

INTERIM RESULTS

The Board of Directors (the “Board”) of China Travel International Investment Hong Kong Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2006 together with the comparative figures.

Condensed Consolidated Income Statement

For the six months ended 30 June 2006

		For the six months ended 30 June	
		2006 (Unaudited)	2005 (Unaudited and restated)
	Notes	HK\$'000	HK\$'000
REVENUE	3	3,162,124	2,574,448
Cost of sales		(2,396,733)	(1,928,844)
Gross profit		765,391	645,604
Other income and gains	4	56,217	28,806
Selling and distribution costs		(130,823)	(63,208)
General and administrative expenses		(411,835)	(315,676)
Amortisation on prepaid land lease payments		(29,075)	(22,187)
Depreciation on hotel properties		(17,869)	(12,060)
Fair value gains on derivative financial instruments		–	99,204
Revaluation surplus of investment properties, net		5,461	35,246
Revaluation surplus of hotel properties, net		7,660	5,200
Finance costs	5	(49,612)	(18,887)
Share of profits and losses of: Jointly-controlled entities		80,811	112,485
Associates		30,340	20,500
PROFIT BEFORE TAX	6	306,666	515,027
Tax	7	(54,743)	(53,783)
PROFIT FOR THE PERIOD		251,923	461,244
ATTRIBUTABLE TO:			
Equity holders of the parent		210,748	422,989
Minority interests		41,175	38,255
		251,923	461,244
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (HK CENTS)	8		
Basic		4.03	8.99
Diluted		N/A	8.46
DIVIDEND PER SHARE (HK CENTS)	9	2.00	3.00

Condensed Consolidated Balance Sheet

30 June 2006

		30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		4,314,380	4,342,549
Investment properties		234,353	223,605
Prepaid land lease payments		3,087,753	3,109,552
Properties under development		17,835	3,270
Goodwill		1,260,847	1,260,837
Interests in jointly-controlled entities		1,154,495	1,375,421
Interests in associates		426,721	418,913
Available-for-sale investments	<i>10</i>	19,101	20,009
Held-to-maturity investments	<i>11</i>	15,489	15,477
Deferred tax assets		14,915	15,641
Total non-current assets		10,545,889	10,785,274
CURRENT ASSETS			
Available-for-sale investments	<i>10</i>	11,169	1,427
Inventories		20,560	19,182
Trade receivables	<i>12</i>	710,881	572,914
Tax recoverable		1,019	1,580
Prepayments, deposits and other receivables		398,107	313,166
Pledged time deposits		5,083	4,306
Cash and cash equivalents	<i>13</i>	3,226,160	2,258,655
Amount due from ultimate holding company		33,819	27,886
Amounts due from fellow subsidiaries		2,195	5,266
Total current assets		4,408,993	3,204,382

Condensed Consolidated Balance Sheet (continued)

30 June 2006

		30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
	Notes		
CURRENT LIABILITIES			
Trade payables	14	642,625	609,801
Tax payable		52,643	29,156
Other payables and accruals		773,700	951,616
Interest-bearing bank and other borrowings		769,457	13,311
Amounts due to fellow subsidiaries		1,377	4,509
Total current liabilities		2,239,802	1,608,393
NET CURRENT ASSETS		2,169,191	1,595,989
TOTAL ASSETS LESS CURRENT LIABILITIES			
		12,715,080	12,381,263
NON-CURRENT LIABILITIES AND DEFERRED INCOME			
Deferred income		147,104	145,726
Interest-bearing bank and other borrowings		1,262,557	2,008,022
Deferred tax liabilities		366,607	364,496
Total non-current liabilities and deferred income		1,776,268	2,518,244
Net assets		10,938,812	9,863,019
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	15	569,536	503,885
Reserves	16	9,834,535	8,802,449
Proposed dividend		113,907	151,165
		10,517,978	9,457,499
Minority interests	16	420,834	405,520
Total equity		10,938,812	9,863,019

Condensed Consolidated Summary Statement of Changes in Equity

For the six months ended 30 June 2006

		For the six months ended 30 June	
		2006	2005
		(Unaudited)	(Unaudited and restated)
	<i>Notes</i>	HK\$'000	HK\$'000
Total equity at 1 January:			
As previously reported as equity attributable to equity holders of the parent		9,457,499	8,327,437
As previously reported separately as minority interests		405,520	386,313
		9,863,019	8,713,750
Prior year adjustment		–	(298,476)
As restated		9,863,019	8,415,274
Changes in equity during the period:			
Exchange differences arising on translating foreign operations attributable to:			
– Equity holders of the parent	16	25,246	(7,309)
– Minority interests	16	4,053	–
		29,299	(7,309)
Share of reserve of an associate	16	(1,086)	7,205
Surplus on revaluation of hotel properties	16	3,091	15,060
Deferred tax arising from revaluation of hotel properties	16	(565)	(2,327)
Net income and expense recognised directly in equity		30,739	12,629
Profit for the period		251,923	461,244
Total recognised income and expense for the period		282,662	473,873

Condensed Consolidated Summary Statement of Changes in Equity (continued)

For the six months ended 30 June 2006

		For the six months ended 30 June	
		2006	2005
		(Unaudited)	(Unaudited and restated)
	<i>Notes</i>	HK\$'000	HK\$'000
Total recognised income and expense for the period		282,662	473,873
Dividend paid to ordinary equity holders of the parent		(166,974)	(250,476)
Dividend paid to minority shareholders	16	(33,044)	(53,262)
Disposal of interest in a subsidiary	16	3,130	–
Issue of new shares	15	65,651	54,316
Premium on issue of new shares	16	924,368	908,046
Total equity at 30 June		10,938,812	9,547,771
Total recognised income and expense for the period attributable to:			
– Equity holders of the parent		237,434	435,618
– Minority interests		45,228	38,255
		282,662	473,873
Effect of prior period adjustment attributable to:			
– Equity holders of the parent		–	(298,476)
– Minority interests		–	–
		–	(298,476)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2006

	For the six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	232,746	445,383
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	123,660	(433,591)
NET CASH INFLOW FROM FINANCING ACTIVITIES	753,349	663,969
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,109,755	675,761
Cash and cash equivalents at beginning of period	1,923,003	1,781,739
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,032,758	2,457,500
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,183,049	2,049,965
Non-pledged time deposits with original maturity of less than three months when acquired	1,849,709	407,535
	3,032,758	2,457,500