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 2014 FINAL RESULTS

CHAIRMAN'S STATEMENT

We are pleased to present our report to the shareholders of the Company.

BUSINESS REVIEW

In 2014, despite the complicated and changing economic situations, China's economy maintained steady development under the "new normal" and the development environment of China's tourism industry was relatively favourable. Particularly, leisure travel consumption showed a robust growth trend, highlighting the strong demand for leisure travel.

In 2014, due to the favourable external economic environment and the Company's dedicated efforts spent on its core tourism operations in recent years, the Group's core operations achieved remarkable development and the Company's overall profit recorded relatively strong growth. The Company continued to strengthen the fundamental management of its businesses, strived to increase revenue and profit and improved the performance of loss making businesses such as Ocean Spring Resorts. As a result, the operating fundamentals of the Company's businesses were further improved. The overall revenue and profit attributable to shareholders increased by 3% and 51% respectively compared to last year. Excluding non-recurring items, profit attributable to shareholders increased by 9% and attributable profit from core tourism operations was HK$615 million, an increase of 13% compared to last year.

Meanwhile, the Company actively pushed forward strategy execution and achieved breakthrough in developing integrated travel destination projects, entering into famous natural and cultural scenic spots and exiting from businesses with negative or low return. Key strategic projects such as Zhuhai OSR Phase 2 and Anji Lingfeng Mountain Resort made steady progress, and the construction of supplementary facilities of tourism real estate started, paving the way for presale of tourism real estate in 2015. The joint venture in respect of the 5A rated Shapotou Scenic Spot in Ningxia was completed and brought new revenue and profit contribution. The Group continued to push forward the development of new scenic spot projects and expanded the number of potential projects in the pipeline. The joint venture CDD International Holdings Limited was established to carry on the business to create, market and sell vacation packages (including vacation ownership), which will help to enhance the development and sales of the Company's travel destinations and tourism real estate.

On exiting from businesses with negative or low return, in June 2014, the Company completed the disposal of its online travel enterprise Mangocity.com, which had been incurring losses for a long time and failed to achieve synergies, ceased to consolidate its losses going forward and recognized a one-off gain on disposal of approximately HK$420 million. At the end of 2014, the Company completed the disposal of its shareholding in Metropark Service Apartment Shanghai, whose target market was not the main market focused by the "Metropark" brand and return on asset was comparatively low, and recognized a one-off gain on disposal before taxation of approximately HK$418 million.

With the further improvement of the Company's operating fundamentals and financial position, the Company continued to buy back a total of 35,986,000 shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") in 2014. Since 2011, the Company has been buying back its shares in an appropriate manner every year and 2014 is the fourth year for the Company to do so, which indicates its confidence in business development and is conducive to enhancement of shareholder value.

DIVIDENDS

The Board declared a final dividend of HK5 cents (2013: HK4 cents) per share and a special final dividend of HK2 cents (2013: Nil) per share for the year ended 31 December 2014. The dividends are expected to be paid to our shareholders on or around 18 June 2015 upon approval at the annual general meeting. Together with the interim dividend of HK2.5 cents (2013: HK2 cents) per share and the special interim dividend of HK2.5 cents (2013: Nil) for 2014, the total dividend for the full year is HK12 cents per share, which is the highest amount since the listing of the Company, and the dividend payout ratio is 39%.

RESULTS OVERVIEW

In 2014, the Company's consolidated revenue and profit attributable to shareholders were HK$4,475 million and HK$1,739 million respectively, representing a 3% and 51% increase compared to last year. Earnings per share increased by 52% to HK30.93 cents. Excluding the changes of valuation of investment properties and non-recurring items such as disposal of Mangocity.com and Metropark Service Apartment Shanghai (please refer to note 3 to the consolidated financial reports for details), attributable profit was HK$899 million, a 9% increase compared to last year. The attributable profit from core tourism operations and non-core power generation operations was HK$615 million and HK$284 million respectively, representing an increase of 13% and 3% respectively compared to last year.

The Company's financial position remained stable and healthy, and its investing and financing capabilities became stronger. As at 31 December 2014, total assets was HK$20,951 million, a 9% increase compared to last year; the equity attributable to shareholders was HK$15,542 million, a 7% increase compared to last year; cash and bank balances and wealth management products, etc. amounted to HK$5,516 million, of which cash and bank balances amounted to HK$3,327 million and deducting bank loans and other borrowings of HK$868 million, net cash was HK$2,459 million, a 71% increase compared to last year.

TRAVEL DESTINATION OPERATIONS

The Company's travel destination operations comprise:

1. City travel destinations, categorized into:

   1.1 City hotels
   Five hotels in Hong Kong and Macau;
   Three hotels in mainland China;
   CTS H.K. Metropark Hotels Management Company Limited
   ("Metropark Hotels Management Company");

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

2. Natural and cultural scenic spot destinations
   CTS (Dengfeng) Songshan Shaolin Culture Tourism Co., Ltd. ("Songshan Scenic Spot");
   CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. and
   CTS (Ningxia) Shapotou Cable Car Co., Ltd. ("Shapotou Scenic Spot");
   CTS (Xinyang) Jigongshan Culture Tourism Co., Ltd ("Jigongshan Scenic Spot");
   Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd.;

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

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

In 2014, the total revenue of travel destination operations was HK$2,549 million, an 8% increase compared to last year; and attributable profit was HK$313 million, a 14% increase compared to last year.

In 2014, revenue of hotel operations was HK$930 million, an 1% increase compared to last year; and attributable profit was HK$216 million, a 5% decrease compared to last year. The revenue of five hotels in Hong Kong and Macau increased slightly whereas profit remained flat. Affected by the macroeconomic environment and policy, the revenue of the Company's three hotels in mainland China decreased but profit increased due to effective cost control. Affected by the policy in mainland China, increased personnel and marketing expenses and a one-off trademark dispute expense, Metropark Hotels Management Company registered decreased revenue and profit.

Key operation figures

	2014	2013
Five hotels in Hong Kong and Macau		
Average occupancy rate (%)	**89**	89
Average room rate (HK$)	**930**	911
Three hotels in mainland China		
Average occupancy rate (%)	**65**	66
Average room rate (RMB)	**487**	498

At the end of 2014, the Company completed the disposal of its shareholding in Metropark Service Apartment Shanghai, whose target market was not the main market focused by the "Metropark" brand and return on asset was comparatively low, with a consideration of RMB587 million and recognized a one-off gain on disposal before taxation of approximately HK$418 million. The disposal helped the Company to improve its hotel portfolio, enhance asset liquidity and increase working capital. For details, please refer to the relevant announcement of the Company dated 12 December 2014.

Revenue of theme parks was HK$800 million, a 13% increase compared to last year; and attributable profit was HK$126 million, a 14% increase compared to last year. The increase in revenue was mainly attributable to the rise in number of visitors and ticket price brought by the launch of new projects by Window of the World and Splendid China. The two well-established theme parks continued to prosper with energy and they strengthened their marketing and festival events to drive revenue growth. Building on its entrusted management business, Splendid China started to provide management and consultation service and the revenue of management and consultation services increased by 26%.

Revenue of natural and cultural scenic spots was HK$391 million, a 42% increase compared to last year; and attributable profit was HK$9.87 million, more than 400% increase compared to last year. The growths in revenue and profit were mainly attributable to the incremental contribution from the Shapotou Scenic Spot, whose joint venture was completed in the second half of 2014, and the reduction of losses of the Jigongshan Scenic Spot due to effective cost control. The tourism resources of the Shapotou Scenic Spot are unique and its financial performance is good. The Group's investment in the Shapotou Scenic Spot brought immediate revenue and profit contribution. The Songshan Scenic Spot continued to consolidate resources, launched innovative products, completed the information project in respect of smart tourist attraction phase 1 and improved the scenic spot environment, leading to a 4% increase in revenue.

Revenue of leisure resorts was HK$428 million, an 8% decrease compared to last year; and attributable loss was HK$73 million (2013: loss of HK$104 million). Affected by the policy in mainland China and intensified market competition, revenue of Zhuhai OSR decreased and it took initiatives to stabilize sales channels, focus on developing leisure, business and individual traveller markets, and strengthened cost control to reduce losses. Xianyang OSR adjusted its customer mix to increase revenue and reduce losses.

Attributable profit from non-controlling scenic spot investments was HK$33 million, a 10% decrease compared to last year, mainly attributable to decrease in profit contribution from Huangshan Yuping Cable Car caused by suspension of operation for upgrading work in the second half of the year.

In 2014, the number of visitors to the Company's theme parks, natural and cultural scenic spots and leisure resorts was approximately 9.74 million.

TRAVEL AGENCY AND RELATED OPERATIONS

The Company's travel agency and related operations comprise:

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

2. Travel document business.

In 2014, revenue of the travel agency and related operations was HK$1,467 million, a 3% decrease compared to last year mainly due to the cessation of consolidation of revenue from Mangocity.com; and attributable profit was HK$183 million, an 11% increase compared to last year mainly due to the improvement of operation of travel agency and the cessation of consolidation of losses from Mangocity.com.

The revenue of the travel agency business increased by 3% compared to last year, mainly due to the increase in sales agency fee, and attributable profit increased due to continued strengthening of internal control during the period.

The business volume of travel document business declined, and revenue decreased by 3% compared to last year.

Since Mangocity.com had been incurring losses for a long term and failed to achieve synergies, the Company disposed of Mangocity.com at a consideration of RMB602 million in March 2014 and completed the transaction in June 2014. The Group recognized a one-off gain on disposal of approximately HK$420 million. For details, please refer to the relevant announcement of the Company dated 27 March 2014.

SUPPLEMENTARY PRODUCTS AND SERVICES

The Group's strategy for developing travel destinations includes supplementary products and services which comprise mainly passenger transportation operations, art performance operations and golf club operations, etc..

1. Passenger Transportation Operations

In 2014, revenue of passenger transportation operations was HK$291 million, a slight increase of 1% compared to last year; attributable profit was HK$106 million, a significant increase of 51% compared to last year.

The bus operations served 5.23 million passengers, a 2% decrease compared to last year; revenue was HK$291 million, a slight increase of 1% compared to last year; and attributable profit was HK$38 million, a significant increase of 54% compared to last year. The benefits from closing down loss making bus routes, decrease of fuel prices and stringent cost control drove the significant profit growth.

Attributable profit from Shun Tak-China Travel increased compared to last year. During the period, the number of passengers carried and the average fare increased.

2. Golf Club Operations

In 2014, revenue of CTS Tycoon (Shenzhen) Golf Club ("Golf Club") was HK$135 million, a 2% increase compared to last year; and attributable profit was HK$0.85 million (2013: HK$2.13 million).

On 30 January 2015, certain committees of the Shenzhen Government issued a notice to the Golf Club and demanded it to exit from the drinking water source protection zone occupied by it. The Company formally stated to the Shenzhen Government that the Golf Club is a lawful company whose operation has been approved by the state's industry and commerce authorities and it is operating legally and is a responsible enterprise not discharging any pollutant. The Company is negotiating with the Shenzhen Government as to whether the Company could retain the golf club operations and, if the exit is required, according to the documents of State Ministries and Commissions, the Government should pay for the consideration.

3. **Arts Performance Operations**

In 2014, revenue of China Heaven Creation International Performing Arts Co., Ltd. ("Heaven Creation") was HK$33.69 million, a 41% decrease compared to last year; and attributable profit was HK$3.43 million, an 127% increase compared to last year.

POWER GENERATION OPERATIONS

In 2014, attributable profit from the Company's associated company Shaanxi Weihe Power Co., Ltd. ("Weihe Power", a Sino-foreign co-operative joint venture) increased by 3% to HK$284 million, mainly due to a 7% decrease in the average coal cost compared to last year.

To focus on its core tourism operations, the Company decided to exit from the power generation operations. On 24 March 2015, the Group entered into a conditional sale and purchase agreement with CTS (Holdings) Group pursuant to which the shareholdings in the power generation operations will be sold to CTS (Holdings) Group at a consideration of RMB510 million, with an expected one-off gain on disposal of approximately HK$480 million. The Company will make up for the profit from power generation operations through organic growth of its core tourism operations, growths from development of integrated leisure resorts, mergers and acquisitions of travel destination projects or other travel projects, and the exit from loss-making operations, etc.. For details, please refer to the relevant announcement of the Company dated 24 March 2015.

SHARE BUYBACK

With the further improvement of the Company's operating fundamentals and financial position, the Company continued to buy back a total of 35,986,000 shares on the Stock Exchange in 2014 at a total consideration of approximately HK$68,257,400, with an average purchase price of approximately HK$1.90 per share. Since 2011, the Company has been buying back its shares in an appropriate manner every year and 2014 is the fourth year for the Company to do so, which indicates its confidence in business development and is conducive to enhancement of shareholder value.

MANAGEMENT ENHANCEMENT

In 2014, the Company continued to enhance management to sharpen its competitiveness to cope with the market changes.

1. **Strengthened headquarters' capability and enhanced professional operation and management capability**

Optimized organizational structure and continued to recruit professional talents in travel project operation and management, tourism real estate planning, engineering and cost management. Accordingly, the Company's capabilities in product research and development, marketing, operation and project feasibility study, etc. were enhanced.

2. **Achieved breakthroughs in strategy execution and business exits**

Key strategic projects such as Zhuhai OSR Phase 2 and Anji Lingfeng Mountain Resort made steady progress and paved the way for presale of tourism real estate in 2015. The joint venture in respect of the Shapotou Scenic Spot in Ningxia was completed and brought new revenue and profit contribution. The joint venture CDD International Holdings Limited was established to enhance the development and sales of the Company's travel destinations and tourism real estate. On exiting from businesses with negative or low return, the Group completed the disposals of Mangocity.com and Metropark Service Apartment Shanghai. Other exit work was in orderly progress.

3. **Strengthened sales collaboration and enhanced market innovation capability**

The Company further consolidated its tourism resources and promoted business and product collaboration, organized travel enterprises to participate in tourism trade fairs, and jointly launched a winter leisure vacation marketing campaign and customer satisfaction survey. Joint sales units were set up by hotels and scenic spots to establish self-owned direct sale channels. The Company coordinated internal and external resources to launch a promotional campaign for Zhuhai OSR, achieving collaboration across business segments and departments. Our subsidiaries adopted innovative sales measures to drive revenue growth.

4. **Focused on travel destination strategy and strengthened market capitalization management**

Guided by strategy, the Company focused on core tourism operations, enhanced asset return and profitability and the Company's value was recognized by the capital market gradually. Taking this opportunity, the Company strengthened its investor relations, targeted large institutional investors and participated in a large number of non-deal road shows and investor conferences. In 2014, the Company's share price surged by 65% and the market capitalization increased by more than HK$6 billion, creating tremendous shareholder value.

PROGRESS OF DEVELOPMENT PROJECTS

In accordance with its strategic plan, the Company pushed forward the development of integrated travel destination projects steadily. In the second half of 2014, the Company completed the joint venture formalities in respect of Shapotou Scenic Spot in Ningxia, and acquired 51% equity interest in the scenic spot for an investment cost of RMB262 million. At 16 kilometres west of Zhongwei City in Ningxia, the Shapotou Scenic Spot is one of the first 5A rated tourist attractions in China, looking to the first entrance of the Yellow River to Sichuan and a must-go stop in the Eurasian Thoroughfare of and the ancient Silk Road. Featuring desert, the Yellow River, mountains and oasis with unique natural splendour and cultural heritage, it is recognized as the top brand for desert tourism in China, offering thrilling sand boarding, camel riding in the boundless desert and sheepskin raft drifting in the Yellow River. The completion of the joint venture in respect of the Shapotou Scenic Spot effectively strengthened the Company's presence in natural and cultural scenic spots, enhanced its market influence and brought new revenue and profit contribution.

In addition, the Company entered into a cooperation framework agreement for investment in the Liangshan Scenic Spot in Jining, pushed forward the negotiation and related work in respect of natural and cultural scenic spot projects in Liaoning Province and Guizhou Province.

In 2014, Zhuhai OSR made proactive efforts in land acquisition, planning and design and soft ground foundation treatment works for Zhuhai OSR Phase 2, the tourism and real estate project, and acquired an additional land of approximately 800,000 square metres. Currently, the total land area for the tourism and real estate projects of Zhuhai OSR Phase 2 is approximately 3.04 million square metres, of which approximately 950,000 square metres will be used for real estate development and all the legal formalities have been completed. The preparation for the initial development (site area of approximately 118,000 square metres and gross floor area of tourism real estate development of approximately 65,000 square metres) is now in steady progress, and the initial development is expected to complete construction and have pre-sale in 2015.

The Anji Lingfeng Mountain Resort covers a site area of approximately 920,000 square metres and comprises tourism products and tourism real estate. The tourism facilities have a total gross floor area of approximately 70,000 square metres, comprising a five-star resort hotel, supplementary tourism and commercial facilities. The tourism real estate has a total gross floor area of approximately 270,000 square metres. The project has acquired about 90,000 square metres of land for real estate development. The preparation for the initial development (site area of approximately 30,000 square metres and gross floor area of tourism real estate development of approximately 30,000 square metres) is now in steady progress, and the initial development is expected to start construction and have pre-sale in 2015. The Company is in collaboration with Club Med on the tourism facilities of the project and expects to finish the hotel design and start construction in 2015.

In February 2015, the Company entered into an agreement with US listed Diamond Resorts International, Inc. (NYSE: DRII) and Hong Kong listed Dorsett Hospitality International Limited (stock code: 2266) on establishment of a joint venture CDD International Holdings Limited to carry on the business to create, market, sell and service vacation packages and associated benefits (including vacation ownership) to customers in Asia. The Company considers that establishment of the joint venture will provide it with opportunities to develop the vacation ownership business in Asia and enhance the development and sales of the Company's travel destinations and tourism real estate.

In 2014, after the disposals of Mangocity.com and Metropark Service Apartment Shanghai, the Company's net cash increased by 71% and its investing and financing capabilities became stronger. Coupled with a comparatively low liability to asset ratio at approximately 21%, the Company will have higher flexibility to meet the capital expenditure requirements of development projects.

THE COMPANY'S DEVELOPMENT STRATEGY

At the end of 2014, the Company held a meeting to review its strategy execution and implementation over the years and optimize its strategy. Accordingly, the Company is positioned as a tourism and cultural businesses platform which focuses on tourist attractions, with a mission to offer new travel destination lifestyle to its customers. The Group will consolidate its position in city travel destinations, aggressively acquire scarce natural and cultural scenic spots, develop leisure resorts in an orderly manner, and develop supplementary products and businesses in a selective manner. The Group's new travel destinations and supplementary products and services have the following characteristics:

1. City travel destinations

City travel destinations use city hotels and theme parks as core products to build an urban business and leisure lifestyle. While consolidating and developing its theme park steadily, the Company will adopt both asset-light and asset-heavy approaches in its hotel operations with a focus on asset-light approach for future development. To complement the development of hotel management services, the Company will strengthen its city flagship hotels and invest in hotels in the high four-star and low five-star range in first tier cites in mainland China and overseas cities which draw outbound travelers from China, to ensure profitability and lay down solid foundation in building cities travel destinations.

2. Natural and cultural scenic spot destinations

Natural and cultural scenic spot destinations are tourist attractions with scarce natural and cultural tourism resources such as places of renown with beautiful natural scenery and favourable natural ecological conditions or famous ancient ruins and historic buildings. The Company will strengthen its mergers and acquisitions efforts, consolidate resources and create synergies, enhance scenic spot management and extend the industry chain to prolong the staying time of customers, so as to develop an integrated travel destination leisure lifestyle. Based on its investment experience over the years, the Company has set out 6 selection criteria for scenic spot resources which include uniqueness and scarcity of resources, local economic conditions, ease of access, market awareness, favourable government policy and return on investment.

3. Leisure resort destinations

Leisure resort destinations are tourist attractions adjacent to city boundary with good scenery and easy access, built with quality tourism real estate with time share and exchange arrangement. Tapping on the tourism resources and network of China Travel, these resorts provide tourists and residents with extended travel services and lifetime value-added travel services and offers a leisure and vacation lifestyle.

4. **Supplementary products and services**

The Company will consolidate resources and create synergies, use supplementary products and services such as art performance, passenger transportation, hotels and golf courses, etc. to create a high-end, high value-added and high-margin businesses and products to extend the industry chain of tourist attractions and prolong the staying time of customers, so as to develop a modem travel destination life circle.

The Company is committed to contributing to the transformation and upgrade of China's tourism industry and catering for the increasing tourist needs, seeking to build the most unique travel destination lifestyle in China.

In respect of existing businesses, the Company will adopt targeted measures such as management enhancement, innovation and upgrade of product and business to raise profitability. In addition, the Company will implement industry-leading plans and benchmarking management to increase competitiveness. Also, the Company will strengthen cost control and adopt centralized procurement and quality control to drive down costs and improve efficiency.

The Company will continue to focus on value creation and gradually exit from businesses which are incompatible with its strategy, lacking synergy, and have been loss making for a long time with no prospects of turning around, so as to maintain the Company's high asset quality to ensure favourable operation.

The Company will actively push forward reform of systems and mechanisms of enterprise and activate the development vigor of enterprise. Firstly, the Company will actively push forward diversified shareholding. At the Company level, the introduction of strategic investor will improve the Company's shareholder base and enhance the decision making process of the Board. At the subsidiary level, the introduction of outstanding private enterprises, foreign enterprises and state-owned enterprises to the Company's suitable business units through joint venture, strategic investment and mergers and acquisitions, will help the business units to acquire funding and resources, enhance capabilities, diversify investment risks and enhance project return. Secondly, under the composite resort business model of "tourism + real estate + leisure and entertainment facilities", the Company will invest in or control developed enterprises through acquisition or joint venture. The Company will also invest in high-end projects with well-received market acceptance, growth potential and good management team, so as to establish high end, high value added and high profit margin businesses and products.

Looking into 2015, the Company will focus on restructuring, transformation and process reengineering, in carrying out its key initiatives set out below to ensure its healthy and rapid development.

1. **Strengthen management and enhance operation efficiency of businesses**

The Company will continue to strengthen headquarters' capability, especially on planning and design, tender management, project construction, operation and management, investment and development, capital operations and internal collaboration. Subsidiaries will continue to undergo management enhancement, with an emphasis on project construction, benchmarking, cost control, turnaround plan to improve profitability and application of information technology, etc..

2. **Actively push forward the acquisition and development of travel destination resources**

The Company will push forward the development of key strategic projects including Zhuhai OSR Phase 2 and target to have presale of tourism real estate in 2015. Meanwhile, it is actively negotiating with industry leaders for cooperation and co-investment, so as to achieve added advantages and increase project value. The Company also aims to achieve a breakthrough in acquiring scenic spots in Provinces with abundant tourism resources such as Guangxi, Guizhou and Yunnan.

3. **Strengthen sales and marketing and enhance synergies**

The Company will consolidate its sales and marketing resources further and lead its travel enterprises to develop joint sales promotion. The headquarters shall further strengthen its sales and marketing role, consolidate the resources of subsidiaries, re-position its branding and establish a management system of sales and marketing and customer management system, in order to improve its sales and marketing activities.

4. **Optimize corporate asset quality**

The Company will undertake the following initiatives to optimize corporate asset quality: expedite product innovations and upgrades of established scenic spots, explore on innovative business models for time share hotels and real estate in leisure resorts, in order to establish high-margin, high value added and high growth businesses and enhance core competitiveness; increase its capital operations to look for mergers and acquisitions opportunities such as quality hotel groups or hotels in first tier cities, established travel conglomerates or listed companies with good earnings model, or other quality travel assets; review and classify businesses with negative or low return into different categories and adopt corresponding measures such as management enhancement, revitalization or business exits to enhance return on assets; finalize its concrete plan to exit from a hotel not meeting return requirement and some travel destination and travel service projects and execute the plan; introduce strategic investors at headquarters and subsidiary levels to improve shareholding structure and corporate governance, and to increase value of projects and the Company; given the ample working capital after exiting from businesses with negative or low return, seek to enhance the return on funds on the condition of sound risk management.

5. **Strength market capitalization management through better investor relations and share buyback**

   The Company will enhance its investor relations efforts further to help investors better understand its business and development and buy back its shares at the appropriate time, in order to release its potential value through recognition by the capital market, thus increasing shareholder value.

NUMBER AND REMUNERATION OF EMPLOYEE

As at 31 December 2014, the Company and its subsidiaries had 9,638 employees. The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Company and its subsidiaries' 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 Company and its subsidiaries was strong. The Company and its subsidiaries generally finance its operations with internally generated cash flows and loan facilities from banks. As at 31 December 2014, the cash and bank balances of the Company and its subsidiaries amounted to HK$3,327 million whereas the bank and other borrowings amounted to HK$868 million. The debt to-capital ratio was 17.58% and the debt includes bank and other borrowings, trade and other payables, amounts due to the immediate holding company and fellow subsidiaries.

FOREIGN EXCHANGE RISK

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

CHARGE ON ASSETS

As at 31 December 2014, the Company and its subsidiaries' bank deposits of approximately HK$37 million (31 December 2013: HK$54 million) were pledged to banks to secure certain credit facilities granted by suppliers to the Company's subsidiaries, and certain bank guarantees given in lieu of utility and rental deposits.

CONTINGENT LIABILITIES

As at 31 December 2014, the Company and its subsidiaries' performance bond given to a customer for due performance of a sale contract was HK$0.3 million (31 December 2013: HK$0.3 million).

BUSINESS PROSPECTS

The world economy is recovering moderately but still in a profound correction cycle. On the other hand, China's economy is entering into the "new normal" of sustainable development, opening up a "golden era" for the tourism industry. Although The Company achieved comparatively favourable results last year, the Group will encounter more pressure and challenges from a higher starting point.

Although the complicated economic situations at home and abroad persists and there is keen competition across the industry, the business fundamentals of the Company's overall business remain steady and healthy. In addition, the Company has a healthy cash position and possesses the capabilities to invest and develop. The Company is fully confident in the prospects of future development guided under its proven strategy. In accordance with the above-mentioned strategy and the requirements of management enhancement and key priorities, the Group will strengthen strategy execution, push forward strategic projects, innovate on business models and enhance profitability, striving its best to execute the initiatives and create shareholder value.

I would like to take this opportunity to express my deepest gratitude to fellow Board members, the management and the entire staff for their hard word, contribution and achievements, and my sincere appreciation to all shareholders for their trust and support.

CORPORATE SOCIAL RESPONSIBILITY

The Company is unwaveringly dedicated to performing its responsibility as a good corporate citizen, conducting business honestly, paying applicable taxes, caring for its employees, emphasizing the long term interests of shareholders, and keenly supporting all charity, environmental protection and educational activities.

Jiang Yan
Chairman of the Board

Hong Kong, 24 March 2015

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 2014 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Revenue	4	**4,475,142**	4,359,918
Cost of sales		**(2,417,299)**	(2,275,542)
Gross profit		**2,057,843**	2,084,376
Other income and gains, net	4	**1,048,465**	194,882
Changes in fair value of investment properties		**70,049**	155,529
Selling and distribution costs		**(503,597)**	(587,758)
Administrative expenses		**(996,108)**	(992,106)
Operating profit	6	**1,676,652**	854,923
Finance income	5	**140,081**	107,515
Finance costs	5	**(30,276)**	(15,397)
Finance income, net	5	**109,805**	92,118
Share of profits less losses of			
Associates		**382,149**	352,127
Joint ventures		**6,735**	5,235
Write back of provision for impairment of interest in an associate		**–**	175,000

	Note	2014	2013
		HK$'000	*HK$'000*
Profit before taxation		**2,175,341**	1,479,403
Taxation	*7*	**(310,182)**	(225,404)
Profit for the year		**1,865,159**	1,253,999
Attributable to:			
Equity owners of the Company		**1,738,884**	1,151,889
Non-controlling interests		**126,275**	102,110
Profit for the year		**1,865,159**	1,253,999
Earnings per share for profit attributable to equity owners of the Company (HK cents)	*9*		
Basic		**30.93**	20.40
Diluted		**30.87**	20.40
Dividends	*8*	**673,894**	338,107

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**1,865,159**	1,253,999
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Gain on property valuation, net of tax	**1,745**	–
Share of hedging reserve of an associate	**(30,025)**	1,963
Release of exchange difference upon disposal of subsidiaries	**(94,776)**	–
Exchange differences on translation of foreign operations, net	**(24,929)**	191,405
Other comprehensive (loss)/income for the year, net of tax	**(147,985)**	193,368
Total comprehensive income for the year	**1,717,174**	1,447,367
Attributable to:		
Equity owners of the Company	**1,592,652**	1,326,559
Non-controlling interests	**124,522**	120,808
	1,717,174	1,447,367

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	**31 December 2014** *HK$'000*	31 December 2013 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**9,947,765**	9,231,146
Investment properties		**1,285,274**	1,859,778
Prepaid land lease payments		**464,583**	418,068
Goodwill		**1,330,151**	1,278,574
Other intangible assets		**185,101**	188,853
Interests in associates		**1,020,460**	1,092,225
Interests in joint ventures		**40,204**	38,503
Available-for-sale investments		**27,771**	23,017
Prepayments		**91,951**	93,583
Deferred tax assets		**19,632**	14,085
Total non-current assets		**14,412,892**	14,237,832
Current assets			
Inventories		**138,283**	143,027
Trade receivables	*10*	**188,336**	274,484
Deposits, prepayments and other receivables		**1,366,176**	1,583,487
Amount due from immediate holding company		**26,939**	28,297
Amounts due from fellow subsidiaries		**32,379**	39,186
Tax recoverable		**1,744**	7,333
Financial assets at fair value through profit or loss		**1,419,753**	892,868
Pledged time deposits		**37,317**	54,683
Cash and bank balances		**3,327,025**	1,966,772
Total current assets		**6,537,952**	4,990,137
Total assets		**20,950,844**	19,227,969

	Note	31 December 2014 HK$'000	31 December 2013 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**8,966,896**	563,457
Reserves		**6,575,037**	13,929,808
		15,541,933	14,493,265
Non-controlling interests		**1,090,850**	834,012
Total equity		**16,632,783**	15,327,277
LIABILITIES			
Non-current liabilities			
Deferred income		**1,039,220**	771,909
Bank and other borrowings		**806,142**	20,233
Deferred tax liabilities		**401,663**	512,894
Total non-current liabilities		**2,247,025**	1,305,036
Current liabilities			
Trade payables	*11*	**300,705**	377,699
Other payables and accruals		**1,533,198**	1,616,716
Amount due to immediate holding company		**4,131**	1,062
Amounts due to fellow subsidiaries		**26,415**	19,738
Tax payable		**144,510**	68,304
Bank and other borrowings		**62,077**	512,137
Total current liabilities		**2,071,036**	2,595,656
Total liabilities		**4,318,061**	3,900,692
Total equity and liabilities		**20,950,844**	19,227,969
Net current assets		**4,466,916**	2,394,481
Total assets less current liabilities		**18,879,808**	16,632,313

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:

– Tourist attraction operations
– Travel agency and related 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 "Stock Exchange"). The address of its registered office is 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong.

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

2. BASIS OF PREPARATION

The consolidated financial statements of the Group 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.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The following new standards and amendments to existing standards are mandatory and relevant to the Group for the financial year beginning 1 January 2014.

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives
Amendments to HKFRSs 10, 12 and HKAS 27	Consolidation for Investment Entities
HK(IFRIC) – Int 21	Levies

The adoption of the 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 2014 and have not been early adopted by the Group:

HKAS 19 (Amendment) (1)	Defined Benefit Plans
Amendments to HKAS 16 and HKAS 38 (2)	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41 (2)	Property, Plant and Equipment and Agriculture
HKAS 27 (Amendment) (2)	Separate Financial Statements
HKFRS 10 and HKAS 28 (Amendment) (2)	Consolidated Financial Statements and Investments in Associates
HKFRS 9 (4)	Financial Instruments
Amendment to HKFRS 11 (2)	Joint Arrangements
HKFRS 14 (2)	Regulatory Deferred Accounts
HKFRS 15 (3)	Revenue from Contracts with Customers
Annual Improvement 2010 – 2012 Cycle (1)	Amendments to a number of HKFRSs issued in January 2014
Annual Improvement 2011 – 2013 Cycle (1)	Amendments to a number of HKFRSs issued in January 2014
Annual Improvement 2012 – 2014 Cycle (2)	Amendments to a number of HKFRSs issued in October 2014

(1) Effective for financial periods beginning on or after 1 July 2014
(2) Effective for financial periods beginning on or after 1 January 2016
(3) Effective for financial periods beginning on or after 1 January 2017
(4) Effective for financial periods beginning on or after 1 January 2018

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

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 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;

(b) 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;

(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 2014 and 2013, and on the Group's profits for the year ended 31 December 2014 and 2013.

Year ended 31 December 2014

	Tourist attraction operations *HK$'000*	Travel agency and related operations *HK$'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	1,619,143	1,466,573	930,149	290,947	134,643	33,687	–	4,475,142	–	4,475,142
Intersegment revenue	14,327	8,490	5,784	919	150	26	–	29,696	22,646	52,342
	1,633,470	1,475,063	935,933	291,866	134,793	33,713	–	4,504,838	22,646	4,527,484
Elimination of intersegment revenue								(29,696)	(22,646)	(52,342)
Revenue								4,475,142	–	4,475,142
Segment results	96,311	182,700	216,450	105,549	849	3,431	284,322	889,612	9,497	899,109
Changes in fair value of investment properties, net of tax										62,742
Gain on disposal of subsidiaries, net of tax										751,008
Gain on disposal of property, plant and equipment, net										26,328
Other income and gains										3,107
Impairment of interest in an associate										(3,410)
Taxation										310,182
Non-controlling interests										126,275
Profit before taxation										2,175,341
Segment assets	8,337,604	2,801,472	4,504,888	147,600	729,547	121,317	–	16,642,428	3,247,752	19,890,180
Interests in associates	136,252	–	–	406,635	–	–	477,573	1,020,460	–	1,020,460
Interests in joint ventures	–	–	–	28,227	–	11,977	–	40,204	–	40,204
Intersegment receivables	9,293	835,167	761,093	5,651	–	–	–	1,611,204	13,680,819	15,292,023
	8,483,149	3,636,639	5,265,981	588,113	729,547	133,294	477,573	19,314,296	16,928,571	36,242,867
Elimination of intersegment receivables										(15,292,023)
Total assets										20,950,844
Segment liabilities	1,584,979	454,646	614,841	79,288	605,499	21,420	–	3,360,673	957,388	4,318,061
Intersegment payables	2,716,884	42,255	2,840,592	601,318	220,070	58,281	–	6,479,400	8,812,623	15,292,023
	4,301,863	496,901	3,455,433	680,606	825,569	79,701	–	9,840,073	9,770,011	19,610,084
Elimination of intersegment payables										(15,292,023)
Total liabilities										4,318,061
Other segment information:										
Share of profits less losses of										
Associates	31,863	(1,406)	–	67,370	–	–	284,322	382,149	–	382,149
Joint ventures	–	–	–	5,608	–	1,127	–	6,735	–	6,735
Capital expenditure[#]	1,502,908	13,494	87,915	1,440	43,870	2,134	–	1,651,761	968	1,652,729
Depreciation and amortisation	274,531	35,538	138,093	18,183	42,350	1,850	–	510,545	1,474	512,019
Provision for impairment losses/ (write back of provision for impairment) recognised in the income statement, net	6,963	55	3,043	–	–	(61)	–	10,000	–	10,000

[#] Capital expenditure consists of additions to and acquisition of subsidiaries under property, plant and equipment, prepaid land lease payments.

Year ended 31 December 2013

	Tourist attraction operations *HK$'000*	Travel agency and related operations *HK$'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	1,448,153	1,511,507	922,678	289,203	131,470	56,907	–	4,359,918	–	4,359,918
Intersegment revenue	14,322	7,289	6,420	1,139	286	–	–	29,456	21,549	51,005
	1,462,475	1,518,796	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	45,270	164,572	227,904	69,777	2,130	1,509	275,527	786,689	35,040	821,729
Changes in fair value of investment properties, net of tax										122,730
Gain on disposal of subsidiaries, net of tax										578
Loss on disposal of property, plant and equipment, net										(13,674)
Other income and gains										45,526
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
Segment assets	7,033,892	3,349,194	4,865,690	156,280	709,946	141,939	–	16,256,941	1,840,300	18,097,241
Interests in associates	123,551	8,179	–	391,910	–	–	568,585	1,092,225	–	1,092,225
Interests in joint ventures	–	–	–	27,619	–	10,884	–	38,503	–	38,503
Intersegment receivables	3,815	1,310,397	569,193	100	–	–	–	1,883,505	12,285,112	14,168,617
	7,161,258	4,667,770	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	1,146,714	754,902	642,293	74,106	639,702	47,327	–	3,305,044	595,648	3,900,692
Intersegment payables	2,597,507	553,476	3,066,223	645,684	246,914	57,621	–	7,167,425	7,001,192	14,168,617
	3,744,221	1,308,378	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	34,787	(3,211)	–	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#	1,237,441	166,506	54,228	19,297	14,562	3,180	–	1,495,214	1,585	1,496,799
Depreciation and amortisation	262,878	44,398	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	703	1	2,106	–	–	(105)	–	2,705	–	2,705

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

Geographical information

(a) ***Revenue from external customers***

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**1,866,475**	1,840,507
Mainland China (including Macau)	**2,273,252**	2,188,549
Overseas	**335,415**	330,862
	4,475,142	4,359,918

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***

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**5,154,593**	5,640,954
Mainland China (including Macau)	**9,140,502**	8,485,536
Overseas	**70,394**	74,240
	14,365,489	14,200,730

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 2014 (2013: 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:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Tourist attraction operations	**1,619,143**	1,448,153
Travel agency and related operations	**1,466,573**	1,511,507
Hotel operations	**930,149**	922,678
Passenger transportation operations	**290,947**	289,203
Golf club operations	**134,643**	131,470
Arts performance operations	**33,687**	56,907
	4,475,142	4,359,918
Other income	**167,405**	138,022
Gains, net	**881,060**	56,860
	1,048,465	194,882

The gains, net above included gain on disposal of subsidiaries, net of HK$837,750,000 (2013: HK$578,000). The details is disclosed in note 13.

5. FINANCE INCOME, NET

	2014	2013
	HK$'000	*HK$'000*
Interest income:		
Bank deposits and entrustment loans	**140,081**	107,515
Finance income	**140,081**	107,515
Interest expense:		
Bank borrowings, overdrafts and other borrowings		
– Wholly repayable within five years	**(30,276)**	(15,397)
Finance costs	**(30,276)**	(15,397)
Finance income, net	**109,805**	92,118

6. OPERATING PROFIT

The Group's operating profit is arrived at after charging:

	2014 *HK$'000*	2013 *HK$'000*
Total employee benefit expenses	**1,295,635**	1,273,043
Depreciation	**484,089**	452,654
Amortisation of prepaid land lease payments	**24,624**	25,820
Amortisation of other intangible assets	**3,306**	3,277
Minimum lease payments under operating leases:		
Land and buildings	**84,673**	84,548
Plant and machinery and motor vehicles	**22,179**	14,965

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 *HK$'000*	2013 *HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**73,265**	75,557
Underprovision/(overprovision) in prior years	**568**	(1,412)
Current – Mainland China and Macau		
Charge for the year	**231,140**	120,917
Overprovision in prior years	**(138)**	(366)
Overseas – Charge for the year	**677**	1,721
Deferred tax	**4,670**	28,987
Total tax charge for the year	**310,182**	225,404

8. DIVIDENDS

	2014 *HK$'000*	2013 *HK$'000*
Interim dividend, paid, of HK2.5 cents (2013: HK2 cents) per ordinary share	**140,357**	112,724
Special interim dividend, paid, of HK2.5 cents (2013: Nil) per ordinary share	**140,357**	–
Final dividend, proposed, of HK5 cents (2013: HK4 cents) per ordinary share	**280,843**	225,383
Special final dividend, proposed, of HK2 cents (2013: Nil) per ordinary share	**112,337**	–
	673,894	338,107

At a board meeting held on 24 March 2015, the Directors proposed a final dividend of HK5 cents per share and a special final dividend of HK2 cents per share. These proposed dividends are 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 2015.

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:

	2014	2013
	HK$'000	*HK$'000*
Basic earnings per share		
Profit attributable to equity owners of the Company	**1,738,884**	1,151,889
Weighted average number of ordinary shares in issue	**5,622,261,004**	5,645,780,144
	HK30.93 cents	HK20.40 cents

Diluted earnings per share

Diluted earnings per share in year 2014 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share option is the only category of dilutive potential ordinary shares of the Company. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2014
	HK$'000
Diluted earnings per share	
Profit attributable to equity owners of the Company	**1,738,884**
Weighted average number of ordinary shares in issue	**5,622,261,004**
Adjustments for:	
– Share options	**11,517,591**
Weighted average number of ordinary shares for diluted earnings per share	**5,633,778,595**
	HK30.87 cents

Diluted earnings per share was equal to the basic earnings per share for the year ended 31 December 2013 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 were 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 2014 and 2013, 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	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**163,426**	221,675
3 to 6 months	**13,673**	35,257
6 to 12 months	**4,995**	9,039
1 to 2 years	**6,008**	8,513
Over 2 years	**234**	–
	188,336	274,484

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	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**256,067**	323,979
3 to 6 months	**15,420**	22,087
6 to 12 months	**5,126**	13,680
1 to 2 years	**10,964**	9,584
Over 2 years	**13,128**	8,369
	300,705	377,699

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

12. BUSINESS COMBINATION

On 14 April 2014, the Company entered into investment cooperation agreements to acquire the 51% interest of 港中旅(寧夏)沙坡頭旅遊景區有限責任公司 for RMB237 million (HK$299 million) and 51% interest of 港中旅(寧夏)沙坡頭索道遊樂有限公司 for RMB25 million (HK$31 million).

13. DISPOSAL OF SUBSIDIARIES

(a) On 27 March 2014, the Company entered into an agreement with its fellow subsidiary, Dean Success Limited, a subsidiary of the Company's immediate holding company, China Travel Service (Holdings) Hong Kong Limited, to dispose of the entire interest of its indirect wholly-owned subsidiary, Mangocity.com (Investment) Limited for a consideration of RMB602 million. The Disposal was approved by the shareholders on 23 May 2014. The disposal resulted in a gain before tax of approximately HK$420 million.

(b) On 12 December 2014, the Company's subsidiary, Allied Well Holdings Ltd. entered into an agreement with Assets Dynasty Limited, a third party, to dispose of the entire interest of its indirect wholly-owned subsidiary, Ruskin Overseas Ltd. for a consideration of RMB587 million. The disposal resulted in a gain before tax of approximately HK$418 million.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK5 cents (2013: final dividend of HK4 cents) per ordinary share and a special final dividend of HK2 cents (2013: Nil) for the year ended 31 December 2014.

Subject to shareholders' approval with regard to the proposed payment of the final dividends at the forthcoming annual general meeting to be held on Wednesday, 20 May 2015, the proposed dividends are expected to be paid on Thursday, 18 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 18 May 2015 to Wednesday, 20 May 2015 (both dates inclusive), for the purposes of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 15 May 2015.

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 28 May 2015 to Monday, 1 June 2015 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 27 May 2015.

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

During the year, the Company repurchased a total of 35,986,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), of which 23,456,000 shares were cancelled during the year and 12,530,000 shares were cancelled on 14 January 2015. The number of issued shares as of 31 December 2014 was 5,627,987,525 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$*	*HK$*
March 2014	2,138,000	1.58	1.55	3,334,700
April 2014	11,818,000	1.60	1.52	18,636,660
May 2014	9,500,000	1.57	1.53	14,733,800
December 2014	12,530,000	2.58	2.47	31,552,260

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 or 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 2014, 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 A.5.1 specifies that the Nomination Committee should be chaired by the Chairman of the Board or an Independent Non-Executive Director. The Nomination Committee of the Company does not have a chairman since 19 May 2014, the date of resignation of the former chairman, until Ms. Jiang Yan is appointed as the Chairman of the Board and the Nomination Committee of the Company on 8 August 2014.

– 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.

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 2014.

AUDIT COMMITTEE

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 2014.

PUBLICATION OF 2014 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 2014 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
Jiang Yan
Chairman

Hong Kong, 24 March 2015

DIRECTORS

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

Executive Directors:
Ms. Jiang Yan, Mr. Lo Sui On, 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.