

## INTERIM RESULTS

The Board of Directors (the "Board") of China Travel International Investment Hong Kong Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005 together with the comparative figures.

### Condensed Consolidated Income Statement

For the six months ended 30 June 2005

		For the six months ended 30 June	
		2005	2004
		(Unaudited)	(Unaudited and restated)
	Notes	HK\$'000	HK\$'000
TURNOVER	3	<b>2,574,448</b>	2,039,671
Cost of sales		<b>(1,928,844)</b>	(1,439,097)
Gross profit		<b>645,604</b>	600,574
Other revenue and gains	4	<b>28,806</b>	26,833
Distribution costs		<b>(63,208)</b>	(24,672)
Administrative expenses		<b>(277,454)</b>	(326,247)
Other operating expenses		<b>(38,222)</b>	(42,840)
Amortisation on prepaid land lease payments		<b>(22,187)</b>	(22,187)
Depreciation on hotel properties		<b>(12,060)</b>	(11,000)
Fair value changes on investment properties		<b>35,246</b>	3,300
Fair value changes on hotel properties		<b>5,200</b>	33,822
Finance costs	5	<b>1,903</b>	(18,212)
Share of profits and losses of:			
Jointly-controlled entities		<b>112,485</b>	173,720
Associates		<b>20,500</b>	21,042
PROFIT BEFORE TAX	6	<b>436,613</b>	414,133
Tax	7	<b>(53,783)</b>	(61,849)
PROFIT FOR THE PERIOD		<b>382,830</b>	352,284
ATTRIBUTABLE TO:			
Equity holders of the parent		<b>344,575</b>	322,765
Minority interests		<b>38,255</b>	29,519
		<b>382,830</b>	352,284
EARNINGS PER SHARE (HK CENTS)	8		
Basic		<b>7.32</b>	7.63
Diluted		<b>6.90</b>	N/A
DIVIDEND PER SHARE (HK CENTS)	9	<b>3.00</b>	5.00

**Condensed Consolidated Balance Sheet**

30 June 2005

		<b>30 June 2005 (Unaudited) HK\$'000</b>	31 December 2004 (Restated) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment		<b>2,273,069</b>	2,172,430
Investment properties		<b>218,640</b>	189,076
Prepaid land lease payments		<b>3,052,167</b>	3,128,586
Properties under development		<b>805,847</b>	466,112
Goodwill:			
Goodwill		<b>1,261,049</b>	1,259,479
Negative goodwill		-	(165,390)
Interests in jointly-controlled entities		<b>1,395,039</b>	1,490,831
Interests in associates		<b>444,877</b>	416,548
Available-for-sale investments	10	<b>21,769</b>	23,096
Deferred tax assets		<b>3,642</b>	4,719
		<b>9,476,099</b>	8,985,487
<b>CURRENT ASSETS</b>			
Short term investments	10	<b>15,515</b>	13,008
Inventories		<b>13,370</b>	14,031
Trade receivables	11	<b>519,614</b>	459,635
Tax recoverable		<b>500</b>	665
Other receivables		<b>302,124</b>	228,214
Pledged time deposits		<b>5,153</b>	4,053
Cash and cash equivalents		<b>2,457,500</b>	1,781,739
Amount due from ultimate holding company		<b>35,883</b>	31,315
Amounts due from fellow subsidiaries		<b>5,936</b>	3,236
		<b>3,355,595</b>	2,535,896

**Condensed Consolidated Balance Sheet** *(continued)*

30 June 2005

		<b>30 June 2005 (Unaudited) HK\$'000</b>	31 December 2004 (Restated) HK\$'000
	<i>Notes</i>		
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>568,276</b>	555,380
Tax payable		<b>55,570</b>	41,818
Other payables and accruals		<b>457,631</b>	435,269
Interest-bearing bank and other borrowings		<b>4,779</b>	7,430
Amounts due to fellow subsidiaries		<b>12,062</b>	4,492
		<b>1,098,318</b>	1,044,389
<b>NET CURRENT ASSETS</b>			
		<b>2,257,277</b>	1,491,507
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>11,733,376</b>	10,476,994
<b>NON-CURRENT LIABILITIES AND DEFERRED INCOME</b>			
Deferred income		<b>133,998</b>	127,553
Interest-bearing bank and other borrowings		<b>1,505,953</b>	709,177
Finance lease and hire purchase contract payables		<b>259</b>	278
Convertible bonds		<b>-</b>	748,887
Deferred tax liabilities		<b>355,615</b>	342,739
		<b>1,995,825</b>	1,928,634
		<b>9,737,551</b>	8,548,360
<b>CAPITAL AND RESERVES</b>			
Equity attributable to equity holders of the parent			
Share capital	13	<b>501,082</b>	446,766
Reserves	14	<b>8,714,838</b>	7,491,898
Proposed dividend		<b>150,325</b>	223,383
		<b>9,366,245</b>	8,162,047
Minority interests	14	<b>371,306</b>	386,313
		<b>9,737,551</b>	8,548,360

**Condensed Consolidated Summary Statement of Changes in Equity**

For the six months ended 30 June 2005

	<i>Notes</i>	For the six months ended 30 June	
		2005 (Unaudited) HK\$'000	2004 (Unaudited and restated) HK\$'000
Total equity at 1 January:			
As previously reported as equity		<b>8,348,330</b>	7,252,063
As previously reported separately as minority interests		<b>386,313</b>	334,755
		<b>8,734,643</b>	7,586,818
Prior year and opening adjustments	1, 2	<b>(20,893)</b>	191,859
As restated		<b>8,713,750</b>	7,778,677
Changes in equity during the period:			
Exchange differences arising on translating foreign operations	14	<b>(7,309)</b>	(1,983)
Share of reserve of an associate	14	<b>7,205</b>	-
Surplus on revaluation of investment properties		-	5,676
Surplus on revaluation of hotel properties	14	<b>15,060</b>	4,613
Deferred tax arising from revaluation of investment properties		-	(1,004)
Deferred tax arising from revaluation of hotel properties	14	<b>(2,327)</b>	(808)
Net income recognised directly in equity		<b>12,629</b>	6,494
Profit for the period		<b>382,830</b>	352,284

**Condensed Consolidated Summary Statement of Changes in Equity** *(continued)*

For the six months ended 30 June 2005

	Notes	For the six months ended 30 June	
		2005 (Unaudited) HK\$'000	2004 (Unaudited and restated) HK\$'000
Total recognised income and expense for the period		<b>395,459</b>	358,778
Dividends paid to equity holders of the parent		<b>(250,476)</b>	(169,288)
Dividends paid to minority shareholders	14	<b>(53,262)</b>	(11,140)
Issue of new shares	13	<b>54,316</b>	2
Premium on issue of new shares	14	<b>877,764</b>	31
<b>Total equity at 30 June</b>		<b>9,737,551</b>	7,957,060
Total recognised income and expense for the period attributable to:			
Equity holders of the parent		<b>357,204</b>	329,259
Minority interests		<b>38,255</b>	29,519
		<b>395,459</b>	358,778
Effects of prior period and opening adjustments attributable to:			
Equity holders of the parent		<b>(20,893)</b>	191,859
Minority interests		-	-
		<b>(20,893)</b>	191,859

**Condensed Consolidated Cash Flow Statement***For the six months ended 30 June 2005*

	<b>For the six months ended 30 June</b>	
	<b>2005</b>	2004
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	<b>445,383</b>	192,376
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<b>(433,591)</b>	(73,853)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	<b>663,969</b>	(642,720)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>675,761</b>	(524,197)
Cash and cash equivalents at beginning of period	<b>1,781,739</b>	2,339,310
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>2,457,500</b>	1,815,113
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>2,049,965</b>	1,379,344
Time deposits	<b>407,535</b>	435,769
	<b>2,457,500</b>	1,815,113