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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: 308)

ANNOUNCEMENT OF 2012 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 2012 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	<i>Note</i>	2012 HK\$'000	2011 HK\$'000 <i>(Note 3)</i>
Revenue	5	4,668,431	4,352,882
Cost of sales		<u>(2,515,494)</u>	<u>(2,253,285)</u>
Gross profit		2,152,937	2,099,597
Other income and gains, net	5	198,572	335,974
Other expense		–	(52,701)
Changes in fair value of investment properties		165,051	65,287
Selling and distribution costs		(619,761)	(619,806)
Administrative expenses		<u>(1,034,705)</u>	<u>(1,040,800)</u>
Operating profit	7	862,094	787,551
Finance income	6	94,520	59,770
Finance costs	6	(18,913)	(13,989)
Finance income, net	6	75,607	45,781

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> <i>(Note 3)</i>
Share of profits less losses of			
Associates		173,000	121,205
Jointly controlled entities		9,077	5,987
		<hr/>	<hr/>
Profit before taxation		1,119,778	960,524
Taxation	8	(217,973)	(179,856)
		<hr/>	<hr/>
Profit for the year		901,805	780,668
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity owners of the Company		803,561	695,233
Non-controlling interests		98,244	85,435
		<hr/>	<hr/>
Profit for the year		901,805	780,668
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to equity owners of the Company			
Basic and diluted (HK cents)	10	14.16	12.21
		<hr/> <hr/>	<hr/> <hr/>
Dividends	9	283,108	284,334
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	<i>Note</i>	31 December 2012 <i>HK\$'000</i>	31 December 2011 <i>HK\$'000</i> <i>(Note 3)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		8,082,383	7,830,530
Investment properties		1,668,577	1,503,416
Prepaid land lease payments		431,660	509,762
Goodwill		1,278,574	1,278,574
Other intangible assets		188,086	191,328
Interests in associates		901,842	782,564
Interests in jointly controlled entities		36,458	26,989
Available-for-sale investments		22,742	8,796
Prepayments		44,465	50,726
Pledged time deposit		1,030	1,026
Deferred tax assets		12,915	10,223
		<hr/>	<hr/>
Total non-current assets		12,668,732	12,193,934
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		105,136	30,668
Trade receivables	<i>11</i>	257,785	224,175
Deposits, prepayments and other receivables		1,298,753	722,805
Amount due from immediate holding company		33,701	43,621
Amounts due from fellow subsidiaries		44,901	54,011
Tax recoverable		2,318	3,906
Financial assets at fair value through profit or loss		292,286	296,041
Pledged time deposits		28,313	27,330
Cash and bank balances		2,678,401	3,490,790
		<hr/>	<hr/>
Total current assets		4,741,594	4,893,347
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		17,410,326	17,087,281
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	<i>Note</i>	31 December 2012 HK\$'000	31 December 2011 HK\$'000 (Note 3)
EQUITY			
Equity attributable to owners of the Company			
Share capital		565,867	568,990
Reserves		<u>12,904,962</u>	<u>12,417,141</u>
		13,470,829	12,986,131
Non-controlling interests		<u>807,603</u>	<u>786,152</u>
Total equity		<u>14,278,432</u>	<u>13,772,283</u>
LIABILITIES			
Non-current liabilities			
Deferred income		456,721	399,793
Bank and other borrowings		41,985	41,988
Deferred tax liabilities		<u>477,643</u>	<u>449,928</u>
Total non-current liabilities		<u>976,349</u>	<u>891,709</u>
Current liabilities			
Trade payables	12	335,720	357,123
Other payables and accruals		1,336,845	1,183,228
Amount due to immediate holding company		1,691	44
Amounts due to fellow subsidiaries		8,788	24,058
Tax payable		79,069	50,374
Bank and other borrowings		<u>393,432</u>	<u>808,462</u>
Total current liabilities		<u>2,155,545</u>	<u>2,423,289</u>
Total liabilities		<u>3,131,894</u>	<u>3,314,998</u>
Total equity and liabilities		<u>17,410,326</u>	<u>17,087,281</u>
Net current assets		<u>2,586,049</u>	<u>2,470,058</u>
Total assets less current liabilities		<u>15,254,781</u>	<u>14,663,992</u>

NOTES

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, the 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. These financial statements are presented in Hong Kong dollars, unless otherwise stated.

(a) Amended standards adopted by the Group

The following amendments to standards are mandatory and relevant to the Group for the financial year beginning 1 January 2012.

HKFRSs (Amendments)	Improvements to IFRSs 2010
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The application of the above amendments to standards did not affect the Group’s results and financial position.

(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 2012 and have not been early adopted by the Group:

HKAS 1 (Amendment) ⁽¹⁾	Presentation of Financial Statements
HKAS 19 (Amendment) ⁽²⁾	Employee Benefits
HKAS 27 (Revised 2011) ⁽²⁾	Separate Financial Statements
HKAS 28 (Revised 2011) ⁽²⁾	Investments in Associates and Joint Ventures
HKAS 32 (Amendment) ⁽³⁾	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKFRS 1 (Amendment) ⁽²⁾	First Time Adoption of Government Loans
HKFRS 7 (Amendment) ⁽²⁾	Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities
HKFRS 9 ⁽⁴⁾	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendments) ⁽⁴⁾	Mandatory Effective Date and Transition Disclosures
HKFRS 10 ⁽²⁾	Consolidated Financial Statements
Amendments to HKFRSs 10,11 and 12 ⁽²⁾	Transitional Guidance
HKFRS 11 ⁽²⁾	Joint Arrangements
HKFRS 12 ⁽²⁾	Disclosure of Interests in Other Entities
HKFRS 13 ⁽²⁾	Fair Value Measurement
HK(IFRIC)-Int 20 ⁽²⁾	Stripping Costs in the Production Phase of a Surface Mine

(1) Effective for financial periods beginning on or after 1 July 2012

(2) Effective for financial periods beginning on or after 1 January 2013

(3) Effective for financial periods beginning on or after 1 January 2014

(4) Effective for financial periods beginning on or after 1 January 2015

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 COMPARATIVE FIGURES

Certain comparative figures of shares of results, net assets of and amounts due from/(to) associates and jointly controlled entities 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 2012 and 31 December 2011, or on the Group's profits for the years ended 31 December 2012 and 2011.

4 OPERATING SEGMENT INFORMATION

Mr. Wang Shuai Ting is the Group's chief operating decision-maker. 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), gain on bargain purchase, net gain on disposal of property, plant and equipment and an investment property, and compensation income.

During the year ended 31 December 2012, the Group has reorganised the business segments such that the scenic spots operation and resort operations have been combined and reported under the tourist attraction operations. The comparative figures have been reclassified to conform with the current year's presentation.

Segment assets include all tangible and intangible assets and current assets with the exception of investments in associates and jointly controlled entities, 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.

Year ended 31 December 2012

	Travel agency and related operations <i>HKS'000</i>	Tourist attraction operations <i>HKS'000</i>	Hotel operations <i>HKS'000</i>	Passenger transportation operations <i>HKS'000</i>	Golf club operations <i>HKS'000</i>	Arts performance operations <i>HKS'000</i>	Power generation operations <i>HKS'000</i>	Total of reportable segments <i>HKS'000</i>	Corporate and others <i>HKS'000</i>	Consolidated <i>HKS'000</i>
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
	<u>1,772,471</u>	<u>1,479,290</u>	<u>968,177</u>	<u>311,298</u>	<u>119,600</u>	<u>45,417</u>	<u>-</u>	<u>4,696,253</u>	<u>25,350</u>	<u>4,721,603</u>
Elimination of intersegment revenue								(27,822)	(25,350)	(53,172)
Revenue								<u>4,668,431</u>	<u>-</u>	<u>4,668,431</u>
Segment results	143,907	45,265	246,718	35,990	(13,915)	122	124,342	582,429	10,736	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
Compensation income										4,892
Other gain										13,949
Taxation										217,973
Non-controlling interests										98,244
Profit before taxation										<u>1,119,778</u>

Year ended 31 December 2012 (Continued)

	Travel agency and related operations <i>HKS'000</i>	Tourist attraction operations <i>HKS'000</i>	Hotel operations <i>HKS'000</i>	Passenger transportation operations <i>HKS'000</i>	Golf club operations <i>HKS'000</i>	Arts performance operations <i>HKS'000</i>	Power generation operations <i>HKS'000</i>	Total of reportable segments <i>HKS'000</i>	Corporate and others <i>HKS'000</i>	Consolidated <i>HKS'000</i>
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 jointly controlled entities	–	–	–	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
	<u>4,049,133</u>	<u>5,366,182</u>	<u>5,394,841</u>	<u>402,233</u>	<u>684,849</u>	<u>143,584</u>	<u>616,543</u>	<u>16,657,365</u>	<u>15,439,265</u>	<u>32,096,630</u>
Elimination of intersegment receivables										(14,686,304)
Total assets										<u>17,410,326</u>
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
	<u>704,702</u>	<u>2,695,255</u>	<u>3,885,781</u>	<u>774,254</u>	<u>863,474</u>	<u>98,033</u>	<u>–</u>	<u>9,021,499</u>	<u>8,796,699</u>	<u>17,818,198</u>
Elimination of intersegment payable										(14,686,304)
Total liabilities										<u>3,131,894</u>
Other segment information:										
Share of profits less losses of										
Associates	(383)	31,395	–	17,646	–	–	124,342	173,000	–	173,000
Jointly controlled entities	–	–	–	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
Impairment losses/(reversal of impairment losses) 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, prepaid land lease payment, investment properties and intangible assets, including assets from business combination.

Year ended 31 December 2011

	Travel agency and related operations <i>HK\$'000</i>	Tourist attraction operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Golf club operations <i>HK\$'000</i>	Arts performance operations <i>HK\$'000</i>	Power generation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:										
Sales to external customers	1,665,135	1,336,079	907,949	322,531	82,800	38,388	–	4,352,882	–	4,352,882
Intersegment revenue	8,571	5,992	7,229	1,430	129	–	–	23,351	23,221	46,572
	<u>1,673,706</u>	<u>1,342,071</u>	<u>915,178</u>	<u>323,961</u>	<u>82,929</u>	<u>38,388</u>	<u>–</u>	<u>4,376,233</u>	<u>23,221</u>	<u>4,399,454</u>
Elimination of intersegment revenue								(23,351)	(23,221)	(46,572)
Revenue								<u>4,352,882</u>	<u>–</u>	<u>4,352,882</u>
Segment results	161,816	101,529	229,020	(2,071)	(22,250)	427	104,368	572,839	1,248	574,087
Changes in fair value of investment properties, net of tax										59,240
Gain on bargain purchase										14,094
Gain on disposal of property, plant and equipment and an investment property, net										69,296
Compensation income										31,217
Other expense										(52,701)
Taxation										179,856
Non-controlling interests										85,435
Profit before taxation										<u>960,524</u>

Year ended 31 December 2011 (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	3,588,785	4,776,756	4,771,016	240,537	733,855	103,513	–	14,214,462	2,063,266	16,277,728
Interests in associates	–	93,009	–	152,037	–	–	537,518	782,564	–	782,564
Interests in jointly controlled entities	–	–	–	19,794	–	7,195	–	26,989	–	26,989
Intersegment receivables	1,468,710	2,929	174,781	6,409	–	–	–	1,652,829	5,910,181	7,563,010
	<u>5,057,495</u>	<u>4,872,694</u>	<u>4,945,797</u>	<u>418,777</u>	<u>733,855</u>	<u>110,708</u>	<u>537,518</u>	<u>16,676,844</u>	<u>7,973,447</u>	<u>24,650,291</u>
Elimination of intersegment receivables										(7,563,010)
Total assets										<u>17,087,281</u>
Segment liabilities	1,185,766	808,287	632,892	51,338	498,029	47,731	–	3,224,043	90,955	3,314,998
Intersegment payables	505,681	1,450,629	3,190,772	775,585	414,691	54,748	–	6,392,106	1,170,904	7,563,010
	<u>1,691,447</u>	<u>2,258,916</u>	<u>3,823,664</u>	<u>826,923</u>	<u>912,720</u>	<u>102,479</u>	<u>–</u>	<u>9,616,149</u>	<u>1,261,859</u>	<u>10,878,008</u>
Elimination of intersegment payable										(7,563,010)
Total liabilities										<u>3,314,998</u>
Other segment information:										
Share of profits less losses of										
Associates	–	28,281	–	(11,444)	–	–	104,368	121,205	–	121,205
Jointly controlled entities	–	–	–	6,000	–	(13)	–	5,987	–	5,987
Capital expenditure [#]	79,986	467,109	21,052	59,930	101,634	566	–	730,277	697	730,974
Depreciation and amortization	41,942	224,031	110,499	26,959	46,112	2,816	–	452,359	457	452,816
Impairment losses/(reversal of impairment losses) recognised in the income statement, net	(271)	(5)	–	359	–	–	52,701	52,784	(210)	52,574

[#] Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payment, investment properties and intangible assets, including assets from business combination.

Geographical information

(a) Revenue from external customers

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong	2,051,122	1,918,589
Mainland China (including Macau)	2,239,750	2,055,779
Overseas	377,559	378,514
	<u>4,668,431</u>	<u>4,352,882</u>

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong	5,537,348	5,507,968
Mainland China (including Macau)	7,000,023	6,601,711
Overseas	95,704	65,236
	<u>12,633,075</u>	<u>12,174,915</u>

The information about the Group's non-current assets is based on the physical location of assets which exclude financial instruments 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 2012 (2011: Nil).

5 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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue		
Travel agency and related operations	1,765,098	1,665,135
Tourist attraction operations	1,467,157	1,336,079
Hotel operations	961,643	907,949
Passenger transportation services	309,877	322,531
Golf club operations	119,239	82,800
Arts performance operations	45,417	38,388
	<u>4,668,431</u>	<u>4,352,882</u>
Other income	121,442	124,435
Gains, net	77,130	211,539
	<u>198,572</u>	<u>335,974</u>

6 FINANCE INCOME, NET

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest income:		
Bank deposits and entrusted loans	94,520	59,770
Finance income	94,520	59,770
Interest expense:		
Bank borrowings, overdrafts and other borrowings		
– Wholly repayable within five years	(20,553)	(13,989)
Less: amount capitalised in assets under construction	1,640	–
Finance costs	(18,913)	(13,989)
Finance income, net	<u>75,607</u>	<u>45,781</u>

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

7 OPERATING PROFIT

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Depreciation	438,445	425,215
Amortisation of prepaid land lease payments	24,936	24,445
Amortisation of intangible assets	3,228	3,156
Impairment/(reversal of impairment) of trade and other receivables, net	1,348	(128)
Rental income on investment properties less direct operating expenses HK\$692,000 (2011: HK\$537,000)	<u>(29,197)</u>	<u>(27,376)</u>

8 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Group:		
Current – Hong Kong		
Charge for the year	77,635	65,967
Overprovision in prior years	(2,089)	(676)
Current – Mainland China and Macau		
Charge for the year	117,509	104,446
(Overprovision)/underprovision in prior years	(687)	533
Overseas – Current tax charge for the year	1,199	776
Deferred tax	24,406	8,810
Total tax charge for the year	<u>217,973</u>	<u>179,856</u>

9 DIVIDENDS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interim dividend, paid, of HK 2 cents (2011: HK 2 cents) per ordinary share	113,390	113,907
Final dividend, proposed, of HK 3 cents (2011: HK 3 cents) per ordinary share	169,718	170,427
	<u>283,108</u>	<u>284,334</u>

At a board meeting held on 20 March 2013, the directors proposed a final dividend of 3 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 2013.

10 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Basic earnings per share		
Profit attributable to equity owners of the Company	<u>803,561</u>	<u>695,233</u>
Weighted average number of ordinary shares in issue	<u>5,674,677,689</u>	<u>5,695,310,648</u>
	<u>HK14.16 cents</u>	<u>HK12.21 cents</u>

Diluted earnings per share

Diluted earnings per share is equal to the basic earnings per share for the year ended 31 December 2012 and 2011 as the exercise price of the outstanding share options granted by the Company were higher than the average market price of the shares of the Company and they thus are anti-dilutive.

11 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 2012 and 2011, 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	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within 3 months	229,648	203,914
3 to 6 months	18,161	15,262
6 to 12 months	5,922	3,974
1 to 2 years	4,054	1,025
	<u>257,785</u>	<u>224,175</u>

12 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	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	296,328	302,796
3 to 6 months	18,646	31,630
6 to 12 months	5,697	6,737
1 to 2 years	4,842	6,646
Over 2 years	10,207	9,314
	<hr/> 335,720 <hr/>	<hr/> 357,123 <hr/>

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

The year 2012 saw a grim and unstable world economy with downward risk and pressure. China's economy also experienced the severe challenge of decelerating growth rate. Against this backdrop, China's tourism industry grew at a relatively slower pace. However, due to the rigid demands and less cyclic features of tourism, China's tourism industry recorded higher growth compared with most other industries. Tourism in Hong Kong and Macau enjoyed continued prosperity and stability.

In 2012, the Group strengthened fundamental management of its enterprises, actively developed businesses and conducted stringent cost control to achieve steady growth in results. It reviewed and revised its strategy continuously and adopted the development model of "travel destination development plus tourism real estate". It pushed forward the tourism real estate projects of the two Ocean Spring Resorts and established a joint venture to invest in and develop the travel and leisure resort on Lingfeng Mountain in Anji.

Results Overview

In 2012, the Group's consolidated revenue was HK\$4,668 million, a 7% increase compared to last year; profit attributable to shareholders was HK\$804 million, a 16% increase compared to last year. Basic earnings per share was HK14.16 cents, a 16% increase compared to last year. Excluding the effect of revaluation of investment properties and non-recurring items (please refer to note 4), profit attributable to shareholders was HK\$593 million, a 3% increase compared to last year. Four operations, namely hotel, passenger transportation, golf club and power generation operations, delivered better results while the other three operations, namely travel permit and Mangocity.com, tourist attraction and arts performance operations delivered weaker results. The overall businesses achieved steady growth.

The Group's financial position remained stable and strong. As at 31 December 2012, equity attributable to shareholders was HK\$13,471 million, a 4% increase compared to the end of last year; cash and bank balances amounted to HK\$2,678 million and after deducting bank loans of HK\$435 million, the net cash was HK\$2,243 million, a 15% decrease compared to the end of last year.

Travel Agency and Related Operations

The Group's travel agency and related operations comprise China Travel Service (Hong Kong) Limited ("CTSHK"), overseas travel agencies and Mangocity.com, an on-line travel consolidator. In 2012, the revenue of the travel agency and related operations was HK\$1,765 million, a 6% increase compared to last year; profit attributable to shareholders was HK\$144 million, a 11% decrease compared to last year, which was mainly attributable to the decreased contribution from the travel permit business resulting from the reduction of certain visa fee since July 2011 and the increased losses of Mangocity.com under fierce competition.

Travel revenue of CTSHK increased by 18% compared to last year, in which outbound travel revenue decreased due to fierce competition and ticketing revenues increased. Coupled with effective cost control, profit attributable to shareholders increased compared to last year.

Revenue of Mangocity.com decreased by 12% compared to last year due to fierce competition and price war. Commission revenue of air tickets and hotel decreased while travel package revenue increased. Loss attributable to shareholders increased compared to last year. The Headquarters building of Mangocity.com under construction topped off in 2012.

Tourist Attraction Operations

Major operating statistics

<i>Million persons</i>	2011	2012
Number of ticket purchasing visitors		
Window of the World	2.94	2.94
Splendid China	1.27	1.26
Songshan Scenic Spot	2.10	2.49
Number of visitors received		
Jigongshan Scenic Spot	0.39	0.44
Zhuhai OSR	2.69	2.38
Xianyang OSR	0.30	0.37

The Group's tourist attraction operations comprise theme parks: Shenzhen The World Miniature Co., Ltd. ("Window of the World") and Shenzhen Splendid China Development Co., Ltd. ("Splendid China"); natural scenic spots: CTS (Dengfeng) Songshan Shaolin Culture Tourism Co., Ltd. ("Songshan Scenic Spot"), CTS (Xinyang) Jigongshan Culture Tourism Co., Ltd ("Jigongshan Scenic Spot") and other scenic spot investments; leisure resorts: China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd.

(“Zhuhai OSR”) and Xianyang Ocean Spring Resort Co., Ltd. (“Xianyang OSR”). In 2012, the revenue of the tourist attraction operations was HK\$1,467 million, a 10% increase compared to last year; profit attributable to shareholders was HK\$45 million, a 55% decrease compared to last year, which was mainly attributable to the decrease in exchange gain and the rise in costs resulting from the opening of the Xianyang OSR hotel.

The number of ticket purchasing visitors at the theme parks was 4.2 million, almost the same as last year; revenue was HK\$664 million, a 7% increase compared to last year, which was mainly attributable to the rise in ticket price after the launch of new projects; profit attributable to shareholders was HK\$100 million, an 8% increase compared to last year. Splendid China further expanded its management services, renewed the service contract for the Wuxiang project in Shanxi Province, signed a new service contract with Datong Yungang Grottoes and actively contacted potential parties which might require its management services.

The revenue at natural scenic spots was HK\$337 million, a 28% increase compared to last year; profit attributable to shareholders was HK\$34 million, a 18% increase compared to last year. Songshan Scenic Spot increased its revamp efforts to enhance its service facilities, management and quality of customer services and as a result, revenue and profit attributable to shareholders increased by 28% and 44% respectively. Jigongshan Scenic Spot entered its second year of joint venture and business started to improve. Revenue increased by 39% compared to last year, in which ticket, hotel and transportation revenues all increased. Losses attributable to shareholders decreased by 19% compared to last year.

The number of visitors at leisure resorts was 2.75 million (including 70,000 visitors at the Xianyang OSR hotel), an 8% decrease compared to last year; revenue was HK\$466 million, a 3% increase compared to last year; losses attributable to shareholders were HK\$90 million (2011: losses of HK\$20 million). Revenue of Zhuhai OSR decreased by 5% compared to last year the losses were mainly attributable to the decrease in exchange gain. After excluding that factor, losses attributable to shareholders actually decreased compared to last year because of cost control. Revenue of Xianyang OSR increased by 45% compared to last year, which was mainly attributable to the opening of the new hotel in April 2012. Losses attributable to shareholders increased due to the heavy start-up costs of the hotel. After excluding that factor, losses attributable to shareholders actually decreased compared to last year.

Hotels

Major operating statistics	2011	2012
Five hotels in Hong Kong and Macau		
Average occupancy rate	91%	91%
Average room rate (HK\$)	856	915
Three hotels in Mainland China		
Average occupancy rate	67%	68%
Average room rate (RMB)	496	503

The Group's hotel operations comprise CTS H.K. Metropark Hotels Management Company Limited ("CTS Metropark"), five hotels in Hong Kong and Macau, and three hotels in Mainland China. In 2012, the revenue of the hotels operations was HK \$962 million, a 6% increase compared to last year; profit attributable to shareholders was HK\$247 million, a 8% increase compared to last year.

The revenue of five hotels in Hong Kong and Macau was HK\$700 million, a 6% increase compared to last year; profit attributable to shareholders was HK\$201 million, a 9% increase compared to last year; average occupancy rate was 91% (2011: 91%); average room rate was HK\$915, a 7% increase compared to last year. With stable market demand, the Group's hotels in Hong Kong and Macau reached out to high revenue customers and raised room rate to spur growth.

The Revenue of CTS Metropark and hotels in mainland China was HK\$261 million, a 7% increase compared to last year, which was mainly attributable to the increase of management and consulting revenue from CTS Metropark; profit attributable to shareholders was HK\$46 million, a 1% increase compared to last year. The profit growth lagged behind revenue growth because of increased staff costs arising from business expansion of CTS Metropark. Average occupancy rate was 68% (2011: 67%); average room rate was RMB503, a 2% increase compared to last year. CTS Metropark continued to increase central procurement efforts and expand hotel management services with the signing of 13 additional hotel management consultancy contracts in regions including Beijing, Shandong, Henan, Anhui and Hainan. CTS Metropark was ranked 38th in "Top 300 Hotel Groups 2011" by HOTELS magazine, moving up six notches compared to 2010.

Passenger Transportation Operations

The Group's passenger transportation operations include China Travel Tours Transportation Services Hong Kong Limited and its subsidiaries ("CTTT") and the Group's associated company, Shun Tak – China Travel Shipping Investments Limited ("Shun Tak China Travel"). In 2012, the revenue of passenger transportation operations was HK\$310 million, a 4% decrease compared to last year; profit attributable to shareholders was HK\$36 million (2011: losses of HK\$2 million), achieving a turnaround to profit.

CTTT served 5.78 million passengers, a 4% decrease compared to last year; revenue was HK\$310 million, a 4% decrease compared to last year; profit attributable to shareholders was HK\$18 million, a remarkable 96% increase compared to last year. CTTT closed down loss making bus routes and reduced trips with low loading factor, which reduced number of passengers served and revenue but the cost savings were even more significant. In addition, profit contribution from a jointly controlled entity of CTTT in Macau increased because of thriving development of tourism there. As a result, the profit of CTTT increased significantly.

Shun-Tak China Travel achieved a turnaround to profit and profit attributable to shareholders was HK\$18 million (2011: losses of HK\$11 million), which was mainly attributable to rise in ticket price for some ferry routes since July 2011 and the increase in market share after acquisition of First Ferry (Macau) in September 2011.

Golf Clubs Operations

In 2012, the revenue of CTS Tycoon (Shenzhen) Golf Club (“Golf Club”) was HK\$119 million, a 44% increase compared to last year; losses attributable to shareholders was HK\$14 million (2011: losses of HK\$22 million). The commencement of full operation of the 45-hole golf course in March 2011 and the rise in golfing fees at the beginning of 2012 drove visitor and revenue growth and reduced losses. Sales of membership generated revenue of RMB49.3 million. The net operating cash flow was positive.

Art Performance Operations

In 2012, the revenue of China Heaven Creation International Performing Arts Co., Ltd. (“Heaven Creation”) was HK\$45 million, a 18% increase compared to last year, which was mainly attributable to the increase in revenue generated from arts performance production service; profit attributable to shareholders was HK\$0.12 million, a 72% decrease compared to last year, which was mainly attributable to the increase in its theatre operating costs in the United States and decrease in government subsidies. In addition to regular theatre performance in Beijing and Branson in the United States, “The Legend of Kung Fu” visited four cities in Spain, with 11 performances.

Power Generation Operations

In 2012, the on-grid electricity volume of the Group’s Shaanxi Weihe Power Co., Ltd. was 5.60 billion kwh, almost the same as last year. Profit attributable to shareholders was HK\$124 million, a 19% increase compared to last year, which was mainly attributable to the increase of average electricity tariff of 7% and the decrease of coal cost of 1% compared to last year.

Share Repurchase

In 2012, the Company repurchased a total of 31.36 million of its shares on The Stock Exchange of Hong Kong Limited. The average purchase price per share was approximately HK\$1.45 and the total consideration paid amounted to HK\$45.62 million. The Company considers that repurchasing its shares at the appropriate time would enhance the earnings and net asset value per share and increase shareholder value.

Management Enhancement

During the year, the Group launched comprehensive management enhancement initiatives. In upgrading product offerings, CTSHK launched high-end tour products such as Silk Road and London Olympics, Mangocity.com launched public charter cruise services, Splendid China and CTS Metropark expanded their management services, the two Ocean Spring Resorts enhanced quality of their hot spring products and CTTT terminated loss making bus routes to optimize resources allocation. In optimizing organizational structure, the two Ocean Spring Resorts streamlined headcount by merging branches and departments to enhance management efficiency and reduce management costs. In promoting standardization of management of tourist attractions, the Group started the compilation of management manuals for different categories of tourist attractions to standardize service and management, and to enhance visitors’ experience and operating results. The Group also strengthened its cost management and suppressed growth in costs and expenses of its enterprises.

Strategic Positioning

The Group is positioned as a tourism businesses and capital operation platform with focus on tourist attractions and adopted the development model of “travel destination development plus tourism real estate”. The Group will actively acquire travel resources, strengthen internal resources sharing, enhance its professional standards, play its role as a capital market platform, so as to become a leading tourism enterprise in China and a renowned tourism investor and operator in Greater China region. The Group will adhere to the use of strategy to guide development and strive to increase shareholder value.

In execution of its strategy, the Group will gradually withdraw from businesses and enterprises that are incompatible with its strategic positioning, lacking synergy, and has 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. Zhuhai OSR basically secured the land for tourism real estate in phase two development and the soft ground foundation treatment works commenced in June 2012. The earth excavation works of Xianyang OSR tourism real estate project also commenced. The master planning of the Golf Club’s small-scale tourism real estate project was under the approval process and the Golf Club began preliminary product planning.

The Group entered into a joint venture with Zhejiang Anji Ecological Park Development Company Limited (the “Joint Venture Partner”) to establish CTS (AnJi) Travel Development Company Limited (the “JV Company”) to invest in and develop the travel and leisure resort on Lingfeng Mountain in Anji. Anji County situates in northwest Zhejiang Province and is rich in eco-tourism resources and especially famous for its bamboo forest landscapes. The total investment and registered capital of the JV Company is USD99.8 million and the JV Company is owned as to 80% by the Group and 20% by the Joint Venture Partner. The Group considers the project a promising and major one for implementing the Group’s strategy. In addition to the establishment of the JV Company, the Group actively pushed forward progress of investment opportunities in new travel projects in Guangdong, Anhui and Jiangsu.

At the same time, the Group began to conduct study over business mix adjustment and studied the feasibility of withdrawing from businesses and enterprises that were incompatible with its strategic positioning, lacking synergy, and had been loss making for a long time with no prospects of turning around, and identified preliminary withdrawal targets.

Number and Remuneration of Employee

As at 31 December 2012, the Group had 11,879 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 2012, the cash and bank balances of the Group amounted to HK\$2,678 million whereas the interest bearing bank and other borrowings amounted to HK\$435 million. The debt to capital ratio was 16% 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 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 2012, the Group's bank deposits of approximately HK\$28 million (31 December 2011: HK\$27 million) were pledged to banks to secure certain credit facilities granted by suppliers to the Group's subsidiaries, certain bank guarantees given in lieu of utility and rental deposits.

As at 31 December 2012, certain of the Group's buildings with an aggregate value of approximately HK\$9.43 million (31 December 2011: HK\$8.71 million) were pledged to secure bank guarantees given to suppliers in connection with credit facility granted.

Contingent Liabilities

As at 31 December 2012, the Group's performance bond given to a customer for due performance of a sale contract was HK\$0.3 million (31 December 2011: HK\$0.3 million).

Corporate Social Responsibility

The Group is committed to fulfilling its corporate social responsibilities and enthusiastically supporting the public welfare, environmental protection and education activities. During the year, CTSHK organized its employees to participate in a series of "15th Anniversary of Hong Kong's Handover" celebrations. Songshan Scenic Spot aided and comforted employees in difficulties and wounded and disabled soldiers on Chinese New Year's eve and organized employees in difficulties to participate in medical check-up activity held by the local assistance centre. Zhuhai OSR took part in "Earth Hour", a climate change awareness campaign, and held "Energy Saving Publicity Week" and a number of energy saving seminars to promote energy saving awareness. Xianyang OSR organized employees to participate in blood donation activity, donated student grants to needy university students in Xianyang and donated books to primary and secondary schools in Xianyang.

Business Prospects

According to the “World Economic Outlook” from IMF, 2013 will witness the subsiding of factors that depress the world economy, so growth will gradually increase, but the recovery is slow, and downside risks must be addressed. China’s economy has gradually warmed up with stable and favourable 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 full of opportunities. There are favourable conditions and factors as well as difficulties, challenges and uncertainties.

Looking ahead to 2013, Hong Kong’s tourism industry will continue to benefit from the continued economic development of Hong Kong and Mainland China and the business of CTSHK is expected to develop steadily. The travel documents business has reflected the effect of reduction of certain visa fee since July 2011 but is still affected by the diversion of business from opening up of more landing visa ports. Mangocity.com is expected to encounter intense price competition and its operating environment remains challenging. Mangocity.com will strengthen its core air ticket reservation business and develop its competitive travel package business and niche markets. Also, it will control costs in its hotel reservation business by forging cooperation and reduce staff costs.

The tourist attraction operations benefit from the trend of steady development in the tourism market in Mainland China and the operating environment is expected to remain positive. Window of the World will launch a new night show in a new theatre and continue to enrich its products; Splendid China will expand its management services and carry out the overall renovation plan in an orderly manner; Jigongshan Scenic Spot and the two Ocean Spring Resorts will strengthen fundamental management and make efforts to turnaround; Xianyang OSR will strengthen the coordinated marketing of its hotel and hot spring centre.

The steady development of China’s economy provides support for the inbound tourism markets in Hong Kong and Macau. The operating environment of the hotel operations is expected to remain positive but growth rate may slow down. The Group will expand its hotel management business and its brand awareness. To achieve better return on assets, the Group plans to gradually improve the quality of its hotel assets.

CTTT Macau reduced bus fare for its core Guangzhou route amid competition from Guangzhou-Zhuhai light rail and the results of CTTT are expected to be affected. The Golf Club is affected by roadwork at the Hezhou exit of Guangzhou-Shenzhen highway which creates inconveniences for its visitors and operating pressure is expected to increase.

The Group will continue to push forward the development of travel destinations and tourism real estate projects. The soft foundation treatment work of Zhuhai OSR is expected to complete in the first half of the year and Zhuhai OSR will strive to start tourism real estate construction this year. The gross floor area of the first batch of real estate to test the market is approximately 70,000 square metres; Xianyang OSR’s tourism real estate project will start construction. The total gross floor area is approximately 150,000 square metres and will be developed in two years; the travel and leisure resort on Lingfeng Mountain in Anji will enter the preparation stage before construction; Golf Club will push forward the

approval and preparation work of its tourism real estate project with gross floor area of approximately 50,000 square metres and strive to start construction by the end of this year; Songshan Scenic Spot will push forward the planning and evaluation work of the tourist town project. Together with the addition of new projects, the capital expenditure is expected to increase. To use financial leverage to increase shareholder return, the Group will moderately increase its bank loans and maintain the debt ratio at a healthy level. The Group expects interest income to decrease and financing costs to increase, which may impact short-term results, but in the medium to long term, the possession and development of these high-quality tourism resources will strengthen the Group's profit growth ability.

All in all, the fundamentals of the Group's overall businesses remain stable. The Group will strive for steady operational growth through adjustments of its business and product mix and further strengthening of fundamental management of existing businesses, especially the improvement and turnaround of loss making enterprises. In accordance with its strategic plan, the Group will increase investment in travel destination development and tourism real estate to promote long term growth. The Group expects that its travel destination and tourism real estate projects will gradually provide returns in the next few years and the foundation for sustainable development will become stronger. The Group is confident in its development prospects.

FINAL DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK3 cents (2011: final dividend of HK3 cents) per ordinary share for the year ended 31 December 2012.

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, 10 May 2013, the proposed dividends are expected to be paid on Monday, 10 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 8 May 2013 to Friday, 10 May 2013 (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, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 7 May 2013.

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Monday, 20 May 2013 to Tuesday, 21 May 2013 (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 share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 16 May 2013.

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

During the year, the Company repurchased a total of 31,360,000 ordinary shares of HK\$0.10 each of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), of which 29,960,000 shares were cancelled during the year and 1,400,000 shares were cancelled on 25 January 2013. The number of issued shares as of 31 December 2012 was 5,658,669,525 shares. Particulars of the shares repurchased during the year are as follows:

Month/Year	Number of shares repurchased	Purchase price paid per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
January 2012	6,738,000	1.42	1.28	9,324,180
February 2012	1,000,000	1.53	1.51	1,523,000
March 2012	3,100,000	1.59	1.57	4,917,200
April 2012	1,600,000	1.53	1.52	2,441,000
May 2012	3,404,000	1.39	1.36	4,699,560
June 2012	1,556,000	1.39	1.37	2,146,720
July 2012	1,728,000	1.46	1.43	2,498,040
October 2012	10,584,000	1.51	1.38	15,461,420
November 2012	250,000	1.53	1.52	380,400
December 2012	1,400,000	1.60	1.59	2,233,000

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, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Code on Corporate Governance Practices (the "Former Code") as set out in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") was amended and revised as the Corporate Governance Code (the "New Code") which became effective on 1 April 2012. For the year under review, the Company has complied with the applicable code provisions of the Former Code and the New Code as and when they were/are in force, except for the following deviations:

- Code provision A.4.1 of the Former Code/New Code 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 provisions A.5.1 to A.5.4 of the New Code requires the establishment of a nomination committee with specific terms of reference and sufficient resources. The Company established a nomination committee and published its terms of reference on the website of the Stock Exchange and the Company on 25 June 2012, which was after the New Code took effect, because the Directors took a cautious approach to compare and contrast the merits of appointment of new Director by a nomination committee and by the Board collectively.
- Code provisions C.3.3 and C.3.7 of the New Code make certain revisions to the minimum requirements of the terms of reference of the audit committee. The Company published its revised terms of reference of the audit committee incorporating all these minimum requirements on the website of the Stock Exchange and the Company on 25 June 2012 because, for the purposes of reducing administrative burdens and increasing efficiency, the revised terms of reference were submitted together with the proposal for establishment of nomination committee to the Board on the same date and the Board approved all these proposals on 25 June 2012.
- Code provision D.1.4 of the New Code 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 of the Former Code/New Code 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 4 May 2012 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 2012.

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 2012.

PUBLICATION OF 2012 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 2012 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, 20 March 2013

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.