honestly, emphasizing the long term interests of shareholders, and keenly supporting all charity, environmental protection and educational activities.

In 2013, the Group encouraged its entire staff to support the donation in respect of Sichuan Ya'an earthquake. Many of our enterprises engaged in various activities such as inviting children from special need schools to visit our tourist attractions for free, helping distressed staff and families of the deceased, visiting sick family members of staff, arranging donation for people with serious illnesses and families with special difficulties and sponsoring poor students, etc., demonstrating our fulfilment of corporate social responsibilities. In addition, Weihe Power gradually implemented environmental upgrades for its power generation units to meet the more stringent air pollutant emission requirements of the state.

## FINAL DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK4 cents (2012: final dividend of HK3 cents) per ordinary share for the year ended 31 December 2013.

Subject to shareholders' approval with regard to the proposed payment of the final dividends at the forthcoming annual general meeting to be held on Friday, 23 May 2014, the proposed dividends are expected to be paid on Friday, 20 June 2014.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 21 May 2014 to Friday, 23 May 2014 (both dates inclusive), for the purposes of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m. on Tuesday, 20 May 2014.

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 30 May 2014 to Tuesday, 3 June 2014 (both dates inclusive). In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) not later than 4:30 p.m. on Thursday, 29 May 2014.

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

During the year, the Company repurchased a total of 22,696,000 ordinary shares of HK$0.10 each of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and all of which were cancelled during the year. The number of issued shares as of 31 December 2013 was 5,634,573,525 shares. Particulars of the shares repurchased during the year are as follows:

| Month/Year | Number of shares repurchased | Purchase price paid per share Highest | Lowest | Aggregate consideration paid |
|---|---|---|---|---|
| | | *HK$* | *HK$* | *HK$* |
| April 2013 | 10,124,000 | 1.58 | 1.45 | 15,524,780 |
| June 2013 | 6,302,000 | 1.50 | 1.44 | 9,268,520 |
| July 2013 | 4,650,000 | 1.45 | 1.39 | 6,637,240 |
| August 2013 | 360,000 | 1.46 | 1.46 | 525,600 |
| September 2013 | 1,260,000 | 1.52 | 1.49 | 1,886,180 |

The Directors consider that the repurchases of shares will enhance shareholder value in the long term. Save as disclosed above, neither the Company nor any of its subsidiaries purchased or sold and the Company did not redeem any of the Company's listed securities during the year.

## CORPORATE GOVERNANCE

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

The Company has complied with the code provisions (the "Code Provision(s)") of the Corporate Governance Code as set out in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2013, except for the following deviations:

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

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

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

- Code Provision E.1.2 specifies that the Chairman of the Board should attend the annual general meeting. The chairman of the Board of the Company has not attended the Company's annual general meeting held on 10 May 2013 because of other business commitment.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

In response to a specific enquiry by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

## AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors of the Company, namely, Mr. Wong Man Kong, Peter (Chairman of the Audit Committee), Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee. The Audit Committee has reviewed with the management on the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the final results of the Company for the year ended 31 December 2013.

## PUBLICATION OF 2013 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website at www.hkexnews.hk and the Company website at www.irasia.com/listco/hk/ctii/. The 2013 Annual Report will be available on the HKExnews and the Company websites, and despatched to the shareholders of the Company in due course.

By Order of the Board
**Wang Shuai Ting**
*Chairman*

Hong Kong, 27 March 2014

## DIRECTORS

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

***Executive Directors:***

*Mr. Wang Shuai Ting, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Fu Zhuoyang.*

***Independent Non-Executive Directors:***

*Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.*