香港中旅國際投資有限公司
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 308)

ANNOUNCEMENT OF 2010 FINAL RESULTS

The Board of Directors (the "Board") of China Travel International Investment Hong Kong Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**2010** **HK$'000**	2009 HK$'000 (Restated)
REVENUE	*4, 5*	**4,464,727**	4,090,498
Cost of sales		**(2,544,736)**	(2,523,207)
Gross profit		**1,919,991**	1,567,291
Other income and gains	*5*	**241,982**	139,426
Selling and distribution costs		**(612,340)**	(501,207)
Administrative expenses		**(1,203,965)**	(1,175,307)
Changes in fair value of investment properties		**180,845**	189,806
Other expenses		**(229,400)**	(80,287)
Finance costs	*6*	**(16,353)**	(10,346)
Share of profits and losses of:			
Jointly-controlled entities		**107,576**	60,451
Associates		**12,075**	(1,096)
PROFIT BEFORE TAX	*7*	**400,411**	188,731
Income tax expense	*8*	**(183,073)**	(123,128)
PROFIT FOR THE YEAR		**217,338**	65,603

	Note	2010	2009
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the Company		**151,666**	28,100
Non-controlling interests		**65,672**	37,503
		217,338	65,603
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY (HK CENTS)	*10*		
Basic		**2.66**	0.49
Diluted		**2.66**	0.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	**31 December 2010**	31 December 2009	1 January 2009
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**7,502,721**	7,686,382	7,806,585
Investment properties		**1,280,092**	967,800	762,470
Prepaid land lease payments		**488,031**	492,815	474,336
Goodwill		**1,278,574**	1,278,574	1,244,769
Other intangible assets		**174,697**	45,581	37,419
Investments in jointly -controlled entities		**644,905**	755,234	1,154,076
Investments in associates		**295,100**	458,941	333,997
Available-for-sale investments		**12,572**	25,849	18,033
Prepayments		**65,338**	26,926	45,654
Deferred tax assets		**2,438**	1,611	581
Total non-current assets		**11,744,468**	11,739,713	11,877,920
CURRENT ASSETS				
Inventories		**26,214**	25,508	25,565
Trade receivables	*11*	**203,159**	170,893	230,845
Tax recoverable		**2,203**	5,233	3,926
Prepayments, deposits and other receivables		**478,164**	141,539	276,886
Pledged time deposits		**67,303**	32,661	49,782
Cash and cash equivalents		**2,421,606**	1,762,786	1,794,879
Amount due from the immediate holding company		**42,855**	32,201	28,222
Amounts due from fellow subsidiaries		**51,504**	37,881	32,526
		3,293,008	2,208,702	2,442,631
Assets of a disposal group classified as held for sale		**–**	512,228	–
Total current assets		**3,293,008**	2,720,930	2,442,631

	Note	31 December 2010 HK$'000	31 December 2009 HK$'000 (Restated)	1 January 2009 HK$'000 (Restated)
CURRENT LIABILITIES				
Trade payables	12	**376,932**	285,740	331,587
Tax payable		**57,865**	47,404	64,032
Other payables and accruals		**959,260**	931,673	861,403
Interest-bearing bank and other borrowings		**124,221**	89,990	244,652
Amount due to the immediate holding company		**90**	1,171	400
Amounts due to fellow subsidiaries		**16,234**	13,066	4,006
		1,534,602	1,369,044	1,506,080
Liabilities directly associated with the assets classified as held for sale		**–**	248,386	–
Total current liabilities		**1,534,602**	1,617,430	1,506,080
NET CURRENT ASSETS		**1,758,406**	1,103,500	936,551
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,502,874**	12,843,213	12,814,471
NON-CURRENT LIABILITIES				
Deferred income		**227,809**	159,963	164,408
Interest-bearing bank and other borrowings		**191,987**	177,550	179,068
Deferred tax liabilities		**554,744**	454,616	417,635
Other liabilities		**940**	–	–
Total non-current liabilities		**975,480**	792,129	761,111
Net assets		**12,527,394**	12,051,084	12,053,360
EQUITY				
Equity attributable to owners of the Company				
Share capital		**569,536**	569,536	569,536
Reserves		**11,336,842**	10,997,889	10,945,111
		11,906,378	11,567,425	11,514,647
Non-controlling interests		**621,016**	483,659	538,713
Total equity		**12,527,394**	12,051,084	12,053,360

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2010

1. CORPORATE INFORMATION

China Travel International Investment Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 12th Floor, CTS House, 78-83 Connaught Road Central, Hong Kong.

During the year, the Group was involved in the following principal activities:

- travel agency and related operations
- hotel operations
- scenic spots operations
- resort operations
- passenger transportation services
- golf club operations
- arts performance operations
- power generation (conducted through a jointly-controlled entity)

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. A disposal group held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are the same as those used in the audited financial statements for the year ended 31 December 2009, except in relation to the changes in accounting policy and disclosures as detailed below.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures.*

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Hong Kong, Macau and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Macau and Mainland China remained as operating leases. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under "prepaid land lease payments" to finance leases under "property, plant and equipment". The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2010	2009
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 31 December		
Decrease in amortisation of prepaid land lease payments	**(43,116)**	(43,255)
Increase in depreciation of property, plant and equipment	**43,116**	43,255
	–	–
Consolidated statement of financial position as at 31 December		
Decrease in prepaid land lease payments	**(2,578,879)**	(2,650,109)
Increase in property, plant and equipment	**2,578,879**	2,650,109
	–	–
Consolidated statement of financial position as at 1 January		
Decrease in prepaid land lease payments		(2,642,816)
Increase in property, plant and equipment		2,642,816
		–

3 COMPARATIVE FIGURES

(i) As detailed in note 2.2(b), the Group adopted the amendment to HKAS 17 *Leases* retrospectively for accounting period beginning on 1 January 2009.

(ii) In accordance with HKFRS 3 (Revised) *Business Combination*, certain provisionally estimated fair value of assets and liabilities acquired of Trump Return Limited ("Trump Return") in December 2009 were used for the year ended 31 December 2009. The fair value arising from this acquisition that was applied provisionally as at 31 December 2009 was re-assessed and re-calculated during the current year. Accordingly, comparative figures have been restated to reflect the finalised fair value of Trump Return assets and liabilities.

4. OPERATING SEGMENT INFORMATION

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. Summary details of the operating segments are as follows:

(a) the travel agency and related operations segment engages in the provision of travel agency and related services in Hong Kong, Mainland China, South East Asia, Oceania, the United States of America and countries in the European Union;

(b) the hotel operations segment engages in the provision of hotel accommodation services in Hong Kong, Macau and Mainland China;

(c) the scenic spots operations segment engages in the operation of resort hotels, theme parks, cable car systems and skiing facilities in Mainland China;

(d) the resort operations segment engages in the provision of hot spring services in Mainland China;

(e) the passenger transportation services segment engages in the provision of ground transportation services to individuals travelling between Hong Kong and Mainland China;

(f) the golf club operations segment engages in the provision of comprehensive facilities to individuals or corporate members of the Group's golf club in Shenzhen, Mainland China;

(g) the arts performance operations segment engages in the production of arts performances in Mainland China and overseas; and

(h) the power generation segment engages in the generation of electricity in Mainland China which is conducted through a jointly-controlled entity.

Management 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 reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2010

	Travel agency and related operations *HK$'000*	Hotel operations *HK$'000*	Scenic spots operations *HK$'000*	Resort operations *HK$'000*	Passenger transportation services *HK$'000*	Golf club operations *HK$'000*	Arts performance operations *HK$'000*	Power generation business *HK$'000*	Consolidated *HK$'000*
Segment revenue:									
Sales to external customers	2,190,773	765,416	713,651	398,101	303,330	50,043	43,413	–	4,464,727
Intersegment revenue	7,408	7,724	5,816	2,890	4,293	32	56	–	28,219
	2,198,181	773,140	719,467	400,991	307,623	50,075	43,469	–	4,492,946
Elimination of intersegment sales									(28,219)
Revenue									4,464,727
Segment results	263,202	284,425	260,608	(328,767)	(166,949)	(19,950)	(156)	114,861	407,274
Interest income									37,054
Finance costs									(16,353)
Corporate and other unallocated expenses									(27,564)
Profit before tax									400,411
Income tax expense									(183,073)
Profit for the year									217,338
Segment assets	2,493,500	4,689,974	1,167,629	2,277,840	372,517	601,111	64,900	610,428	12,277,899
Corporate and unallocated assets									2,759,577
Total assets									15,037,476
Segment liabilities	554,931	124,153	159,655	355,713	29,655	311,733	4,592	534	1,540,966
Corporate and unallocated liabilities									969,116
Total liabilities									2,510,082

	Travel agency and related operations *HK$'000*	Hotel operations *HK$'000*	Scenic spots operations *HK$'000*	Resort operations *HK$'000*	Passenger transportation services *HK$'000*	Golf club operations *HK$'000*	Arts performance operations *HK$'000*	Power generation business *HK$'000*	Consolidated *HK$'000*
Other segment information:									
Capital expenditure*	56,307	24,411	267,483	79,960	50,018	192,875	10,767	–	681,821
Add: Capital expenditure relating to corporate									489
									682,310
Depreciation and amortisation	55,126	125,175	78,565	360,697	25,237	22,605	2,376	–	669,781
Add: Depreciation and amortisation relating to corporate									497
									670,278
Impairment losses/(reversal of impairment losses) recognised in the income statement	(282)	938	32	–	174,516	–	5	–	175,209
Add: Impairment relating to corporate									15,503
									190,712
Investments in jointly -controlled entities	–	–	–	–	26,959	–	7,523	610,423	644,905
Investments in associates	297	–	115,512	–	178,763	–	528	–	295,100
Share of profits and losses of:									
Jointly-controlled entities	(158)	–	–	–	4,447	–	(1,794)	105,081	107,576
Associates	–	–	27,059	–	(14,926)	–	(58)	–	12,075
Other non-cash expenses	11,276	23,891	–	5,284	–	–	–	–	40,451

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease, other intangible assets, investment properties and including assets from acquisition of the subsidiaries.

Year ended 31 December 2009

	Travel agency and related operations HK$'000	Hotel operations HK$'000	Scenic spots operations HK$'000	Resort operations HK$'000	Passenger transportation services HK$'000	Golf club operations HK$'000	Arts performance operations HK$'000	Power generation business HK$'000	Consolidated HK$'000
Segment revenue:									
Sales to external customers	2,316,913	642,677	438,453	324,173	292,893	43,296	32,093	–	4,090,498
Intersegment revenue	8,428	5,431	2,929	5,080	3,246	1	304	–	25,419
	2,325,341	648,108	441,382	329,253	296,139	43,297	32,397	–	4,115,917
Elimination of intersegment sales									(25,419)
Revenue									4,090,498
Segment results	178,020	260,905	111,589	(446,619)	24,386	(68,285)	4,261	133,633	197,890
Interest income									24,527
Finance costs									(10,346)
Corporate and other unallocated expenses									(23,340)
Profit before tax									188,731
Income tax expense									(123,128)
Profit for the year									65,603
Segment assets	2,751,354	4,614,345	827,275	2,563,354	501,831	383,222	63,438	722,198	12,427,017
Corporate and unallocated assets									2,033,626
Total assets									14,460,643
Segment liabilities	663,457	101,772	116,272	460,809	35,880	227,771	8,099	536	1,614,596
Corporate and unallocated liabilities									794,963
Total liabilities									2,409,559

	Travel agency and related operations *HK$'000*	Hotel operations *HK$'000*	Scenic spots operations *HK$'000*	Resort operations *HK$'000*	Passenger transportation services *HK$'000*	Golf club operations *HK$'000*	Arts performance operations *HK$'000*	Power generation business *HK$'000*	Consolidated *HK$'000*
Other segment information:									
Capital expenditure*	96,181	31,129	102,778	398,566	37,843	118,756	28,024	–	813,277
Add: Capital expenditure relating to corporate									428
									813,705
Depreciation and amortisation	49,427	118,673	66,680	419,810	26,774	18,427	2,072	–	701,863
Add: Depreciation and amortisation relating to corporate									541
									702,404
Impairment losses/(reversal of impairment losses) recognised in the income statement	(2,183)	188	–	–	635	50,325	(5)	–	48,960
Add: Impairment relating to corporate									404
									49,364
Investments in jointly-controlled entities	58,813	–	–	–	20,665	–	11,886	722,198	813,562
Less: Investments in jointly-controlled entities included in assets classified as held for sale									(58,328)
									755,234
Investments in associates	(2,016)	–	99,977	–	360,411	–	569	–	458,941
Share of profits and losses of:									
Jointly-controlled entities	3,373	–	–	–	1,836	–	(1,704)	56,946	60,451
Associates	–	–	–	–	(896)	–	(200)	–	(1,096)
Other non-cash expenses	–	–	–	29,962	–	–	–	–	29,962

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease, other intangible assets, investment properties and including assets from acquisition of the subsidiaries.

Geographical information

(a) Revenue from external customers

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**1,700,204**	1,591,117
Mainland China (including Macau)	**2,174,752**	2,202,928
Overseas	**589,771**	296,453
	4,464,727	4,090,498

The analysis of the Group's revenue by geographical area is based on the location of customers in respect of travel agency and related operations, and the location at which the services were provided in respect of other operations.

(b) Non-current assets

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**5,400,682**	5,425,870
Mainland China (including Macau)	**6,249,056**	6,223,820
Overseas	**79,720**	62,563
	11,729,458	11,712,253

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

Information about major customers

There are no revenue from any single external customer that contributed over 10% of the total sales of the Group during the years ended 31 December 2010 and 2009.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year.

An analysis of revenue, other income and gains is as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Travel agency and related operations	**2,190,773**	2,316,913
Hotel operations	**765,416**	642,677
Scenic spots operations	**713,651**	438,453
Resort operations	**398,101**	324,173
Passenger transportation services	**303,330**	292,893
Golf club operations	**50,043**	43,296
Arts performance operations	**43,413**	32,093
	4,464,727	4,090,498
Other income		
Interest income	**37,054**	24,527
Gross rental income	**23,470**	11,184
Government grants received	**12,272**	6,062
Others	**26,133**	23,212
	98,929	64,985
Gains		
Foreign exchange differences, net	**66,326**	69,038
Gain on bargain purchase	**39,007**	5,332
Gain on disposal of subsidiaries	**22,026**	71
Gain on disposal of items of property, plant and equipment, net	**15,694**	–
	143,053	74,441
	241,982	139,426

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**16,353**	10,346

7. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Depreciation	**643,903**	680,324
Amortisation of prepaid land lease payments	**23,298**	22,080
Amortisation of intangible assets	**3,077**	–
Impairment of available-for-sale investments	**13,949**	–
Impairment of an investment in an associate	**175,000**	–
Loss on write-off of items of property, plant and equipment	**40,451**	29,962
Gain on disposal of properties	**(20,030)**	(2,214)

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Group:		
The People's Republic of China:		
Current – Hong Kong		
Charge for the year	**59,906**	56,786
Underprovision/(overprovision) in prior years	**2,718**	(2,701)
Current – Elsewhere		
Charge for the year	**66,020**	31,242
Underprovision/(overprovision) in prior years	**(820)**	4,267
Overseas – Current tax charge for the year	**2,168**	1,094
Deferred tax	**53,081**	32,440
Total tax charge for the year	**183,073**	123,128

The share of tax attributable to jointly-controlled entities and associates amounting to HK$46,690,000 (2009: HK$29,059,000) and HK$10,187,000 (2009: HK$3,481,000), respectively, is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the consolidated income statement.

9. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Final proposed subsequent to the reporting period – HK1 cent (2009: Nil) per ordinary share	**56,954**	–

The final dividend proposed subsequent to the reporting period has not been recognised as a liability at the end of the reporting period, and was subject to the approval of the Company's shareholders at the annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary owners of the Company	**151,666**	28,100

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,695,355,525**	5,695,355,525
Effect of dilution – weighted average number of ordinary shares:		
Share options	**4,417,657**	–
	5,699,773,182	5,695,355,525

No adjustment had been made to the basic earnings per share amount presented for the year ended 31 December 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during that year.

11. TRADE RECEIVABLES

The Group allows an average credit period from 30 to 90 days to its trade debtors. As the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of reporting period, based on the invoice date and net of the provision for impairment of trade receivables, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**188,422**	146,797
3 to 6 months	**9,622**	21,196
6 to 12 months	**4,735**	2,400
1 to 2 years	**380**	500
	203,159	170,893

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**333,339**	249,993
3 to 6 months	**21,409**	17,395
6 to 12 months	**3,497**	3,602
1 to 2 years	**10,159**	7,421
Over 2 years	**8,528**	7,329
	376,932	285,740

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

In 2010, the global economy experienced a slow and unstable recovery in a complex and ever-changing environment, with China's economy growing at a relatively rapid rate and tourism industry growing with a relatively strong momentum. Further facilitated by favorable factors such as the hosting of the Shanghai World Expo and Guangzhou Asian Games as well as the number of visitors to Hong Kong reaching new high, the Group's tourism businesses attained recovery growth. The Group upheld taking the path of "quality, profitability and sustainable development", under which it fostered the integration of internal resource, focused on market development, sales and marketing, innovation and cost control, and attained definite achievement in enhancing the profitability of its existing assets. In addition, to meet the needs of deploying tourism resources and enhancing core competitiveness, the Group undertook new investments, especially the mergers and acquisitions of quality scenic spot, in an orderly and prudent manner, and further expanded the scenic spot operations through provision of management services, hence improving the sustainability of future development.

In 2010, the consolidated revenue of the Group was HK$4,465 million, an increase of 9.15% from last year; the profit attributable to shareholders was HK$152 million, an increase of 439.74% from the same period last year; excluding the provision for impairment of investment in Shun Tak China Travel in the amount of HK$175 million, the profit attributable to shareholders was HK$327 million, an increase of 1,686% from the same period last year. The above increases were mainly attributable to the significant growth in operating results brought by further improvement in the operation and management of the Group's existing tourism businesses, and the relatively strong profit contribution from new investment projects. For the year, basic earnings per share was HK$2.66 cents, an increase of 439.74% from the same period last year. At the end of 2010, the equity attributable to shareholders was HK$11,906 million, an increase of 2.93% from the end of 2009. The financial position of the Group was strong with the cash and cash equivalents of the Group at the end of 2010 amounting to HK$2,422 million, an increase of 37.37% from the end of last year. The strong financial position laid down a solid foundation for the future development of the Group.

Travel Agency and Related Operations

The Group's travel agency and related operations comprised China Travel Service (Hong Kong) Limited ("CTSHK") and Mangocity.com, the Group's on-line travel consolidator. The revenue of the Group's travel agency and related operations for 2010 was HK$2,191 million, a decrease of 5.44% from last year. The decrease was mainly attributable to the completion of disposal of the Group's travel agency business in Mainland China on 30 June 2010. Profit attributable to shareholders was HK$211 million, an increase of 63.18% from the same period last year. Excluding the gain on disposal of travel agency business in Mainland China and of property owned by the U.K. travel agency branch of HK$40 million in total, and the net attributable investment property revaluation surplus of HK$29 million, profit attributable to shareholders increased by 29.34% to HK$142 million as compared to the same period last year. This was mainly attributable to the economic recovery and the resulting increase in travel and business activities, the continuation of peak period of travel permit renewal and the improvement in the performance of Mangocity.com.

During the year, CTSHK's outbound travel, inbound travel, local tour and agency businesses all recorded growth from the same period last year. As the general ticketing agency and licensed product agency of the Shanghai World Expo in Hong Kong, CTSHK developed various related travel products, which enjoyed a satisfactory sales performance. It also organized the national education activity "Passing on the Torch" sponsored by the HKSAR Government, and arranged a total of approximately 8,700 Hong Kong students to participate in exchange tour to cities in Mainland China for the year. To counter the unhealthy practice of "zero-fare tour" in the tourism industry, CTSHK made great efforts to promote quality tours. CTSHK was conferred a license to use Hong Kong Top Brand Mark by the Hong Kong Brand Development Council.

Focusing on customer experience, enhancement of operating efficiency, upgrade of online platform and expansion of market share, Mangocity.com achieved continual improvement in its operating results. During the year, Mangocity.com reported double-digit growth in revenue of air-ticketing and hotel agency business over last year and also recorded high double-digit growth in revenue of business travel unit, while Young Mango, which focuses on developing medium to low end hotel agency business, doubled its revenue over last year. In response to the development trend of leisure holiday travel, Mangocity.com made great efforts to promote product innovation and launched car rental channel, ticketing channel and cruise line channel to enrich its travel product offerings and to leverage on the unique advantage of collaboration between travel agencies and Mangocity.com. As of the end of 2010, there were more than 5,000 online travel product offerings. During the year, Mangocity.com received over 20 awards and honors, including the "Outstanding Online Shopping Platform – Tourism" award granted by China E-Commerce Research Center. Construction of the headquarters building of Mangocity.com located in Shenzhen has commenced and is expected to be completed in 2013.

Hotel Operations

The Group's hotel operations comprise CTS HK Metropark Hotels Management Company Limited ("CTS Metropark"), five hotels in Hong Kong and Macau, and three hotels in Mainland China. In 2010, the Group's hotel operations recorded a revenue of HK$765 million, an increase of 19.1% over last year, and profit attributable to shareholders of HK$220 million, an increase of 1.13% over the same period last year.

Benefiting from increases in the number and spending power of visitors to Hong Kong and Macau, especially the number of visitors to Hong Kong reaching new high, the revenue of the five hotels in Hong Kong and Macau amounted to HK$550 million, an increase of 22.2% over the same period last year. Profit attributable to shareholders was HK$82 million, an increase of 3.93% over the same period last year. Excluding the loss from one-off written off of fixed assets and the net attributable investment property revaluation surplus, profit attributable to shareholders would have been HK$115 million, an increase of 48.38% over the same period last year. Average occupancy rate and average room rate increased by 6% and 20% respectively from the same period last year. The Group's hotels in Mainland China and CTS Metropark recorded a revenue of HK$216 million, an increase of 11.85% over the same period last year. Profit attributable to shareholders was HK$138 million, a slight decrease of 0.45% over the same period last year. Excluding the net attributable investment property revaluation surplus, profit attributable to shareholders would have been HK$32 million, an increase of 30.72% over the same period last year.

CTS Metropark and its hotels strengthened marketing and management efforts, especially the management of major clients; enhanced centralized procurement, increased the categories and quantities of procurement; and strengthened provision of management services, securing 8 additional hotel management contracts.

Scenic Spots Operations

The Group's scenic spots operations comprise Shenzhen The World Miniature Co., Ltd. ("Window of the World"), Shenzhen The Splendid China Development Co., Ltd. ("Splendid China"), CTS (Dengfeng) Songshan Shaolin Cultural Tourism Co., Ltd. ("Songshan Scenic Spot") and Trump Return Limited (investment in other scenic spots). In 2010, the segment revenue amounted to HK$714 million, an increase of 62.77% over last year. Profit attributable to shareholders was HK$144 million, an increase of 198.55% over the same period last year. Such growth was attributable, among others, to the growth of spending of travelers, resumption of growth in existing scenic spots and good performance of business operations newly acquired.

Number of visitors at Window of the World amounted to approximately 2.7 million, the new record in 10 years, representing an increase of approximately 15% over the same period last year. It contributed a revenue of HK$350 million, the second highest since its operation, representing an increase of 17.9% over the same period last year. Profit attributable to shareholders of HK$53 million, representing an increase of 19.11% over the same period last year. Window of the World divided the market into various segments, so as to design customized promotions that cater to the demands of specific market segments, contributing to a year-on-year increase of 37.5% in tourist groups received. Festival events has produced great brand effects that attracted more and more visitors, and the number of visitors has been making new highs. "Flying Over America", a motion simulator theatre project with an investment of approximately HK$100 million, was launched to the market on 23 June 2010, and adjustment to fare was under smooth transition. This project was awarded the first "Leisure Innovation Prize of China（中國休閒創新獎）"organized by China Tourism Association and National Technical Committee on Leisure of Standardization Administration of China, etc. With the increase of participatory and entertaining projects, Window of the World is changing from a static sightseeing theme park to a modern theme park with tourist participation, culture and entertainment.

Number of visitors at Splendid China amounted to 1.45 million, representing an increase of approximately 27% over the same period last year. It contributed a revenue of HK$161 million, representing an increase of 13.96% over the same period last year, and profit attributable to shareholders of HK$12 million, an increase of 190.22% over the same period last year. Splendid China renovated its villages and improved the quality of its performances, environment and facilities, meanwhile actively carried out promotions focusing on target markets, leading to a substantial increase in student groups, enterprise groups and networking groups. In response to the ageing problem of the scenic spot, Splendid China has initiated the overall renovation planning work, and the conceptual design scheme for the first renovated theme area "Tea Horse Trail" with an area of 100,000m^2 has been approved. This project will commence construction in 2011 and the Phase I project is expected to be launched before the National Day of 2011.

The operation of the newly acquired Songshan Scenic Spot and Trump Return Limited has continued for a whole year, and contributed a revenue of HK$202 million. Profit attributable to shareholders was HK$80 million. Excluding the gain on bargain purchase arising from recognition at fair value in respect of the newly acquired interests in scenic spots, profit attributable to shareholders was HK$41 million. In the first year of the joint venture, Songshan Scenic Spot received over 2.6 million visitors, representing a high double-digit growth compared to that before the joint venture. It mainly focused on improving operations and management, strengthening marketing and promotion efforts, enhancing brand image through successful application for Intangible Cultural Heritage for Songshan Scenic Spot and reinforcing cooperation with travel agencies to significantly increase the number of group tour visitors.

Resort Operations

The Group's resort operations comprise Zhuhai Ocean Spring Resort ("Zhuhai OSR") in Zhuhai, Guangdong Province and Xianyang Ocean Spring Resort ("Xianyang OSR") in Xianyang, Shaanxi Province. In 2010, the segment recorded a revenue of HK$398 million, an increase of 22.81% from last year, and a reduced loss attributable to shareholders amounting to HK$328 million (loss attributable to shareholders of HK$449 million for last year), attributable to increase in consumer spending from leisure travel in Mainland China, despite still being affected by the depreciation expense of approximately HK$174 million arising from shortening of estimated useful life of certain fixed assets.

In 2010, Zhuhai OSR received 2.62 million visitors, representing an increase of approximately 9% over last year. While consolidating its market share in the Pearl River Delta region, Zhuhai OSR actively expanded its operations in the neighbouring markets. It strived to attract tourists by promoting product innovation and product packages and enriching festival events. In the meantime, it continued to expand its conference market, and revenue from conference-related activities grew by 28% over last year. In 2010, Zhuhai OSR received nearly 10 honors and awards, including the "Leisure Innovation Prize of China", "Top 10 Leisure Resorts in Guangdong" and listed among the first group of "Demonstrative Scenic Spots for Seaside Tourist Resort" of Guangdong Province. Certain fixed assets in Zhuhai OSR, whose estimated useful life had been shortened, were fully depreciated in 2010. Preliminary work for the Phase II tourism and real estate project progressed smoothly, and the construction work is expected to commence gradually in 2011.

Seizing the opportunities brought by the integration of Xi'an and Xianyang, Xianyang OSR has positioned itself to target the medium-to-high end markets and made great effort to significantly increase visitor traffic and average consumption by providing quality and diversified products and services. During the period, the revenue and number of visitors received recorded a substantial increase of approximately 80% and 81% over last year respectively. The performance show "The Love Story" presented by the resort was rated the first place in the competition of "Beauty of Shaanxi – Favorite Tourism & Culture Performance Shows by Readers". The hot spring center was awarded the second place in the competition of "Beauty of Shaanxi– Favorite Tourism & Leisure Recreation Projects by Readers". The five-star conference hotel complementary to the hot spring center has already topped out and will strive to commence operation by the end of 2011. The tourism real estate project was also under preliminary preparation.

Passenger Transportation Services

The Group's passenger transportation services include China Travel Tours Transportation Services Hong Kong Limited and its subsidiaries ("CTTT") and the Group's associated company, Shun Tak – China Travel Shipping Investments Limited ("Shun Tak China Travel"). In 2010, the Group's passenger transportation services recorded a revenue of HK$303 million, an increase of 3.56% over last year, and loss attributable to shareholders of HK$172 million, compared to a profit of HK$19 million from the same period last year. It was mainly due to the provision for impairment of investment in Shun Tak China Travel in the amount of HK$175 million.

During the year, CTTT received 5.88 million passengers, representing a slight increase over last year. It recorded a revenue of HK$303 million, an increase of 3.56% over last year. Profit attributable to shareholders was HK$18 million, a decrease of 10.02% over last year. Excluding the gain on bargain purchase arising from recognition at fair value in respect of the newly acquired projects by CTTT in 2009, an increase of 22.34% over last year. In response to high oil price and fierce competition of the cross-border passenger transportation market, CTTT enhanced collaboration in marketing and adjusted the allocation of capacity, which in turn brought in a growth of 5.6% in the long-haul transportation business. More stops have been added along short-haul "Hong Kong-Shenzhen Border" routes and the ticket fares have been adjusted, so as to maintain its operating revenue. The Macau arm of CTTT achieved new record highs in terms of business volume and profit by optimizing route operation strategy, increasing services during festivals and holidays and adjusting fares. In light of market competition and changing market conditions, CTTT will actively explore new development opportunities, so as to transform itself from a cross-border passenger transportation service provider into a comprehensive passenger transportation service provider.

The operation of Shun Tak China Travel was affected by the high global oil price and the keen competition in the route between Hong Kong and Macau. Since 2008, the operating condition of Shun Tak China Travel did not meet the Group's expectation. Taking a prudent stance, the Group made a provision for impairment of investment in Shun Tak China Travel in the amount of HK$175 million during the year, which resulted in an increase in the Group's share of loss of Shun Tak China Travel to HK$190 million. Netting out the effect of provision for impairment, the Group's share of loss was HK$15 million, compared to share of loss of HK$0.895 million last year. The impairment was made with reference to the operation of the investment. Nevertheless, the shareholders of Shun Tak China Travel will strive for further improving the operating results of Shun Tak China Travel, and actively seeking for new development opportunities.

Golf Club Operations

Still operating while the reconstruction works were in progress, the revenue of the CTS Tycoon (Shenzhen) Golf Club ("Tycoon") in 2010 was HK$50 million, an increase of 15.58% over the previous year. The loss attributable to shareholders was HK$20 million, compared to a loss of HK$68 million last year which included an asset write-off. At the end of February, the 27-hole "Dye" course commenced operation upon completion of the reconstruction works. Tycoon adhered to the high-end approach by increasing the golfing fees. Membership upgrading and sales of new membership started. Service quality and brand awareness were enhanced and Tycoon was rated as one of "2010 Top 10 New Golf Courses in China". The construction project for the 18-hole "Hurdzan" golf course and the new club house has been completed. The 45-hole course commenced operation on 18 March 2011, while seeking for opportunities to initiate a small-scale real estate development project.

Arts Performance Operations

The revenue of arts performance operations in 2010 was HK43 million, an increase of 35.27% over last year. The profit attributable to shareholders was HK$49,000. China Heaven Creation International Performing Arts Co., Ltd. ("China Heaven") continued to work on the regular performance in Mainland China and the creative planning work, while actively developed the overseas market. "The Legend of Kung Fu" was brought to performance at the self-owned White House Theatre in Branson, Missouri, the United States of America from 1 July 2010 onwards, with 236 performances during the period receiving wide acclaims. The performance show "The Legend of Kung Fu" was voted as "2010 Branson's Best New Show" by the audience through Twitter, the largest microblog website in the world. Meanwhile, work has been expedited in fostering cooperation with Vienna Holding Group, Austria to facilitate the introduction of "The Legend of Kung Fu" to the European markets.

Power Generation Business

In 2010, the Group's share of profit of the jointly-controlled entity, Shaanxi Weihe Power Co., Ltd. ("Weihe Power"), amounted to HK$105 million, representing an increase of 84.53% over last year. In response to the oversupply of electricity, shortage in coal supply and rising coal price, Weihe Power strived to maintain electricity output, controlled cost and ensured safety, attaining stable operation.

Completion of Disposal

The disposal of the Group's travel agency business in Mainland China at a cash consideration of HK$205 million pursuant to the conditional sale and purchase agreement entered into between the Group, CTS (Holdings) and Fame Harvest (Hong Kong) Limited, a wholly-owned subsidiary of CTS (Holdings), on 22 June 2009 was completed on 30 June 2010. For detailed information, please refer to the circular of the Company dated 3 July 2009.

Formation of the Joint Venture and Provision of Management Services

On 21 October 2010, the Group and Henan Jigongshan Cultural Tourism Group Co., Ltd. (河南雞公山文化旅遊集團有限公司) formed the joint venture company, CTS (Xinyang) Jigongshan Cultural Tourism Development Co., Ltd. (the "JV Company") in Xinyang City, Henan Province, for the joint operation and development of the Jigongshan Scenic Spot. The Group held 65% equity interest of the JV Company by contributing RMB167 million in cash. Mount Jigongshan, one of China's four major destinations for summer getaways, is a national 4A scenic spot. The joint venture partners aim to build Mount Jigongshan into a new attraction of mountain tourism and leisure resort in China.

On 29 September 2010, the Company entered into a cooperation framework agreement with Tianrui Group Co., Ltd. to license its "Ocean Spring Resort" brand name and provide associated management services. Professional management teams were sent to assist the owners to develop and operate the comprehensive tourism resources of Pingdingshan, including hotels and hot springs.

Corporate Social Responsibility

In 2010, CTSHK started to organize a national education activity "Passing on the Torch" sponsored by the HKSAR Government, under which CTSHK will arrange a total of 30,000 Hong Kong students to participate in exchange tour to cities in Mainland China during the period from 2010 to 2012. It arranged a total of approximately 8,700 students during the year, and was highly praised by the HKSAR Government. CTSHK organized group tours to visit the poverty-stricken areas in Guizhou for poverty and disaster relief, and to make donation to local governments based on the criteria of "CTSHK to donate five dollars for every participant in the group tours". CTSHK also organized the Tea Horse Trail trip initiated by Sowers Action, an education development organization in Hong Kong, for raising tuition fees for poor students in Mainland China. For promoting environmental awareness and energy saving at its hotels, CTS Metropark compiled a Manual on Energy Saving and Waste Reduction. Response was enthusiastic among the Group's staff in donating money and presenting their good wishes to victims of the earthquake in Yushu, Qinghai Province and mudslide in Zhouqu, Gansu Province.

Number and Remunerations of Employees

As at 31 December 2010, the Group had approximately 13,447 employees. The employees were remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees were periodically reviewed by the management. Apart from the pension funds and in-house training programs, discretionary bonuses were awarded to certain employees according to the assessment of individual performance.

On 18 June 2010, the Company granted 129,510,000 share options to qualified employees and directors at an exercise price of HK$1.70 per share. The exercise period of those share options ranged from 18 June 2012 to 17 June 2020.

Liquidity, Financial Resources and Capital Structure

The financial position of the Group was strong. As at 31 December 2010, the cash and cash equivalents of the Group amounted to HK$2,422 million whereas the interest bearing bank and other borrowings amounted to HK$316 million. The debt to equity ratio was 14%.

As at 31 December 2010, the Group had bank loan facilities, which were subject to, inter alia, a specific performance obligation on the controlling shareholder of the Company, CTS (Holdings), during the tenure of such loan facilities. The specific performance obligation is that CTS (Holdings) shall maintain a holding of no less than 40% of the total issued share capital of the Company throughout the tenure of the loan facilities granted to the Company. A breach of the obligation will constitute an event of default. As a result of such breach, the loan facilities may become due and repayable on demand by the relevant lenders according to the respective terms and conditions thereof. The details of the utilized loan facilities are as follows:

Amount outstanding as at 31 December 2010	**Maturity date of the loan facilities**
HK$100 million	21 January 2011

Interest is charged on the outstanding balance at 0.86786% per annum. The loans are supported by the corporate guarantee given by the Company.

As at 31 December 2010, the Group did not hold any material fixed assets in the form of finance leases and hire purchase contracts.

As at 31 December 2010, the Group has a pledged time deposit of approximately HK$67 million and pledged assets of HK$23 million. The capital commitments of the Group were HK$430 million and the Group has no material contingent liabilities as at 31 December 2010.

Business Prospects

According to the forecast by the International Monetary Fund, the global economy will continue to recover slowly but unevenly in 2011, with China still growing at a relatively rapid rate. The period of the Twelfth Five-Year Plan presents a golden time to foster and develop the tourism industry as the strategic pillar industry of national economy. China's economy is expected to continue to grow steadily at a relatively fast speed. With the optimization of development environment for the tourism industry thanks to the great support from government policies and continuous improvement of the infrastructures, travel will become more convenient. Improvement in consumption pattern and increase of income shall generate stronger demand for tourism. On the other hand, there also exist some negative factors, such as inflation expectation and the aftermath of the international financial crisis, which may impose adverse impacts on the industry. However, from a general perspective, opportunities for the tourism industry will outweigh challenges.

Although our tourism businesses have bottomed out, the development of various operations is unbalanced, with certain businesses still facing great challenges. The Group will continue to focus on the operation enhancement of certain business units including Zhuhai OSR and Xianyang OSR, to promote product upgrade and expand market share, as well as to expedite the steady development of the tourism and real estate projects at Zhuhai OSR and Xianyang OSR, so as to facilitate healthy development of our businesses. Splendid China has initiated the overall upgrade and reconstruction program, which will drive growth in profitability in the future. In 2011, Splendid China will focus on the implementation of the "Tea Horse Trail" project, and the Phase I project is targeting to be launched before the National Day of 2011. Maintaining its focus on the deployment of tourism resources, the Group will seize more mountain scenic resources through mergers and acquisitions and provision of management services, so as to develop and grow the CTS mountain tourism brand as well as to improve its profitability and achieve long-term asset appreciation. Meanwhile, the Group will expedite the implementation of expansion projects complementary to the Songshan Scenic Spot and the renovation of villas and hotels within the Jigongshan Scenic Spot. In terms of passenger transportation business, the Group will actively seek for new development opportunities, with an aim to promote business upgrade and transformation. Leveraging on the listing platform, the Group will grasp opportunities to implement strategies of capital market transaction and means of financing in line with the development direction of the Group, for achieving a big leap of development.

In response to the aftermath of the international financial tsunami, the Group acted calmly and focused on its operations, attaining recovery growth in its businesses. Although in general the macro economic condition and business environment for the tourism industry remain positive, the aftermath impacts of the recent earthquake and tsunami hitting eastern Japan on the region have yet to unfold. In view of the above, the Group remains cautiously optimistic on its near term business outlook. In the medium and long term, the orderly development of the tourism and real estate projects will provide impetus for the development of the Group. The Group will grasp the development opportunities of the tourism industry during the period of the Twelfth Five-Year Plan, striving for better return for its shareholders.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1 cent (2009: Nil) per ordinary share for the year ended 31 December 2010.

Subject to shareholders' approval at the forthcoming annual general meeting to be held on Monday, 23 May 2011, the proposed dividends are expected to be paid on Thursday, 16 June 2011 to shareholders whose name appear on the register of members of the Company on 23 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 18 May 2011 to Monday, 23 May 2011 (both dates inclusive), for the purposes of determining entitlements to the proposed final dividends. In order to qualify for the proposed dividends, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Tengis Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 17 May 2011.

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 Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the accounting period for the year ended 31 December 2010 except for the following deviations:

– With respect to Code Provision A.4.1, the Independent Non-executive Directors have not been appointed for any specific terms since they are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Memorandum and Articles of Association of the Company.

– Code Provision E.1.2 specifies that the chairman of the Board should attend the annual general meeting. The chairman of the Board of the Company has not attended the Company's annual general meeting held on 25 May 2010 because of other business commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard as set out in the Model Code during the period under review.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors of the Company, namely, Mr. Wong Man Kong, Peter (Chairman of the Audit Committee), Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee. The Audit Committee has reviewed with the management on the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the final results of the Company for the year ended 31 December 2010.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The Company's Annual Report for the year ended 31 December 2010, containing all the relevant information required by Appendix 16 of the Listing Rules, will be dispatched to shareholders and will be published on the HKExnews website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk in due course.

By Order of the Board
Zhang Xuewu
Chairman

Hong Kong, 30 March 2011

DIRECTORS

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

Executive Directors:

Mr. Zhang Xuewu, Mr. Zheng Heshui, Mr. Lo Sui On, Ms. Jiang Yan, Mr. Fang Xiaorong, Mr. Zhang Fengchun, Mr. Xu Muhan and Mr. Fu Zhuoyang.

Independent Non-Executive Directors:

Dr. Fong Yun Wah, Mr. Wong Man Kong, Peter, Mr. Sze, Robert Tsai To and Mr. Chan Wing Kee.