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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: 00308)

ANNOUNCEMENT OF 2023 FINAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to present my report to the shareholders:

BUSINESS REVIEW

In 2023, the Group proactively responded to and strove to overcome various difficulties and disadvantages caused by a changeable economic and market environment, steadily improving its overall performance. Certain progress was also made toward the completion of various key tasks. In 2023, China Travel International Investment Hong Kong Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) recorded a consolidated revenue of HK\$4,494 million, representing a 48% increase compared with the previous year. Profit attributable to shareholders was HK\$240 million. Excluding the impact of the Group’s provision for land appreciation tax of real estate projects, profit attributable to shareholders amounted to HK\$436 million. Basic earnings per share was HK4.33 cents. In the previous year, loss attributable to shareholders amounted to HK\$356 million. The Group’s cash flow remained steady and sufficient, the debt level was stable and controllable, and the financial position was healthy. As of 31 December 2023, cash and bank balances were HK\$2,663 million, total assets were HK\$25,014 million, and debt-to-capital ratio was 33%.

The Board of Directors (the “**Board**”) of the Company recommend payment of a final dividend of HK1 cent per share for the year ended 31 December 2023, to be paid to shareholders on 20 June 2024, subject to approval at the Annual General Meeting.

EXTERNAL ENVIRONMENT

With the pandemic successfully contained and the consequent lifting of most restrictions, recovery among major economies remained uneven due to a complex environment of high inflation, interest rate hikes and ongoing geopolitical tensions. In 2023, China overcame a variety of internal and external challenges to gradually recover from the pandemic and resume stable economic and social development. According to China’s National Bureau of Statistics, China’s gross domestic product was forecast

to grow by 5.2% in 2023. The IMF estimates that China would contribute more than 30% to global economic growth in 2023 and remain as an important engine for continued growth. Though recovering, China's economy still faces a number of challenges, including the blockage of the domestic cycle and the complexity, severity and rising uncertainties of the external environment. However, on the whole, the conditions influencing China's economic development are more favourable than unfavourable, and the solid trend of economic recovery should continue to be consolidated and enhanced, building a stable external environment for enterprise development.

For Hong Kong, it is envisaged that Hong Kong economy will recover rapidly after reopening of borders with Mainland China, and the economic atmosphere will start to improve from 2023 onwards. However, the headwinds of high interest rates and a weak economic outlook have hampered recovery and restrained demand growth. The various immigration schemes implemented by the Government for high-end and talented people to help replenish the population, together with recent withdrawal of austerity measures involving the punitive stamp duty may help to boost economic development; but as Hong Kong become increasingly integrated with the mainland, its underlying economic performance in a large extent depends on the mainland economy.

CORPORATE DEVELOPMENT

The Group regards “integrity management and quality service” as its core business philosophy, insists on shaping tourism with culture, complementing culture with tourism, and promotes the in-depth integration and development of cultural tourism. The Group continues to improve its core capabilities, strives to become a “first-class tourist destination investment and operation service provider” and promote the in-depth integration and development of cultural tourism. It also focuses on meeting the people's desire for a better life, enhancing core functions and improving core competitiveness, strengthening enterprise innovation and value creation capabilities, and accelerating the construction of a modern industrial system. To achieve high-quality enterprise development, the Group adheres to the principle of seeking progress while maintaining stability, promoting stability with progress, establishing before breaking through. This will enable it to continue to promote quality improvement and reasonable economic growth.

In 2023, the Group's scenic spot management services achieved remarkable results, with seven influential projects launched, among which, the Root Palace Buddhist Culture Tourism Zone in Quzhou, Zhejiang Province and Baishuiyang Geological Landscape and Yuanyang Brook in Ningde, Fujian Province are both 5A grade scenic spots, the Cultural Landscape of Old Tea Forests of the Jingmai Mountain in Pu'er, Yunnan Province is a 4A grade scenic spot and also the 57th World Heritage in China. The Group steadily promoted the integration of culture and tourism, and established a special working group on cultural and tourism integration. It pursued strategic cooperation with China Oriental Performing Arts Group Co., Ltd to create “The Journey of a Legendary Landscape Painting” theatrical art IP in Anji, jointly launched a Summer Animation Festival with Shanghai Animation Film Studio, and hosted the “Pamir Sound” international ethnic music festival in Xinjiang, all of which received a good market response.

In terms of product innovation, the Company practices the “specialised and special new” concept, continues to enrich the supply of boutique products, and strengthens the “increment” in the existing business. Successful trial operation of the China-Vietnam Detian cross-border Tourism Cooperation Zone and experiential products such as “Ring in the Sky” in Detian Scenic Spot and “Desert Legend” in Shapotou Scenic Spot have been favourably received by the market. Anji Harmonious Valley introduced a model of co-naming with influencer IP, while the “Guili Parkyard” hotel of CTS Luzhou Culture Tourism set a benchmark for boutique hotels with its cross-border integration of wine and tourism. The “Diamond Hotel” in Shapotou Scenic Spot has become a key step in the Group’s luxury hotel expansion. The recently completed Hung Hom Hotel has become a landmark product to enrich the supply of Hong Kong’s tourism market, and is also another highlight of the Group’s developments in Hong Kong following the acquisition of Green Residence Service Apartments.

In terms of capital operation, the Company integrates development strategies and initiatives more closely with value creation, further improving the capital market valuation of the Company, and has gradually started a financing function. The Company strengthened its communication with investors and delivered its strategy and performance to the capital market in a timely manner through performance conferences, industry roadshows and reverse roadshows.

In terms of innovation, the Group has introduced benchmark projects through initiatives such as the launch of the “CTS Vacation” brand and the development of product standardisation models. The Window of the World’s first normal scenic route in China has become overwhelmingly popular across the whole network; Shapotou Scenic Spot coordinated with the “Light Year Metaverse” platform to launch the service of selling metaverse digital tickets for the scenic spot; using the TStar platform to issue panda digital commemorative tickets and AI travel shooting projects. The Group has also won a number of technological innovation awards such as the China Pigeon Award at the 2023 World Metacosmic Ecological Conference. The Group will use “technology + tourism” to drive scenic spot development, and combine new technologies such as AI grand model, blockchain, metaverse and tourism scenes to enhance the customer experience, improve customer service, and create technological innovation benchmarks and demonstration projects.

In Hong Kong, the Group will accelerate new business expansion and growth, proactively establish close partnerships with government and industry peers, explore the upgrading of the industry of Hong Kong tourism, and tap into the rich tourism resources and unique cultural charms of the local community to help Hong Kong transform from place for sightseeing and shopping tours to in-depth experience tours. The Group will continue to improve the existing businesses, prepare for the renovation of Green Residence, for future overall revitalisation and to build benchmark high-quality commercial properties in the core business district of Hong Kong. We will strengthen the tourism and transportation business, promote the transformation and upgrading of Shun Tak-China Travel, and focus on studying and expanding the regional and business presence. Hainan, as one of the Group’s important strategic regions, will be implemented the strategy of “deeply-rooted in Hainan” by the Group. The Group will increase expansion efforts, formulate clear goals and time schedules, and strive for breakthroughs in tourism projects in 2024. On the mainland, the Group will focus on serving the national and regional coordinated development strategy, strengthen cooperation with local state-owned cultural and tourism enterprises, form complementary resource advantages, and carry out landmark new projects on the basis of steadily advancing existing projects. We will increase project tracking, investment and expansion efforts in

Sichuan, Yunnan, Guizhou, Shandong, Fujian, Hunan and other major tourism provinces. Overseas, the Group will strengthen its integration into the” Belt and Road” national strategy, and the Maldives Ambara Island resort project will proceed as planned.

The Group fully fulfills its corporate social responsibilities by fulfilling the task of designated assistance in Shangri-La City and Deqin County, Yunnan Province, by investing assistance funds in the two counties and cities, and training grassroots cadres and technical personnel. It has initiated assistance on education and a wide range of voluntary works, completed the upgrading and renovation of Chardonnay Starry Sky homestay project in Xiaozhongdian, Shangri-La, and started the construction of a boutique homestay project in Yujie Village, Deqin County, for which the main building has been completed. In 2024, the Group will further integrate resources, enhance the new model of industrial assistance, and strengthen supervision to improve the efficient use of assistance funds.

The Group has always emphasised corporate governance, for which it has put into place sound systems and mechanisms. By continuously strengthening its comprehensive risk management and developing internal control systems and compliance management, the Company’s risk prevention and control capabilities have kept improving. The Company has maintained a high level of corporate governance as a whole, providing a strong guarantee for the realisation of the Company’s healthy and sustainable development.

PROSPECTS

Tourism consumption recovered rapidly in 2023, with the total number of domestic tourists and the total spending of residents on domestic tourism increasing by 75.5% and 114.4% respectively in the first three quarters of the year. The fundamental role of consumption in economic development has meanwhile become increasingly prominent. In September 2023, the General Office of the State Council issued “Several Measures on Releasing the Potential of Tourism Consumption and Promoting the High-quality Development of Tourism”, which put forward 30 specific measures for increasing the supply of high-quality tourism products and services, stimulating tourism consumption demand, strengthening inbound tourism, and improving the comprehensive capacity of the industry. Tourism ushered in a policy dividend period, and further demonstrated the strategic position of national tourism development. Local governments strongly boosted consumer confidence through high-level tourism development conferences, intensive policy documents, and measures to encourage consumption and attract investment. With the gradual implementation of relevant policies, tourism consumption is expected to gradually shift from post-pandemic recovery to continuous expansion, bringing more opportunities for the development of tourism enterprises.

Under the trend of various consumer demands and the deep integration of cultural and tourism development, accelerated penetration of new technologies such as AI and the cross-border participation of more internet companies have ushered in a new phase of productivity which will structure a new pattern of tourism and intensify competition. The market is more quickly concentrating to leading enterprises with mature brands, product characteristics and cost advantages, with the “80/20” rule becoming more prominent. At the same time, with China’s further reopening to the world, the Group will face greater competition.

The Group will implement its industry leadership plan to further enhance its competitiveness. It will identify market gaps through benchmarking, improve key indicators, build core competencies and optimise its competitive strategy. Our total revenue from tourist attractions and related operations between January and February 2024 has already exceeded the same level in the corresponding period of 2019, with some scenic areas achieving record-high results. With a good start to the year, the Group is relatively optimistic about the overall business fundamentals and will do its utmost to implement initiatives, maintain steady growth in operations and accelerate breakthroughs in development bottlenecks to create greater value for shareholders. I would like to express my sincere gratitude to the Board of Directors, management and all employees for their dedication, loyalty, diligence and professional performance, and their valuable contributions to the Group.

Wu Qiang
Chairman of the Board

Hong Kong, 26 March 2024

The Board is pleased to present the consolidated results of the Group for the year ended 31 December 2023 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4	4,494,211	3,031,936
Cost of sales		<u>(2,979,093)</u>	<u>(2,723,527)</u>
Gross profit		1,515,118	308,409
Other income and gains, net	6	153,940	238,613
Fair value loss of investment properties		(19,126)	(90,724)
Selling and distribution costs		(273,259)	(331,653)
Administrative expenses		<u>(813,264)</u>	<u>(798,627)</u>
Operating income/(loss)	6	563,409	(673,982)
Finance income	5	65,308	53,216
Finance costs	5	<u>(12,724)</u>	<u>–</u>
Finance income, net	5	52,584	53,216
Share of profits and losses of:			
– associates		89,675	(51,825)
– joint ventures		<u>(3,664)</u>	<u>(12,222)</u>
Profit/(loss) before taxation		702,004	(684,813)
Tax (expense)/credit	7	<u>(356,510)</u>	<u>19,197</u>
Profit/(loss) for the year		<u><u>345,494</u></u>	<u><u>(665,616)</u></u>
Attributable to:			
Equity owners of the Company		239,548	(355,792)
Non-controlling interests		<u>105,946</u>	<u>(309,824)</u>
Profit/(loss) for the year		<u><u>345,494</u></u>	<u><u>(665,616)</u></u>
Earnings/(loss) per share for profit/(loss) attributable to equity owners of the Company (HK cents)	9		
Basic earnings/(loss) per share		<u><u>4.33</u></u>	<u><u>(6.43)</u></u>
Diluted earnings/(loss) per share		<u><u>4.33</u></u>	<u><u>(6.43)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit/(loss) for the year	<u>345,494</u>	<u>(665,616)</u>
Other comprehensive income/(loss) for the year		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling), net of tax	27,330	2,550
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Release of exchange reserve upon disposal of a joint venture	–	16,296
Exchange differences on translation of foreign operations, net	<u>(67,741)</u>	<u>(1,005,533)</u>
Other comprehensive loss for the year, net of tax	<u>(40,411)</u>	<u>(986,687)</u>
Total comprehensive income/(loss) for the year	<u>305,083</u>	<u>(1,652,303)</u>
Attributable to:		
Equity owners of the Company	223,663	(1,258,401)
Non-controlling interests	<u>81,420</u>	<u>(393,902)</u>
Total comprehensive income/(loss) for the year	<u>305,083</u>	<u>(1,652,303)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		9,568,333	9,129,646
Investment properties		3,464,007	2,552,662
Prepaid land lease payments		425,654	418,211
Goodwill		1,354,686	1,354,833
Other intangible assets		112,734	112,734
Investments in associates		1,322,266	1,300,529
Investments in joint ventures		68,532	64,236
Derivative financial instrument		1,145	22,748
Other financial assets		64,400	34,091
Prepayments and other receivables		13,560	481,398
Deferred tax assets		298,396	398,329
		<hr/>	<hr/>
Total non-current assets		16,693,713	15,869,417
		<hr/>	<hr/>
Current assets			
Inventories		168,955	199,917
Properties under development		3,804,347	3,158,298
Completed properties held for sale		503,462	678,345
Trade receivables	<i>10</i>	183,540	103,665
Deposits, prepayments and other receivables		598,837	390,846
Loan to a fellow subsidiary		–	235,091
Amounts due from holding companies		26,089	2,742
Amounts due from fellow subsidiaries		311,924	322,947
Tax recoverable		27	26
Pledged and restricted deposits		60,157	4,057
Cash and bank balances		2,663,388	2,797,976
		<hr/>	<hr/>
Total current assets		8,320,726	7,893,910
		<hr/>	<hr/>
Total assets		25,014,439	23,763,327
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital		9,222,295	9,222,295
Reserves		7,132,069	6,977,197
		16,354,364	16,199,492
Non-controlling interests		1,897,686	1,778,121
Total equity		18,252,050	17,977,613
LIABILITIES			
Non-current liabilities			
Deferred income		586,347	604,990
Loans from a fellow subsidiary		468,981	–
Lease liabilities		218,532	219,281
Bank and other borrowings		662,964	210,788
Deferred tax liabilities		615,353	656,643
Total non-current liabilities		2,552,177	1,691,702
Current liabilities			
Trade payables	<i>11</i>	880,596	745,001
Other payables and accruals		2,237,856	2,358,263
Loans from holding companies		337,147	334,725
Amounts due to holding companies		4,978	1,302
Amounts due to fellow subsidiaries		49,182	34,303
Lease liabilities		55,569	53,180
Tax payables		164,172	123,113
Bank and other borrowings		480,712	444,125
Total current liabilities		4,210,212	4,094,012
Total liabilities		6,762,389	5,785,714
Total equity and liabilities		25,014,439	23,763,327

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

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 and related operations
- Travel document and related operations
- Hotel operations
- Passenger transportation 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, CTG House, 78-83 Connaught Road Central, Hong Kong.

In the opinion of the Company’s 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 ultimate holding company is China Tourism Group Corporation Limited, a People’s Republic of China (the “PRC”) state-owned enterprise.

2.1 Basis of preparation

The consolidated financial statements been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. This announcement has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost convention except that investment properties, financial assets measured at fair value through other comprehensive income and derivative financial instrument, which have been measured at fair value. This financial information are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2022, is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The consolidated financial statements for the year ended 31 December 2023 have yet to be reported by the Company’s auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s predecessor auditor has reported on the consolidated financial statements for the year ended 31 December 2022. The auditor’s report was unqualified; did not include a reference to any matters to which the predecessor auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The application of the above new and revised HKFRSs has had no material impact on the Group's results and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in the financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> ^{1, 4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> ^{1, 4}
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The Group has already commenced an assessment of the impact of the above amendments to HKFRSs. So far it has assessed that the adoption of them is unlikely to have a significant impact on the Group's financial statements.

3 Operating segment information

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. No operating segments have been aggregated to form the reportable segments. A summary of details of the operating segments is as follows:

- (a) the tourist attraction and related operations segment engages in the operation of theme parks, scenic spots, cable car systems, skiing facilities, hot spring resorts, other resorts, arts performance and tourism property development mainly located in Chinese Mainland;
- (b) the travel document and related operations segment engages in the provision of travel document and related services in Hong Kong and Chinese Mainland;
- (c) the hotel operations segment engages in the provision of hotel accommodation, food and beverage services in Hong Kong, Macau and Chinese Mainland; and
- (d) the passenger transportation operations segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macau and Chinese Mainland, vehicle and vessel rental and charter operations in Hong Kong, Macau and Chinese Mainland.

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 changes in fair value of investment properties and a derivative financial instrument, results from acquisition or disposal of a joint venture investments, properties, plant and equipment, gain on bargain purchase of subsidiaries and equity-settled share option expenses.

Segment assets include all tangible and intangible assets and current assets with the exception of investments 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 payables, other payables and accruals, bank and other borrowings, tax payables and deferred tax liabilities, except for head office and corporate liabilities that are managed on a group basis.

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

Year ended 31 December 2023

	Tourist attraction and related operations <i>HK\$'000</i>	Travel document and related operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	2,303,832	474,230	693,873	988,687	4,460,622	33,589	4,494,211
Inter-segment revenue	<u>255</u>	<u>2,187</u>	<u>696</u>	<u>75</u>	<u>3,213</u>	<u>2,520</u>	<u>5,733</u>
	<u>2,304,087</u>	<u>476,417</u>	<u>694,569</u>	<u>988,762</u>	4,463,835	36,109	4,499,944
Elimination of inter-segment revenue					<u>(3,213)</u>	<u>(2,520)</u>	<u>(5,733)</u>
Revenue					<u>4,460,622</u>	<u>33,589</u>	<u>4,494,211</u>
Segment results	<u>(99,817)</u>	<u>250,769</u>	<u>161,678</u>	<u>19,580</u>	<u>332,210</u>	<u>(48,930)</u>	283,280
Non-controlling interests							<u>105,946</u>
Equity-settled share option expenses							389,226
Gain on bargain purchase of a subsidiary							(14,259)
Fair value loss of investment properties, net of tax							4,819
Fair value loss of investment properties, net of tax							(19,171)
Fair value loss of a derivative financial instrument, net of tax							(16,066)
Gain on disposal of property, plant and equipment, net of tax							<u>945</u>
Profit for the year							<u><u>345,494</u></u>

	Tourist attractions and related operations <i>HK\$'000</i>	Travel document and related operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	11,719,165	1,928,752	4,369,285	1,548,392	19,565,594	4,058,047	23,623,641
Investments in associates	1,209,125	-	-	98,300	1,307,425	14,841	1,322,266
Investments in joint ventures	43,122	-	-	25,410	68,532	-	68,532
Inter-segment receivables	2,549,811	79,783	475,302	164,842	3,269,738	7,050,774	10,320,512
	<u>15,521,223</u>	<u>2,008,535</u>	<u>4,844,587</u>	<u>1,836,944</u>	<u>24,211,289</u>	<u>11,123,662</u>	<u>35,334,951</u>
Elimination of inter-segment receivables							(10,320,512)
Total assets							<u>25,014,439</u>
Segment liabilities	4,356,959	153,630	515,415	883,807	5,909,811	852,578	6,762,389
Inter-segment payables	3,396,624	119,418	1,495,806	755,885	5,767,733	4,552,779	10,320,512
	<u>7,753,583</u>	<u>273,048</u>	<u>2,011,221</u>	<u>1,639,692</u>	<u>11,677,544</u>	<u>5,405,357</u>	<u>17,082,901</u>
Elimination of inter-segment payables							(10,320,512)
Total liabilities							<u>6,762,389</u>
Other segment information:							
Share of profits and losses of associates	56,281	-	-	33,916	90,197	(522)	89,675
Share of profits and losses of joint ventures	-	-	-	(3,559)	(3,559)	(105)	(3,664)
Capital expenditure (<i>note (a)</i>)	464,030	95,174	958,989	17,313	1,535,506	559,055	2,094,561
- owned property, plant and equipment	435,142	56,223	14,573	12,473	518,411	549,861	1,068,272
- right-of-use assets and prepaid land lease payments	28,888	38,951	1,326	4,840	74,005	9,194	83,199
- investment properties	-	-	31,500	-	31,500	-	31,500
- assets from acquisition of a subsidiary	-	-	911,590	-	911,590	-	911,590
Depreciation and amortisation	267,828	29,284	109,892	130,345	537,349	7,488	544,837
- owned property, plant and equipment	234,616	15,300	97,303	122,409	469,628	4,809	474,437
- right-of-use assets and prepaid land lease payments	33,212	13,984	12,589	7,936	67,721	2,679	70,400
Provision for impairment/(written back of provision for impairment) of trade and other receivables	8,348	-	11	-	8,359	483	8,842

Year ended 31 December 2022

	Tourist attraction and related operations <i>HK\$'000</i>	Travel document and related operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	2,368,320	117,191	469,238	51,820	3,006,569	25,367	3,031,936
Inter-segment revenue	<u>817</u>	<u>2,195</u>	<u>652</u>	<u>64</u>	<u>3,728</u>	<u>2,520</u>	<u>6,248</u>
	<u>2,369,137</u>	<u>119,386</u>	<u>469,890</u>	<u>51,884</u>	3,010,297	27,887	3,038,184
Elimination of inter-segment revenue					<u>(3,728)</u>	<u>(2,520)</u>	<u>(6,248)</u>
Revenue					<u>3,006,569</u>	<u>25,367</u>	<u>3,031,936</u>
Segment results	<u>29,155</u>	<u>(420)</u>	<u>17,436</u>	<u>(169,183)</u>	<u>(123,012)</u>	<u>(134,223)</u>	<u>(257,235)</u>
Non-controlling interests							<u>(309,824)</u>
Gain on disposal of a joint venture							(567,059)
Gain on bargain purchase of subsidiaries							1,969
Fair value loss of investment properties, net of tax							745
Fair value loss of investment properties, net of tax							(89,370)
Fair value loss of a derivative financial instrument, net of tax							(11,974)
Gain on disposal of property, plant and equipment, net of tax							(11,974)
Gain on disposal of property, plant and equipment, net of tax							1,708
Loss on disposal of investment properties, net of tax							<u>(1,635)</u>
Loss for the year							<u>(665,616)</u>

	Tourist attractions and related operations <i>HK\$'000</i>	Travel document and related operations <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Passenger transportation operations <i>HK\$'000</i>	Total of reportable segments <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	10,813,422	1,539,586	3,582,503	1,544,883	17,480,394	4,918,168	22,398,562
Investments in associates	1,236,517	–	–	48,179	1,284,696	15,833	1,300,529
Investments in joint ventures	35,369	–	–	28,867	64,236	–	64,236
Inter-segment receivables	2,533,452	24,249	394,944	206,125	3,158,770	6,986,501	10,145,271
	<u>14,618,760</u>	<u>1,563,835</u>	<u>3,977,447</u>	<u>1,828,054</u>	<u>21,988,096</u>	<u>11,920,502</u>	<u>33,908,598</u>
Elimination of inter-segment receivables							(10,145,271)
Total assets							<u>23,763,327</u>
Segment liabilities	3,721,948	173,735	514,820	817,906	5,228,409	557,305	5,785,714
Inter-segment payables	4,140,262	265,911	1,841,248	739,057	6,986,478	3,158,793	10,145,271
	<u>7,862,210</u>	<u>439,646</u>	<u>2,356,068</u>	<u>1,556,963</u>	<u>12,214,887</u>	<u>3,716,098</u>	<u>15,930,985</u>
Elimination of inter-segment payables							(10,145,271)
Total liabilities							<u>5,785,714</u>
Other segment information:							
Share of profits less losses of associates	(36,280)	–	–	(37,742)	(74,022)	22,197	(51,825)
Share of profits less losses of joint ventures	–	–	–	(12,222)	(12,222)	–	(12,222)
Capital expenditure (<i>note (a)</i>)	810,714	12,704	18,641	3,900	845,959	300,532	1,146,491
– owned property, plant and equipment	618,503	1,166	17,167	643	637,479	295,205	932,684
– right-of-use assets and prepaid land lease payments	67,275	11,538	1,474	3,257	83,544	5,327	88,871
– assets from acquisition of a subsidiary	124,936	–	–	–	124,936	–	124,936
Depreciation and amortisation	280,600	32,826	109,753	139,288	562,467	4,157	566,624
– owned property, plant and equipment	239,966	13,075	97,503	121,209	471,753	909	472,662
– right-of-use assets and prepaid land lease payments	40,634	19,751	12,250	18,079	90,714	3,248	93,962
Provision for impairment/(written back of provision for impairment) of trade and other receivables	3,943	(340)	(985)	1,252	3,870	–	3,870

Notes:

- (a) Capital expenditure consists of additions of property, plant and equipment, investment properties, prepaid land lease payments and assets from the acquisition of a subsidiary.

Geographical information

(a) Revenue from external customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	1,927,120	501,472
Chinese Mainland (including Macau)	<u>2,567,091</u>	<u>2,530,464</u>
	<u><u>4,494,211</u></u>	<u><u>3,031,936</u></u>

The analysis of the Group's revenue by geographical area is based on the location of operations at which the services were provided and the location of the customers that the goods were sold.

(b) Non-current assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	6,619,149	7,952,560
Chinese Mainland (including Macau)	<u>9,710,623</u>	<u>7,461,689</u>
	<u><u>16,329,772</u></u>	<u><u>15,414,249</u></u>

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

Information about major customers

There was no revenue from any sales to any single external customer that contributed 10% or more of the total revenue of the Group during the year ended 31 December 2023 (2022: Nil).

4 Revenue

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.

Disaggregation of revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Tourist attraction and related income	1,855,296	707,016
– Travel document and related income	474,272	115,844
– Hotel income	735,833	501,037
– Passenger transportation income	988,687	51,820
– Property sales income	291,478	1,521,663
– Consultancy and service income	28,871	36,595
	<u>4,374,437</u>	<u>2,933,975</u>
Revenue from other sources		
Gross rental income from investment properties		
– Lease payments that are fixed or depend on an index or a rate	<u>119,774</u>	<u>97,961</u>
	<u>4,494,211</u>	<u>3,031,936</u>

5 Finance income, net

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Finance income:		
Bank deposits and entrustment loans	65,308	53,216
Interest expense:		
Lease liabilities	(12,724)	(10,451)
Bank and other borrowings	(46,213)	(21,490)
	(58,937)	(31,941)
Less: Interest expense capitalised into properties under development and property, plant and equipment	<u>46,213</u>	<u>31,941</u>
Finance costs	<u>(12,724)</u>	<u>–</u>
Finance income, net	<u>52,584</u>	<u>53,216</u>

6 Operating income/(loss)

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(a) Other income and gains, net		
Foreign exchange differences, net	4,970	6,576
Government grants	(16,877)	(107,984)
Management fee income	(677)	(55,490)
Gain on disposal of property, plant and equipment, net	(945)	(1,709)
Loss on disposal of investment properties	–	1,654
Gain on disposal of a joint venture	–	(1,969)
Gain on bargain purchase of subsidiaries	(4,819)	(915)
Fair value loss of a derivative financial instrument	21,422	15,966
Reversal of provision of legal expenses	–	(6,564)
Reversal of provision of membership refund	(14,929)	–
Written off of trade and other payables	–	(10,680)
Other rental income, net	(26,419)	(26,729)
Other	(115,666)	(50,769)
	<u>(153,940)</u>	<u>(238,613)</u>
(b) Other items:		
Depreciation charge		
– owned property, plant and equipment	474,437	472,662
– right-of-use assets	49,346	68,923
	<u>523,783</u>	<u>541,585</u>
Amortisation of prepaid land lease payments	21,054	25,039
Employee benefit expenses	1,415,950	1,212,788
Provision for impairment of trade and other receivables, net	8,842	3,870
Direct operating expenses of investment properties	3,893	4,505
Fuel cost	250,928	13,744
Cost of properties sold	166,583	1,045,834

7 Tax expense/(credit)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 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.

Under the Provisional Regulations on Land Appreciation Tax (“LAT”), all gains arising from transfer of real estate property in Chinese Mainland are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.

	2023	2022
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the year	68,612	16,145
Over-provision in prior years	(627)	(1,189)
	67,985	14,956
Current – Chinese Mainland and Macau		
Charge for the year	34,435	40,218
Over-provision in prior years	–	(60,845)
	34,435	(20,627)
LAT*	198,220	95,459
Deferred tax	55,870	(108,985)
Total tax charge/(credit) for the year	356,510	(19,197)

* During the year ended 31 December 2023, additional LAT provision of HK\$198,220,000 has been recognised in the current year based on the latest best estimate with reference to the computation of the tax consultant engaged by the Group for certain property development projects undergoing LAT clearance process.

8 Dividends

	2023	2022
	HK\$'000	HK\$'000
Interim – HK1.5 cents (2022: Nil) per ordinary share	83,050	–
Final – HK1 cent (2022: Nil) per ordinary share	55,367	–

At a board meeting held on 26 March 2024, the Board proposed a final dividend of HK1 cent per share for the year ended 31 December 2023 (2022: Nil), which is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

9 Earnings/(loss) per share for profit/(loss) attributable to equity owners of the Company

The calculation of basic and diluted earnings/(loss) per share is based on profit/(loss) attributable to equity owners of the Company for the year ended 31 December 2023 of HK\$240 million (2022: Loss of HK\$356 million) and the weighted average of 5,536,633,709 ordinary shares (2022: 5,536,633,709 shares) in issue during the year.

The share options granted by the Group had no dilutive effect during the year ended 31 December 2023.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022.

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 interest-free.

At 31 December 2023 and 2022, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 3 months	99,454	44,895
Over 3 months to 6 months	44,510	29,404
Over 6 months to 12 months	33,119	22,170
Over 1 year to 2 years	2,463	6,447
Over 2 years	3,994	749
	<u>183,540</u>	<u>103,665</u>

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 3 months	299,768	279,393
Over 3 months to 6 months	89,924	121,059
Over 6 months to 12 months	317,805	113,086
Over 1 year to 2 years	60,098	192,586
Over 2 years	113,001	38,877
	<u>880,596</u>	<u>745,001</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

In most of the world, 2023 was the year when the impact of the pandemic faded and economic order was restored. According to data from the National Bureau of Statistics of China, China's gross domestic product ("GDP") grew by 5.2% year-on-year in 2023, higher than the global growth rate of about 3% and ranking first among the world's major economies. Hong Kong's economy and labour market also began to improve, with GDP resuming year-on-year growth and inbound tourism gradually recovering. For the Group, although economic activity was gradually returning to normal, 2023 was still challenging due to continuing economic uncertainty stemming from geopolitical tensions, declining global trade and tightening monetary and fiscal policies. During the year, the Group continued its efforts to enhance its operating performance by improving efficiency and reducing costs.

In 2023, the Group's consolidated revenue was HK\$4,494 million, representing a 48% increase compared with the previous year. Profit before taxation was HK\$702 million, while loss before taxation amounted to HK\$685 million in the previous year. Profit attributable to shareholders was HK\$240 million, while loss attributable to shareholders amounted to HK\$356 million in the previous year. Profit attributable to operation was HK\$283 million, while loss attributable to operation amounted to HK\$257 million in the previous year. The turnaround from loss to profit for the year ended 31 December 2023 was mainly attributable to significantly improved operating results due to effective implementation of the Company's strategy and the relaxation of pandemic-related travel controls and social distancing measures. Excluding the impact of the Group's provision for land appreciation tax of real estate projects, profit attributable to shareholders amounted to HK\$436 million.

The Group's financial position remained stable and healthy, with adequate investment and financing capabilities. As of 31 December 2023, total assets were HK\$25,014 million, representing a 5% increase compared with the previous year. Equity attributable to shareholders was HK\$16,354 million, representing a 1% increase compared with the previous year. An aggregate of cash and bank balances and pledged and restricted deposits amounted to HK\$2,724 million, representing a 3% decrease compared with the previous year. After deducting HK\$1,950 million in loans from the holding companies, loans from a fellow subsidiary, bank loans and other borrowings, net cash amounted to HK\$774 million, representing a 57% decrease compared with the previous year.

DIVIDENDS

The Board recommended the payment of a final dividend of HK1 cent per share (2022: Nil) for the year ended 31 December 2023, to be paid to shareholders on 20 June 2024, subject to the approval of the shareholders at the Annual General Meeting. Together with the 2023 interim dividend of HK1.5 cents per share (2022: Nil), the total dividend payout for the full year is HK2.5 cents, with a dividend payout ratio of 58%.

BUSINESS REVIEW

(I) Tourist attractions and related operations

The Group's tourist attractions and related operations mainly comprise:

1. Theme parks: Shenzhen The World Miniature Co., Ltd. ("**Window of the World**") and Shenzhen Splendid China Development Co., Ltd. ("**Splendid China**").
2. Natural and cultural scenic spots: CTS (Ningxia) Shapotou Tourist Spot Co., Ltd. And CTS (Ningxia) Shapotou Cable Car Co., Ltd. ("**Shapotou Scenic Spot**"), Jiangxi Xing Zi Lu Shan Xiu Feng Passage Cable Car Co., Ltd. ("**Xiufeng Cable Car**"), CTS (Guangxi Ningming) Rock Painting Tourism Culture Co., Ltd. ("**Huashan Scenic Spot**"), CTS Guangxi Detian Waterfall Tourism Development Co., Ltd. ("**Detian Scenic Spot**"), CTS Luzhou Laojiao Culture Tourism Development Company Limited ("**CTS Luzhou Culture Tourism**"), CTS Lugu Lake (Lijiang) Tourism Development Co., Ltd. ("**CTS Lugu Lake**"), CTS Xinjiang Tourism Operation Management Co., Ltd. ("**CTS Xinjiang**"), CTS Bairui Xinjiang Tourism Development Co., Ltd. ("**CTS Bairui**") and CTS Changyi (Shanghai) Tourism Development Co., Ltd. ("**CTS Changyi**").

Non-controlling investments in scenic spots: Huangshan Yuping Cable Car Company Ltd., Huangshan Taiping Cable Car Co., Ltd., Changsha Colorful World Company Limited, Changchun Jingyuetan Youle Co. Ltd., Hangzhou New Century Senbo Tourism Investment Co., Ltd. ("**New Century Senbo**") and CTS Taohuayuan (Changde) Cultural Tourism Development Company Limited ("**CTS Taohuayuan**").

3. Leisure resorts: China Travel Hong Kong (Zhuhai) Ocean Spring Co., Ltd. ("**Zhuhai OSR**"), CTS (Xianyang) Ocean Spring Resort Co., Ltd. ("**Xianyang OSR**"), Zhuhai Evergrande Ocean Spring Land Co., Ltd. ("**Evergrande OSR**") and CTS (Anji) Tourism Development Company Limited ("**Anji Company**"); and
4. Supplementary tourist attraction operations: China Heaven Creation International Performing Arts Co., Ltd. ("**Heaven Creation Company**"), CTS (Shenzhen) City Development Co., Ltd. ("**CTS City**"), China Travel Zhiye Culture Development (Shenzhen) Co., Ltd ("**China Travel Zhiye**") and CTS Scenery (Beijing) Tourism Management Limited ("**CTS Scenery**").

With its post-pandemic reopening, the tourism industry has fully entered a trend of recovery. The scale of the domestic tourism industry has also continued to expand, driven by the gradual maturing of the market, the continuous upgrading of the tourism consumption structure, and the continuous introduction of state supporting policies for the industry. The number of tourists and tourism income have achieved considerable growth. In 2023, the Group's total revenue from tourist attractions and related operations was HK\$2,304 million, representing a 3% decrease compared with the previous year; attributable loss amounted to HK\$100 million, compared to attributable profit of HK\$29 million in the previous year. The decrease in revenue and attributable profit for the year was mainly attributable to the significant decrease in revenue recognised from real estate and profit from

leisure resorts as compared to last year, as well as the increase in land appreciation tax. Excluding the impact of real estate business and land appreciation tax, the revenue of tourist attractions and related operations for the year was HK\$2,011 million, representing an increase of 137% over the previous year, and the attributable profit for the year was HK\$115 million, representing an increase of HK\$334 million over the previous year.

Theme parks

Theme park revenue amounted to HK\$670 million, representing a 233% increase compared to the previous year. Attributable profit was HK\$79 million, while attributable loss for previous year was HK\$66 million. The increase was mainly due to the launch of new projects by Window of the World and Splendid China and the enhancement of management services by Splendid China.

Natural and cultural scenic spots

Revenue from natural and cultural scenic spots amounted to HK\$956 million for the year, representing a 175% increase compared with the previous year. Attributable profit amounted to HK\$161 million, compared with an attributable loss of HK\$38 million for the previous year.

Revenue from Shapotou Scenic Spot amounted to HK\$406 million, representing an increase of 202% compared with last year. This made a significant contribution to the Group's revenue from natural and cultural scenic spots and realising profitability. The "Desert Legend Phase I" project commenced operation in the first half of the year, driving the growth of results. Detian Scenic Spot's revenue was HK\$254 million, representing an increase of 1,161% compared with the previous year. Detian Scenic Spot launched the "Paddy Field Waterfall Café", which has become a popular product for influencers' experience while receiving awards for tourist attraction operation management, new media communication, high-quality development and more from the Guangxi Tourism Association. Huashan Scenic Spot's revenue increased by 1,295% compared with the previous year. Xiufeng Cable Car recorded an increase in revenue and profit, and will continue to strengthen cooperation with travel agencies to boost group visitor numbers. CTS Luzhou Culture Tourism was engaged in upgrading and transforming Laojiaochi Scenic Spot with a focus on developing wine culture tourism. Its revenue amounted to HK\$209 million, representing a 19% increase compared with the previous year. CTS Lugu Lake's revenue also increased from last year, and it will launch live broadcasting and national marketing to increase product exposure and traffic conversion. During the year, CTS Xinjiang – which is mainly engaged in the operation and management of tourism destinations in the Xinjiang region and the creation and operation of new vacation experience products and services – fully operated the Xinjiang Kurdening Scenic Spot independently, achieving growth through sound management and collaboration. CTS Bairui recorded an increase in revenue compared to last year. It will focus on Xinjiang's 5A and 4A scenic spots and scarce core areas of major tourist destinations, and will increase its marketing and promotional efforts as well as product innovation. Its revenue increased from the previous year, while Yunshan Resort Hotel was officially put into operation in August 2023. New Century Senbo, an associate of the Company, recorded an attributable profit of HK\$34.6 million.

Leisure resorts

Revenue from leisure resorts was HK\$629 million for the year, representing a decrease of 64% compared with the previous year. Attributable loss was HK\$293 million for the year, compared with an attributable profit of HK\$141 million for the previous year. The drop in revenue and loss incurred was mainly attributable to the significant decrease in revenue recognised from real estate and profit as compared to last year, as well as the increase in land appreciation tax. Excluding the impact of real estate business and land appreciation tax, the revenue of leisure resorts for the year was HK\$338 million, representing an increase of 36% over the previous year, and the attributable loss for the year was HK\$78 million, compared to loss of HK\$108 million for the previous year.

Zhuhai OSR recorded revenue of HK\$248 million, representing a decrease of 26% compared with the previous year. In anticipation of favourable market conditions, Zhuhai OSR will launch new products and activities to seize the tourism market and will strengthen its cooperation with the government to facilitate resource support. Xianyang OSR's revenue decreased by 89% compared with the previous year. It will strengthen its marketing and promotion, product innovation, channel expansion and business development to increase revenue. Anji Company recorded a decrease of revenue of 57% as compared with the previous year, which has raised the average room price to increase overall revenue and implemented labour cost controls and energy saving programmes. Evergrande OSR, our associate, reported an attributable loss of approximately HK\$30 million.

Supplementary tourist attraction operations

Revenue from supplementary tourist attraction operations was HK\$49 million, representing a 2% decrease compared with the previous year. Attributable loss was HK\$47 million, compared to loss of HK\$8 million for the previous year.

Heaven Creation Company was engaged in scenic spot construction, creative planning, performing arts and management businesses. As the main audience of its repertoire comprises tourists from Europe and North America, where the pandemic was not consistently controlled, residence performance has come to a complete halt. The development of other businesses also encountered obstacles, resulting in decreased revenue compared with the previous year. China Travel Zhiye was engaged in providing tourism planning services, which recorded a revenue increase of 46%. It will introduce innovative business models and cooperate with outstanding enterprises to open up new business and reduce costs while increasing efficiency. CTS Scenery was engaged in management and consulting services, and recorded a 31% decrease in revenue compared with the previous year. It will strengthen collaboration in product research and development, project promotion and implementation.

(II) Travel document and related operations

The Group's travel document and related operations comprise China Travel Service Entry Permit Service Hong Kong Limited and China Travel Hi-Tech Computer Hong Kong Ltd.

The relaxation of pandemic-related travel restrictions and social measures in Hong Kong and Mainland China has led to increased demand for the travel document business. In 2023, the Group's revenue from travel document and related operations was HK\$474 million, representing an increase of 305% compared with the previous year. Attributable profit was HK\$251 million, while attributable loss for the previous year was HK\$0.4 million. China Travel Hi-Tech Computer Hong Kong Ltd. provides system maintenance and data security services for the Group's travel document business, and has been optimising the Group's travel documents business system and supporting its digital transformation.

(III) Hotel operations

The Group's hotel operations comprise:

1. Five hotels in Hong Kong and Macau
2. Beijing Guang'anmen Grand Metropark Hotel Co., Ltd. ("**Beijing Metropark Hotel**")
3. CTS H.K. Metropark Hotels Management Company Limited

With the relaxation of travel restrictions worldwide and increased international tourist arrivals, the outlook for Hong Kong's hotel business is positive. Hotel operations in Mainland China were on an upswing for the whole year. In 2023, revenue from the Group's hotel operations was HK\$694 million, representing a 48% increase compared with the previous year. Hotel operations recorded an attributable profit of HK\$162 million, representing a 827% increase compared with the previous year.

Key operating data

	2023	2022
Five hotels in Hong Kong and Macao		
Average occupancy rate (%)	95	76
Average room rate (HK\$)	748.17	672.85
Beijing Metropark Hotel		
Average occupancy rate (%)	82	36
Average room rate (RMB)	692.38	532.16

(IV) Passenger transportation operations

The Group's passenger transportation operations comprise bus and vessel businesses operated under Shun Tak-China Travel Shipping Investments Limited ("**Shun Tak-China Travel**").

The Hong Kong government announced the first phase of border reopening with the Mainland from 8 January 2023, leading to a full reopening on 6 February 2023. The passenger bus business gradually resumed Hong Kong-mainland transportation operations, resulting in a significant increase in revenue.

Due to COVID-19, the passenger vessel business was suspended from early February 2020 to early January 2023. The cross-border passenger vessel business between Hong Kong and Macau gradually resumed beginning in early January this year.

In 2023, revenue from passenger transportation operations was HK\$989 million, a 1,808% increase compared with the previous year. Attributable profit was HK\$20 million, while attributable loss for previous year was HK\$169 million.

Shun Tak-China Travel will seize on opportunities arising from the resumption of cross-border travel, develop the market and quickly recover to seek business growth and the in-depth participation of local businesses to integrate resources and create a significant tourism transportation platform in the Greater Bay Area.

BUSINESS DEVELOPMENT

Tourist attractions and related operations

Pursuant to its strategy of building a "first-class tourist destination investment and operation service provider", the Group focuses on natural and cultural scenic spots and leisure resorts product lines via the major pathways of Mainland scenic spot and Hong Kong business. These bring its focus to enhancing four major capabilities – investment, products, digitalisation and operation – to achieve the objectives of building world-class national tourism destination projects with branding and influence. The Group regards "integrity management and quality service" as its core business philosophy, insists on shaping tourism with culture, complementing culture with tourism, and promotes the in-depth integration and development of cultural tourism. Focusing on meeting people's desire for a better life, the Group strives to enhance its core functions and competitiveness, focusing on the continuous improvement of its capabilities in core resource control, scenic spot operation, digital management, cultural and tourism integration product innovation, and IP creation. We will focus on improving our innovation and value creation capabilities, accelerate the construction of a modern industrial system, achieve high-quality development of the main business, and to continuously promote the qualitative and effective improvement of the economy and reasonable growth in quantity. During the year, the Group focused on enhancing its core service capabilities, jointly forming a 4D service standard system, and launched the "WILD" service brand in natural and cultural scenic spots, and "SOUL" in resort areas.

Window of the World opened the first routine drone food delivery route in Mainland China, with the fastest drone capable of delivery within five minutes. The service has received wide compliment in China. Splendid China launched “Light Food Festival”, “Starlight City” and other influential activities in the youth market. Window of the World and Splendid China will focus on reformation development and will create new products in line with market trends.

Shapotou Scenic Spot has continued the development of a new “scenic spot + characteristic hotel” tourism model to facilitate the transformation and upgrading of scenic spots. On the basis of upgrading and advancing the Desert Star Hotel, Shapotou Scenic Spot has completed designs for a “Diamond Hotel” which became operational in the second half of 2023, and is expected to become a representative of desert luxury accommodation products. Detian Scenic Spot’s new landmark “Rings in the Sky” has been completed and has helped improve the capacity of the waterfall viewing programme during the holiday season by providing a view of the border, interactive tourist attractions and identification of landmarks. Detian Scenic Spot was graded a “double hundred enterprise” by the State-owned Assets Supervision and Administration Commission of the State Council, and has formed a reform plan for the next three years. Detian Scenic Spot is implementing national requirements for cross-border tourism cooperation between China and Vietnam, is striving to build a world-class “transnational waterfall ecological resort”, is building the country’s first cross-border tourism cooperation zone, and is promoting the development of “Belt and Road Initiative” tourism cooperation. Xiufeng Cable Car will seize on the market situation of Lushan Scenic Spot and other large destinations in the surrounding area and forge extensive marketing connections. In 2024, it is planned to upgrade the ropeway and renovate its upper, middle and lower platforms into Tang dynasty-style buildings. The “Guili Parkyard” hotel of CTS Luzhou Culture Tourism has officially opened, and will deepen the integration of wine and tourism, improve the product matrix and consolidate the hotel’s marketing operation. CTS Lugu Lake has continued construction of the Lugu Lake Boutique Resort Hotel and will innovate its business model, open up transportation and travel routes around the lake, increase the acquisition of characteristic resources, and form a complete “destination” layout. CTS Bairui has built a new type of tourism and vacation project, “Xinjiang Kurdening Campsite”, which was opened in the second half of 2023, offering full-season wild luxury camping service. The Company also implemented the strategy of “integration of wine and travel”.

Zhuhai OSR continues to transform and upgrade its existing products and develop real estate business to enrich the “Ocean Spring” brand portfolio with differentiated products while excavating the cultural characteristics of Zhuhai OSR. “Sail Hotel” has been operating since September 2023, driving the overall brand and all products of the scenic spot to high intensity exposure in the market with new products. Xianyang OSR’s “Ocean Spring Baby Amusement Park” has begun operation and will create a benchmark for urban leisure vacations, in-depth regional market research and optimal product supply while improving performance. Anji Company is building the first “parent-child farm” and “business street” resort project in the Yangtze River Delta with the theme of natural art and animal-friendly, and has received good market response. CTS City’s “CTS Investment Building” project is generally positioned as a landmark urban complex of the first rank in the convention and exhibition sector, offering a modern complex of prestigious offices as well as a convention and exhibition and leisure area. It is currently at the main construction stage.

New investment projects

On 11 January 2023, CTS Scenery Resort Investment Company Limited (“**CTS Scenery Resort**”), a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Changde City Development Group Co., Ltd. (“**Changde City Development Group**”) to establish an associate, CTS Taohuayuan. CTS Taohuayuan has a registered capital of RMB50.5 million, into which CTS Scenery Resort injected RMB17 million, representing 34% equity interest in CTS Taohuayuan, while Changde City Development Group injected RMB33 million, representing 66% equity interest in CTS Taohuayuan. CTS Taohuayuan will develop scenic spots, the Taohuayuan Scenic Spot project in Changde City, and will integrate and develop other quality tourism resources in Changde City. Changde Taohuayuan Scenic Spot has Tao Yuanming’s “Taohuayuan Utopia” historical and cultural resources, and is an important cultural IP in China. The Taoxi Exploration Camp project is backed by the Changzhu-Tan city cluster, offering convenient transportation and focusing on a parent-child clientele to create a quality entertainment and holiday destination with diverse products.

On 29 March 2023, CTS Scenery Resort entered into a shareholders’ agreement with Shanghai Zhibin Enterprise Management Company Limited, a wholly-owned subsidiary of Hongkong Land Holdings Limited, and Shanghai West Coast Cultural Industry Investment Development Company Limited, pursuant to which CTS Changyi would be incorporated for development of the Huangpu River Cross-River Cable Car Project in Shanghai. CTS Changyi was incorporated on 6 June 2023 with a registered capital of RMB10 million, into which CTS Scenery Resort injected RMB5.1 million, representing 51% equity interest in CTS Changyi. Shanghai Zhibin Enterprise Management Company Limited injected RMB2.45 million, representing 24.5% equity interest in CTS Changyi. Shanghai West Coast Cultural Industry Investment Development Company Limited injected RMB2.45 million, representing 24.5% equity interest in CTS Changyi. The Huangpu River Cross-River Cable Car Project intends to build cross-river cable cars on both sides of the Huangpu River, spanning the core areas of Xuhui and Pudong New District. The project is located in an area of high strategic significance and impact as a landmark project for Shanghai to build an international tourism city.

On 15 November 2023, the Company signed a cooperation agreement with the People’s Government of Chun’an County, Zhejiang Province, and an investment cooperation agreement with Chun’an Qiandao Lake Tourism Group Co., Ltd. (“**Qianlv Group**”). Both parties will explore new operations based on the whole industry chain and ecosystem of Qiandao Lake tourism with the aim of building Qiandao Lake into a world-class “lake + tourism and holiday” destination. Pursuant to the investment cooperation Agreement, CTS (Zhejiang) Qiandao Lake Tourism Development Co., Ltd. (“**Qiandao Lake Company**”) was jointly established by the Company and Qiandao Lake Group on 23 December 2023. The registered capital of Qiandao Lake Company is RMB500 million, and the Company will contribute RMB275 million in cash, accounting for 55% of the equity interest of Qiandao Lake Company. Qianlv Group will subscribe a total of RMB225 million in kind and cash, accounting for 45% of the equity interest of Qiandao Lake Company. As the main body of unified operation and management of Qiandao Lake Scenic spot, Qiandao Lake Company will execute the overall planning and development of Qiandao Lake, introduce high-end tourism formats such as ecological tourism and cultural experience, helping Qiandao Lake Scenic spot upgrade to a world-class scenic spot and tourist resort, and create a new benchmark for cultural and tourism integration in Zhejiang.

On 1 December 2023, CTS (Yunnan) Tourism Development Co., Ltd. (“**Yunnan Company**”) was jointly established by the Company, Dali Tourism Development and Investment Co., Ltd and Dali Social Undertakings Investment and Development Co., Ltd. The registered capital of Yunnan Company is RMB35 million, and the Company’s investment is RMB23.1 million, accounting for 66% of the equity interest of Yunnan Company. Dali Tourism Development Investment Co., Ltd. and Dali Social Undertakings Investment and Development Co., Ltd. each contributed RMB5.95 million, accounting for 17% of the equity interest of Yunnan Company. Yunnan Company will carry out all operation and maintenance work for the Erhai ecological corridor. Dali is a well-known tourist destination city with high visibility and brand influence. The Erhai Ecological Corridor project is a new tourism business created by Dali Prefecture. Yunnan Company’s participation in the investment and operation of local tourism resources should further improve the Company’s brand influence in the southwest region, and enable it to further explore the remote holiday destination model and enrich the business format of main tourism products.

On 14 December 2023, the Company invested RMB30 million to establish a wholly-owned subsidiary, CTS Hongzhiyuan (Guangxi) Tourism Management Service Co., Ltd. (“**CTS Hongzhiyuan**”). In accordance with the cooperation agreement signed between the Company and Baise Cultural Tourism Development Co., Ltd., CTS Hongzhiyuan will organise existing tourism resources within the agreed scope of the Baise Qiyi Memorial Park scenic spot, optimise the operational structure of the existing resources, increase marketing publicity, and revitalise the existing business’s resources. It further aims to enhance the external influence, visibility and brand value of the Baise Qiyi Memorial Park scenic spot with professional, streamlined, standardised operation and management. As the main body of project operation, CTS Hongzhiyuan operates independently and is responsible for its profits or losses.

On 10 January 2024, the Company entered into a cooperation agreement with Chongqing Tourism Investment Group Co., Ltd. (“**Chongqing Tourism Group**”), Chongqing Cultural Tourism Development Group Co., Ltd. (“**Chongqing Cultural Tourism**”) and Chongqing Tongjing Tourism Development Co., Ltd. (“**Tongjing Company**”), pursuant to which the parties agreed to establish a joint venture for the urban renewal of Chongqing amusement park, the upgrading of Tongjing scenic spot and other cultural tourism projects. The latter will exploit the Chongqing city landscape, the Three Gorges, Wuling style and other resource advantages to create metropolitan area, northeast Chongqing and southeast Chongqing major brand product lines, to support the development of Chongqing’s tourism industry. The total registered capital of the joint venture is RMB400 million, and the Company will subscribe RMB220 million in cash, accounting for 55% of the equity interest of the joint venture. Tongjing Company will subscribe with the non-monetary property of RMB167.96196 million, accounting for 41.99% of the equity interest of the joint venture. Chongqing Cultural Tourism will subscribe with non-monetary property of RMB12.03804 million, accounting for 3.01% of the equity interest of the joint venture. Chongqing Cultural Tourism agreed to invest 60% of its equity interest of Chongqing Bashan Yushui Cultural Tourism Development Co., Ltd. (“**Bashan Yushui**”) by way of equity investment upon the establishment of the joint venture, making it a subsidiary to be held 60% by the joint venture.

Management business

Through subsidiaries such as CTS Scenery and Splendid China, the Group provides customized scenic spot management services including custom solutions and full operational services for tourist destinations. The Group now has 22 scenic spots under management, of which seven are 5A grade and seven 4A grade. Among these, CTS Scenery is a leading destination operator in China with a focus on tourism resource development and operation management, being the main force of the Group's scenic spot management business. CTS Scenery utilizes the parent company's tourism industry full-chain service model, three-dimensional service platform and one-stop service system. It provides unique high-value solutions and full operation services for tourism destinations. Focusing on the professional sub-discipline of the tourism industry, CTS Scenery has established a pool of professional talent across the whole chain of tourism resource development and management, including tourism investment, development, planning, operation and management. In the course of operation, CTS Scenery has built a team of professional managers aligned with the Group's strategies and values who are adept at working to accomplish organisational goals and realise organisational benefits (economic, environmental and social benefits).

Digital transformation

The Company has empowered the development of scenic spots with “technology + tourism”, empowered traditional tourism businesses with “new technologies, new formats and new models”, created scientific and technological innovation applications, further drove the upgrading and innovation of service methods and business and management models, and supported scenic spots to seize the opportunities of industry recovery and achieve performance growth. Through the convergence and integration of the digital platform to the customer side, the use of digital marketing methods such as member operation, short video live broadcast, internal and external channel coordination, the Company improved traffic conversion, and promoted in-depth the operation in Xinjiang, Lugu Lake, Detian and other destinations. The Company strengthened its “technology + supervision” ability through the upgrading of management, video cloud platform online and industry big data report release, significantly improving its digital intelligence management. The Company used blockchain, AIGC, VR, metauniverse, drones and other new technologies to create a number of application consumption scenarios such as TStar, AI travel shooting and drone for food delivery and performance, promoted the integration of culture and tourism, created a new travel experience, and enhanced the brand and influence of scenic spots. The Company's scientific and technological innovation has won a number of industry awards and honours, and its industry influence has been enhanced.

In the future, the Company will combine new technologies such as AI grand model, blockchain and metauniverse with tourism scenes to comprehensively improve customer experience and service while creating innovation benchmarks and demonstration projects.

Passenger transportation operations

In its 2023 Policy Address, the Hong Kong Government announced that it will step up the development of tourism and related industries such as retail, restaurants and hotels. The passenger transportation industry will also benefit from regional tourism industry policy and gain more development opportunities. These measures will aid the industry's recovery in Hong Kong and Macau, stimulate the development of related industries, and inject new vitality into the cities' economies.

In the long term, the Guangdong, Hong Kong and Macau cross-border land passenger transport industry will be an important pillar in the construction of a modern economic circulation between the three locations. With the continued economic and population integration of the three areas, cross-border land transport has a certain industry access threshold and future development prospects of great potential. The passenger bus business will seek opportunities for the acquisition of a cross-border passenger transportation company to solve the development bottleneck of cross-border traffic and shortage of quota in Shenzhen Bay, and to build a Guangdong-Hong Kong-Macau Greater Bay Area cross-border passenger transportation platform. With the introduction of the Northern Metropolitan Area Plan and increasing demand for local bus services, the future of buses serving New Territories housing estates looks promising.

For the passenger vessel business, the Company will continue to implement effective cost management and control and dispose of inefficient assets and low yielding routes with the aim of increasing its share of the cross-border marine transportation market. The Shun Tak-China Travel subsidiary has signed the Memorandum of Understanding on Cross-border Transport Cooperation in the Greater Bay Area with China Southern Airlines General Aviation Co., Ltd. and Macau Asia Pacific Airlines Co., Ltd., with the aim of resuming Macau-to-Shenzhen and Macau-to-Hong Kong helicopter services in 2024.

Hong Kong and overseas business

The Group continues to develop new business and growth engines by strategically acquiring quality scenic spots and exploring new breakthroughs to expand into overseas markets. In August 2022, the Company completed the acquisition of a 50% equity interest in Handhuvaru Ocean Holidays Private Limited (“**Handhuvaru Company**”) (the remaining 50% equity interest in Handhuvaru Company is held by Zhen Hua Engineering Company Limited) from Ceylon Hotels Maldives (Pvt) Ltd., which holds a leasehold interest in Ambara Island in the Maldives. Through Handhuvaru Company, the Company and Zhen Hua Engineering Company Limited agreed to cooperate on developing a mid- to high-end resort of approximately 100 rooms on Ambara Island. Maldives is a renowned tourist destination, and Ambara Island is located in Vaavu Atoll with relatively convenient transportation, rich tourism resources and high development potential. Currently, construction and development work for Ambara Island is proceeding smoothly.

The Group is studying the revitalisation and optimisation of existing assets, including properties in Hong Kong, with the aim of enhancing operational efficiency and unlocking value. The Group's new hotel in Hung Hom, which was completed in January 2024, is positioned at the medium- to high-end market and is capable of commanding a higher revenue and reaching a wider business and leisure customer base, all in line with the Group's business development strategies.

On 25 September 2023, Goster Resources Limited, a wholly-owned subsidiary of the Company (as the purchaser) entered into a Share Transfer Agreement with the then shareholders (the "Sellers") of Silver Time (H.K.) Limited, pursuant to which the Sellers agreed to sell their entire equity interest in Silver Time (H.K.) Limited to Goster Resources Limited for a consideration of approximately HK\$898 million. The acquisition was completed on 16 October 2023. Silver Time (H.K.) Limited owns a property at Nos. 8-12 Fenwick Street and Nos. 42-50 Lockhart Road, Wanchai, Hong Kong (the property is now named "**Green Residence**"). The current status of Green Residence is a 15-storey serviced apartment, surrounded by office buildings and hotels. Enjoying significant geographical advantages, the property is located in close proximity to Kew Green Hotel Wanchai Hong Kong, thereby demonstrating high operational synergy value. In the future, the property can be considered to be operated as one with Kew Green Hotel Wanchai Hong Kong. This will achieve synergy in management services, resources and facilities to enhance operational efficiency while expanding and strengthening business in Hong Kong. Further details have been provided in the Company announcement dated 25 September 2023.

INTERNAL MANAGEMENT

While striving to achieve performance targets through routine operation and management, the Company will simultaneously pursue a new level of development by strengthening its core competitiveness in investment, product, digital and operating capabilities. The Company will maintain its corporate operations' development lifeline and ensure overall stability by continuing its safety and pandemic prevention efforts through supervision, inspection, training and improvement.

The Company places a high priority on comprehensive risk management and continues to strengthen its internal control and legal compliance system to enhance its ability to prevent and mitigate risks. The Company also continues to optimise its governance mechanism and governance ability in order to maintain corporate governance at a high level and ensure a solid foundation for high quality development.

EMPLOYEES AND REMUNERATION

As of 31 December 2023, the Group employed 6,772 staff. Employees are remunerated on the basis of work performance, professional experience and prevailing industry practice. The remuneration policy and packages for Group employees are periodically reviewed by management. Apart from retirement benefits and in-house training programmes, discretionary bonuses and share options are awarded to certain employees according to assessments of individual performance.

On 20 January 2023, a resolution for the adoption of a new share option scheme (the “**2023 Share Option Scheme**”) was passed by shareholders of the Company at an extraordinary general meeting. It provides a flexible means of encouraging the Group’s directors and employees – through incentives, rewards and benefits – to work toward enhancing the value of the Company and its shares for the benefit of the Company and shareholders. On 27 January 2023 and 19 January 2024, the Company granted share options to certain directors and employees of the Group. For details, please refer to the Company announcements dated 27 January 2023 and 19 January 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group’s financial position continues to be strong. The Group generally finances its operations with internally generated cash flows and loan facilities from banks. As of 31 December 2023, the Group’s cash and bank balances and pledged and restricted deposits amounted to HK\$2,724 million, while bank and other borrowings, loans from a fellow subsidiary and loans from the holding companies amounted to HK\$1,950 million. The debt-to-equity ratio was 33%. The debt includes bank and other borrowings, trade payables, other payables and accruals, loans from holding companies, loans from a fellow subsidiary and amounts due to holding companies and fellow subsidiaries.

FOREIGN EXCHANGE RISK

The Group has certain assets, borrowings and major transactions which are denominated in foreign currencies, and are thus exposed to foreign currency risk. The Group has not engaged in any particular hedge against foreign exchange risk. It will closely monitor and manage its foreign currency exposure and take appropriate measures as required.

CHARGE ON ASSETS

As of 31 December 2023, Group’s bank deposits of approximately HK\$60 million (31 December 2022: HK\$4 million) were pledged to banks to secure certain credit facilities granted by suppliers to the Group’s subsidiaries, and certain bank guarantees given in lieu of utility and rental deposits and notes payable.

As of 31 December 2023, certain of the Group’s buildings with net carrying amounts of HK\$705 million (31 December 2022: HK\$81 million) were pledged to secure bank guarantees given to suppliers in connection with credit facilities granted.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND SIGNIFICANT INVESTMENT

Save as disclosed in the “MANAGEMENT DISCUSSION AND ANALYSIS” section above, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures or significant investment during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the “MANAGEMENT DISCUSSION AND ANALYSIS” section above, the Group had no future plans for material investments or capital assets during the year.

CONTINGENT LIABILITIES

As of 31 December 2023, the Group’s performance bond given to a customer for due performance of a sale contract was HK\$0.3 million (31 December 2022: HK\$0.3 million).

PROSPECTS

In 2023, despite negative factors such as geopolitical and inflationary risks, the global economy showed more resilience than expected. In January 2024, the United Nations released its World Economic Situation and Outlook 2024, which projected that global inflation would fall from 5.7% in 2023 to 3.9% in 2024. The International Monetary Fund (IMF) raised China’s economic growth rate and global economic growth rate in 2024 from the October 2023 forecast by 0.4 and 0.2 percentage point to 4.6% and 3.1%, respectively. In 2023, though the complexity, severity and uncertainty of the external environment were on the rise, the Chinese economy moved forward steadily, recording 5.2% year-on-year growth of annual GDP and ranking top among major economies. The rising trend of the Chinese economy will have a positive effect on the world economy.

Driven by both policy and market, China’s inbound and outbound tourism is expected to become the growth point of the industry. According to immigration management agency data, the number of tourists in the first three quarters of 2023 recovered to 57% of the same period in 2019 before the pandemic, showing a quarterly improvement trend. But the recovery in foreign arrivals has been slower. China attaches great importance to the promotion of inbound tourism. The General Office of the State Council issued “Several Measures on Releasing the Potential of Tourism Consumption and Promoting the High-quality Development of Tourism”, which made important policy arrangements for the development of inbound tourism and expanded the number of unilateral visa-free countries to eight. It is expected that China’s inbound tourism will grow significantly in 2024.

Hong Kong’s recovery from the pandemic and the resumption of normal travel with China in 2023, coupled with the revival of global travel, have led to a remarkable recovery for its tourism industry.

In 2024, the Group will continue to monitor the global economic and financial environment, geopolitical tensions, the war in Ukraine, and their impact on its business, and interpret and respond prudently to the market. It will strengthen security risk screening, respond to potential risks in accordance with laws and regulations, and enhance the integrated management of risk control, compliance and internal control. The Group adheres to the principle of seeking progress while maintaining stability, promoting stability with progress, establishing before breaking through, and making every effort to complete the business objectives and tasks in 2024.

The Group is confident that its operating performance and results for 2024 will continue to improve as market conditions in its areas of business gradually recover. Nonetheless, the Group will remain vigilant in the face of continued economic uncertainty. The Group will continue to identify diverse long-term value-added opportunities for shareholders and strive to enhance its overall financial position to create greater value. While striving to generate sustained growth in recurring earnings, the Group will also exercise rigorous financial, liquidity and cash flow management to maintain a sound financial position.

SCOPE OF WORK OF ERNST & YOUNG

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 2023 as set out in this preliminary announcement have been agreed by the Company's auditor, Ernst & Young ("EY"), Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on this preliminary announcement.

DIVIDENDS

The Board of Directors has resolved to recommend the payment of a final dividend of HK1 cent (2022: Nil) per ordinary share for the year ended 31 December 2023.

Subject to shareholders' approval with regard to the proposed payment of the final dividends at the forthcoming annual general meeting of the Company to be held on Monday, 20 May 2024, the proposed dividends are expected to be paid on Thursday, 20 June 2024.

CLOSURE OF REGISTER OF MEMBER

The Register of Members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 13 May 2024.

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Monday, 27 May 2024 to Wednesday 29 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 24 May 2024

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

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 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 C1 to the Listing Rules throughout the year ended 31 December 2023, except for the following deviations:

- Code Provision C.2.7 specifies that the Chairman should at least annually hold meetings with the Independent Non-Executive Directors without the presence of other directors. During the year, the Chairman did not hold any meeting with the Independent Non-Executive Directors without the presence of other directors because the Independent 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 and the Chairman is also generally available to meet with the Independent Non-Executive Director(s) in private at reasonable notice. The Company is of the view that there is efficient communication between the Chairman and Independent Non-Executive Directors.
- Code Provision C.3.3 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 Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi. However, the said Directors are subject to retirement by rotation at least once every three years in accordance with the Company's articles of association (the "**Articles**"). The key terms and conditions of the appointment of the Directors are subject to the determination and review of the Board (at the recommendation of the relevant committees of the Board) from time to time, and are recorded in the relevant Board minutes/resolutions. 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 C3 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 2023.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed the auditing, risk management, internal controls and financial reporting matters including a review of the final results of the Company for the year ended 31 December 2023.

PUBLICATION OF 2023 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/ctii/.

By Order of the Board
Wu Qiang
Chairman

Hong Kong, 26 March 2024

DIRECTORS

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

Executive Directors:

Mr. Wu Qiang, Mr. Feng Gang and Mr. Li Pengyu.

Non-Executive Directors:

Mr. Tsang Wai Hung, Mr. Tao Xiaobin and Mr. Fan Zhishi.

Independent Non-Executive Directors:

Mr. Tse Cho Che Edward, Mr. Zhang Xiaoke, Mr. Huang Hui, Mr. Chen Johnny and Mr. Song Dawei.