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

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

ANNOUNCEMENT OF 2011 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 2011 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**2011** **HK$'000**	2010 HK$'000 (Restated)
REVENUE	4, 5	**4,352,882**	4,464,727
Cost of sales		**(2,253,285)**	(2,544,736)
Gross profit		**2,099,597**	1,919,991
Other income and gains	5	**395,744**	241,982
Selling and distribution costs		**(619,806)**	(612,340)
Administrative expenses		**(1,040,800)**	(1,203,965)
Changes in fair value of investment properties		**65,287**	180,845
Other expenses		**(52,701)**	(229,400)
Finance costs	6	**(13,989)**	(16,353)
Share of profits and losses of:			
Jointly-controlled entities		**110,355**	107,576
Associates		**16,837**	12,075
PROFIT BEFORE TAX	7	**960,524**	400,411
Income tax expense	8	**(179,856)**	(179,407)
PROFIT FOR THE YEAR		**780,668**	221,004

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the Company		**695,233**	155,332
Non-controlling interests		**85,435**	65,672
		780,668	221,004

EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY (HK CENTS)	*10*	**2011**	2010
			(Restated)
Basic		**12.21**	2.73
Diluted		**12.21**	2.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	**31 December 2011** *HK$'000*	31 December 2010 *HK$'000* (Restated)	1 January 2010 *HK$'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**7,830,530**	7,502,721	7,686,382
Investment properties		**1,503,416**	1,280,092	967,800
Prepaid land lease payments		**509,762**	488,031	492,815
Goodwill		**1,278,574**	1,278,574	1,278,574
Other intangible assets		**191,328**	174,697	45,581
Investments in jointly-controlled entities		**516,873**	644,905	755,234
Investments in associates		**279,337**	295,100	458,941
Available-for-sale investments		**8,796**	12,572	25,849
Prepayments		**50,726**	65,338	26,926
Pledged time deposit		**1,026**	—	—
Deferred tax assets		**10,223**	3,403	2,660
Total non-current assets		**12,180,591**	11,745,433	11,740,762
CURRENT ASSETS				
Inventories		**30,668**	26,214	25,508
Trade receivables	*11*	**224,175**	203,159	170,893
Tax recoverable		**3,906**	2,203	5,233
Prepayments, deposits and other receivables		**673,239**	478,164	141,539
Principal-protected investments		**296,041**	—	—
Pledged time deposits		**27,330**	67,303	32,661
Cash and cash equivalents		**3,490,790**	2,421,606	1,762,786
Amount due from the immediate holding company		**43,621**	42,855	32,201
Amounts due from fellow subsidiaries		**54,011**	51,504	37,881
		4,843,781	3,293,008	2,208,702
Assets of a disposal group classified as held for sale		**—**	—	512,228
Total current assets		**4,843,781**	3,293,008	2,720,930

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	31 December 2011 HK$'000	31 December 2010 HK$'000 (Restated)	1 January 2010 HK$'000 (Restated)
CURRENT LIABILITIES				
Trade payables	*12*	**357,123**	376,932	285,740
Tax payable		**50,374**	57,865	47,404
Other payables and accruals		**1,120,319**	959,260	931,673
Interest-bearing bank and other borrowings		**808,462**	124,221	89,990
Amount due to the immediate holding company		**44**	90	1,171
Amounts due to fellow subsidiaries		**24,058**	16,234	13,066
		2,360,380	1,534,602	1,369,044
Liabilities directly associated with the assets classified as held for sale		**—**	—	248,386
Total current liabilities		**2,360,380**	1,534,602	1,617,430
NET CURRENT ASSETS		**2,483,401**	1,758,406	1,103,500
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,663,992**	13,503,839	12,844,262

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	31 December 2011 *HK$'000*	31 December 2010 *HK$'000* (Restated)	1 January 2010 *HK$'000* (Restated)
NON-CURRENT LIABILITIES			
Deferred income	**399,793**	227,809	159,963
Interest-bearing bank and other borrowings	**41,988**	191,987	177,550
Deferred tax liabilities	**449,928**	426,700	340,352
Other liabilities	**—**	940	—
Total non-current liabilities	**891,709**	847,436	677,865
Net assets	**13,772,283**	12,656,403	12,166,397
EQUITY			
Equity attributable to owners of the Company			
Share capital	**568,990**	569,536	569,536
Reserves	**12,417,141**	11,465,851	11,113,202
	12,986,131	12,035,387	11,682,738
Non-controlling interests	**786,152**	621,016	483,659
Total equity	**13,772,283**	12,656,403	12,166,397

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2011

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 ("China CTS (HK)"), 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. 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 2010, except in relation to the changes in accounting policy and disclosures as details 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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC)-lnt 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-lnt 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 12 Amendments, HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect to the Group.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) Early adoption of HKAS 12 Amendments

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes - Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group has decided to early adopt the amendments even though the amendments are effective for annual periods on or after 1 January 2012.

As a result of the change in accounting policy arising from HKAS 12 Amendments, the Group now measures any deferred tax liability arising from the fair value change of its properties using the tax rate that would apply on recovery of the assets through sale, rather than through use as applied prior to the adoption of these amendments. The change in accounting policy has been applied retrospectively and the effects are summarised below:

Consolidated income statement for the year ended 31 December

	2011	2010
	HK$'000	*HK$'000*
Decrease in income tax expense	**(8,399)**	(3,666)
Increase in basic earnings per share (HK cents)	**0.15**	0.07
Increase in diluted earnings per share (HK cents)	**0.15**	0.07

Consolidated statement of financial position as at 31 December

	2011	2010
	HK$'000	*HK$'000*
Increase in deferred tax assets	**766**	965
Decrease in deferred tax liabilities	**183,997**	128,044
Increase in retained profits	**(133,742)**	(118,979)
Increase in building revaluation reserve	**(51,021)**	(10,030)
	—	—

Consolidated statement of financial position as at 1 January

	2010
	HK$'000
Decrease in deferred tax liabilities	115,313
Increase in retained profits	(115,313)
	—

Due to the retrospective application of the amendments which has resulted in the restatement of items in the statement of financial position, a statement of financial position as at 1 January 2010, and the related notes affected by the amendments have been presented in this announcement.

(c) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. COMPARATIVE FIGURES

As further explained in note 2.2(b) to this announcement, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2010 has been presented.

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 theme parks, scenic spots, resort hotels, cable car systems and skiing facilities located in scenic spots in Mainland China;

(d) the resort operations segment engages in the operation of resorts which comprise of hot spring centers, hotels and leisure and entertainment facilities in Mainland China;

(e) the passenger transportation services segment engages in the provision of cross-border transportation services to individuals travelling between Hong Kong, Macau and Mainland China, vehicle rental and charter operations in Hong Kong, Macau and Mainland China;

(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 the profit/(loss) attributable to owners of the Company of each reportable operating segment excluding head office and corporate expenses and material non-recurring incomes or expenses, such as changes in fair value of investment properties(net of tax), impairment loss, gain on bargain purchase, gain/(loss) on disposal of items of property, plant and equipment and compensation income. This has changed from prior year which was based on the Group's profit/(loss) before tax excluding interest income, finance costs as well as head office and corporate expenses. In the opinion of directors, this change better reflects the internal performance assessment and resources allocation.

Segment assets include all tangible and intangible assets and current assets with the exception of investments in jointly-controlled entities and associates, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities includes all trade and other payables, interest-bearing bank and other borrowings, tax payables, deferred tax liabilities except for unallocated head office and corporate liabilities that are managed on a group basis.

Intersegment sales 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 2011

	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*	Total of reportable segments *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Segment revenue:											
Sales to external customers	1,665,135	907,949	881,493	454,586	322,531	82,800	38,388	–	4,352,882	–	4,352,882
Intersegment revenue	8,571	7,229	2,932	3,060	1,430	129	–	–	23,351	23,221	46,572
	1,673,706	915,178	884,425	457,646	323,961	82,929	38,388	–	4,376,233	23,221	4,399,454
Elimination of intersegment revenue									(23,351)	(23,221)	(46,572)
Revenue									4,352,882	–	4,352,882
Segment results	166,177	229,020	121,105	(19,576)	(2,071)	(22,250)	427	104,368	577,200	–	577,200
Reconciliation											
Changes in fair value of investment properties, net of tax											59,240
Impairment of an investment in a jointly-controlled entity											(52,701)
Gain on bargain purchase											14,094
Gain on disposal of items of property, plant and equipment, net											64,935
Compensation income											31,217
Income tax expense											179,856
Non-controlling interests											85,435
Corporate and other unallocated expenses											1,248
Profit before tax											960,524

Year ended 31 December 2011 (continued)

	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	Total of reportable segments HK$'000	Corporate and others HK$'000	Consolidated HK$'000
Segment assets	3,589,376	4,771,008	2,011,683	2,735,685	220,540	733,855	102,958	–	14,165,105	2,063,057	16,228,162
Investments in jointly-controlled entities	–	–	–	–	35,002	–	7,646	474,225	516,873	–	516,873
Investments in associates	(592)	–	122,399	–	156,975	–	555	–	279,337	–	279,337
Intersegment receivables	1,468,710	174,781	590	2,339	6,409	–	–	–	1,652,829	5,910,181	7,563,010
	5,057,494	4,945,789	2,134,672	2,738,024	418,926	733,855	111,159	474,225	16,614,144	7,973,238	24,587,382
Elimination of intersegment receivables											(7,563,010)
Total assets											17,024,372
Segment liabilities	1,185,766	632,892	270,337	537,950	51,338	498,029	47,731	–	3,224,043	28,046	3,252,089
Intersegment payables	505,681	3,190,772	161,380	1,289,249	775,585	414,691	54,748	–	6,392,106	1,170,904	7,563,010
	1,691,447	3,823,664	431,717	1,827,199	826,923	912,720	102,479	–	9,616,149	1,198,950	10,815,099
Elimination of intersegment payable											(7,563,010)
Total liabilities											3,252,089

Year ended 31 December 2011 (continued)

	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	Total of reportable segments HK$'000	Corporate and others HK$'000	Consolidated HK$'000
Other segment information:											
Share of profits and losses of:											
- Jointly-controlled entities	–	–	–	–	6,000	–	(13)	104,368	110,355	–	110,355
- Associates	–	–	28,281	–	(11,444)	–	–	–	16,837	–	16,837
Capital expenditure*	79,986	21,052	301,724	165,385	59,930	101,634	566	–	730,277	697	730,974
Depreciation and amortisation	41,942	110,499	97,623	126,408	26,959	46,112	2,816	–	452,359	457	452,816
Impairment losses/(reversal of impairment losses) recognised in the income statement, net	(271)	–	(5)	–	359	–	–	52,701	52,784	(210)	52,574

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

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	Total of reportable segments HK$'000	Corporate and others HK$'000	Consolidated HK$'000 (Restated)
Segment revenue:											
Sales to external customers	2,190,773	765,416	713,651	398,101	303,330	50,043	43,413	–	4,464,727	–	4,464,727
Intersegment revenue	7,408	7,724	5,816	2,890	4,293	32	56	–	28,219	24,990	53,209
	2,198,181	773,140	719,467	400,991	307,623	50,075	43,469	–	4,492,946	24,990	4,517,936
Elimination of intersegment revenue									(28,219)	(24,990)	(53,209)
Revenue									4,464,727	–	4,464,727
Segment results	165,294	146,145	105,335	(327,973)	4,469	(20,095)	49	105,081	178,305	–	178,305
Reconciliation											
Changes in fair value of investment properties, net of tax											142,621
Gain on bargain purchase											39,007
Gain on disposal of items of property, plant and equipment, net											15,694
Gain on disposal of subsidiaries											22,026
Impairment of an available-for-sale investment											(13,949)
Impairment of an investment in an associate											(175,000)
Loss on write-off of items of property, plant and equipment											(40,451)
Income tax expense											179,407
Non-controlling interests											65,672
Corporate and other unallocated expenses											(12,921)
Profit before tax											400,411

Year ended 31 December 2010 (continued)

	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*	Total of reportable segments *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Segment assets (restated)	2,961,058	4,768,691	1,550,918	2,491,332	208,850	607,664	88,433	–	12,676,946	1,421,490	14,098,436
Investments in jointly-controlled entities	–	–	–	–	26,959	–	7,523	610,423	644,905	–	644,905
Investments in associates	297	–	115,512	–	178,763	–	528	–	295,100	–	295,100
Intersegment receivables	562,935	322,619	4,018	3,062	7,106	–	–	–	899,740	5,958,760	6,858,500
	3,524,290	5,091,310	1,670,448	2,494,394	421,678	607,664	96,484	610,423	14,516,691	7,380,250	21,896,941
Elimination of intersegment receivables											(6,858,500)
Total assets (restated)											15,038,441
Segment liabilities (restated)	600,330	602,057	229,001	533,166	45,007	318,136	4,592	–	2,332,289	49,749	2,382,038
Intersegment payables	507,353	3,559,067	149,862	1,183,353	762,091	481,390	88,059	–	6,731,175	127,325	6,858,500
	1,107,683	4,161,124	378,863	1,716,519	807,098	799,526	92,651	–	9,063,464	177,074	9,240,538
Elimination of intersegment payables											(6,858,500)
Total liabilities (restated)											2,382,038

Year ended 31 December 2010 (continued)

	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*	Total of reportable segments *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Other segment information:											
Share of profits and losses of:											
- Jointly-controlled entities	(158)	–	–	–	4,447	–	(1,794)	105,081	107,576	–	107,576
- Associates	–	–	27,059	–	(14,926)	–	(58)	–	12,075	–	12,075
Capital expenditure*	56,307	24,411	267,483	79,960	50,018	192,875	10,767	–	681,821	489	682,310
Depreciation and amortisation	55,126	125,175	78,565	360,697	25,237	22,605	2,376	–	669,781	497	670,278
Impairment losses/(reversal of impairment losses) recognised in the income statement, net	(282)	938	32	–	174,516	–	5	–	175,209	15,503	190,712
Other non-cash expenses, net	11,276	23,891	–	5,284	–	–	–	–	40,451	–	40,451

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and intangible assets, including assets from business combination.

Geographical information

(a) Revenue from external customers

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**1,918,589**	1,700,204
Mainland China (including Macau)	**2,055,779**	2,174,752
Overseas	**378,514**	589,771
	4,352,882	4,464,727

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

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**5,512,320**	5,400,682
Mainland China (including Macau)	**6,617,108**	6,249,056
Overseas	**32,144**	79,720
	12,161,572	11,729,458

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

Information about major customers

There was no revenue from any sales to single external customer that contributed over 10% of the total sales of the Group during the years ended 31 December 2011 and 2010.

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:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Travel agency and related operations	**1,665,135**	2,190,773
Hotel operations	**907,949**	765,416
Scenic spots operations	**881,493**	713,651
Resort operations	**454,586**	398,101
Passenger transportation services	**322,531**	303,330
Golf club operations	**82,800**	50,043
Arts performance operations	**38,388**	43,413
	4,352,882	4,464,727
Other income	**174,274**	98,929
Gains	**221,470**	143,053
	395,744	241,982

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**13,989**	16,353

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Depreciation	**425,215**	643,903
Amortisation of prepaid land lease payments	**24,445**	23,298
Amortisation of intangible assets	**3,156**	3,077
Impairment of available-for-sale investments	**—**	13,949
Impairment of an investment in an associate	**—**	175,000
Impairment of an investment in a jointly-controlled entity	**52,701**	—
Loss on write-off of items of property, plant and equipment	**—**	40,451

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Group:		
The People's Republic of China:		
Current - Hong Kong		
Charge for the year	**65,967**	59,906
Underprovision/(overprovision) in prior years	**(676)**	2,718
Current - Elsewhere		
Charge for the year	**104,446**	66,020
Underprovision/(overprovision) in prior years	**533**	(820)
Overseas - Current tax charge for the year	**776**	2,168
Deferred tax	**8,810**	49,415
Total tax charge for the year	**179,856**	179,407

9. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim - HK2 cents (2010: Nil) per ordinary share	**113,907**	—
Final proposed subsequent to the reporting period - HK3 cents (2010: HK1 cent) per ordinary share	**170,427**	56,954
	284,334	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 forthcoming 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 of all dilutive potential ordinary shares into ordinary shares. No adjustment has been made to the basic earnings per ordinary share amount presented for the year ended 31 December 2011 in respect of a dilution as the exercise price of the share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares during the year and, accordingly, they have no dilutive effect on the basic earnings per ordinary share. For the year ended 31 December 2010, the weighted average number of 4,417,657 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary owners of the Company	**695,233**	155,332

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,695,310,648**	5,695,355,525
Effect of dilution - weighted average number of ordinary shares:		
Share options	**—**	4,417,657
	5,695,310,648	5,699,773,182

11. TRADE RECEIVABLES

The Group allows an average credit period from 30 to 90 days to its trade debtors. As the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**203,914**	188,422
3 to 6 months	**15,262**	9,622
6 to 12 months	**3,974**	4,735
1 to 2 years	**1,025**	380
	224,175	203,159

12. TRADE PAYABLES

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**302,796**	333,339
3 to 6 months	**31,630**	21,409
6 to 12 months	**6,737**	3,497
1 to 2 years	**6,646**	10,159
Over 2 years	**9,314**	8,528
	357,123	376,932

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

After the international financial tsunami, the Group has made efforts to consolidate its asset base and business foundations, and to enhance operations of major business segments. In consequence the Group has achieved recovery growth since 2010 and the growth momentum still persists to date, with a significant increase in profit attributable to shareholders in 2011. During the year, the Group strived to expand markets and enhance corporate operating profit; continued to advance the expansion of its travel destination network and development of tourism real estate projects; and strengthened the provision of management services to hotels and scenic spots in an effort to explore the asset-light development model, so as to achieve objectives of profit growth and enhancing asset returns. The Group has a healthy financial position with sufficient cash reserves, laying down a solid foundation for sustainable development.

Results Overview

In 2011, the consolidated revenue of the Group was HK$4,353 million, an 8% increase compared to last year excluding the travel agency operations in Mainland China which had been disposed of last year, and the profit attributable to shareholders was HK$695 million, a significant 348% increase compared to last year. Excluding the effect of revaluation of investment properties and other significant items (please refer to note 4 to the financial statements for details), the profit attributable to shareholders was HK$577 million, a significant 224% increase compared to last year, which was mainly attributable to the continuous recovery of the tourism industry and the enhancement of operations of major business segments by the Group. The hotel and scenic spots operations achieved double-digit profit growth while the resort operations reduced losses significantly due to operational improvement and the fact that certain fixed assets of Zhuhai Ocean Spring Resort ("Zhuhai OSR"), whose useful life estimate had been shortened, were fully depreciated last year, with Zhuhai OSR achieving profit turnaround. Basic earnings per share was HK12.21 cents, a 348% increase compared to last year. The financial position of the Group remained healthy. As at 31 December 2011, the equity attributable to shareholders was HK$12,986 million, an 8% increase compared to the end of last year, and cash and cash equivalents amounted to HK$3,491 million, a 44% increase compared to the end of last year.

Travel Agency and Related Operations

The Group's travel agency and related operations comprise China Travel Service (Hong Kong) Limited ("CTSHK"), overseas travel agencies and Mangocity.com, an on-line travel consolidator. In 2011, the revenue of the travel agency and related operations was HK$1,665 million, a 5% decrease compared to last year after excluding the travel agency operations in Mainland China which had been disposed of last year, and the attributable profit was HK$166 million, a 1% increase compared to last year.

While CTSHK recorded a decrease in outbound tours to Mainland China after the closing of Shanghai World Expo last year, the reservation business reported an increase in revenue which, together with the effective cost-control by the overseas travel agencies, helped to mitigate the impact on the travel document business caused by the end of the peak period for travel permit renewal and reduction of certain visa fees.

The revenue of Mangocity.com increased by 34% compared to last year. Business travel and air ticketing commission revenue recorded double-digit growth whereas hotel commission revenue remained comparable to last year due to reduction in commission rate. Reduction in losses continued during the year. The foundation piling work of the headquarter building of Mangocity.com in Shenzhen was completed and the building is expected to be completed in 2013.

Hotel Operations

Major operating data

	2009	2010	**2011**
5 Hotels in Hong Kong and Macau			
Average occupancy rate (%)	85%	91%	**91%**
Average room rate (HK$)	570	682	**856**
3 Hotels in Mainland China			
Average occupancy rate (%)	64%	66%	**68%**
Average room rate (RMB)	489	495	**498**

The Group's hotel operations comprise CTS H.K. Metropark Hotels Management Company Limited ("CTS Metropark"), five hotels in Hong Kong and Macau, and three hotels in Mainland China. In 2011, the revenue of the hotel operations was HK$908 million, a 19% increase compared to last year, and the attributable profit was HK$229 million, a significant 57% increase compared to last year.

Led by the appreciation of Renminbi, the number of Mainland visitor arrivals to Hong Kong and Macau increased. The revenue of the five hotels in Hong Kong and Macau was HK$663 million, a 21% increase compared to last year, and the attributable profit was HK$161 million, a significant 67% increase compared to last year. The average occupancy rate was 91% (2010: 91%) and the average room rate was HK$856, a 26% increase compared to last year.

The revenue of the hotels in Mainland China and CTS Metropark was HK$245 million, a 14% increase compared to last year, and the attributable profit was HK$68 million, a 37% increase compared to last year. The average occupancy rate was 68% (2010: 66%) and the average room rate was RMB498, a 1% increase compared to last year. Grand Metropark Hotel Beijing delivered better results with increases in occupancy rate and room rate which, together with increase in revenue of CTS Metropark's consultancy and management services, helped to drive profit growth.

During the year, the hotel operations strengthened centralized procurement and saved on procurement costs. In addition, the hotel operations strengthened provision of management services with the signing of 9 additional hotel management consultancy contracts during the year.

Scenic Spots Operations

Number of ticket purchasing visitors at the scenic spots

(Million persons)	2009	2010	**2011**
Window of the World	2.12	2.45	**2.94**
Splendid China	0.98	1.22	**1.27**
Songshan Scenic Spot*	—	1.85	**2.10**
Jigongshan Scenic Spot*	—	—	**0.22**

* Post joint venture figures.

The Group's scenic spots operations comprise Shenzhen The World Miniature Co., Ltd. ("Window of the World"), Shenzhen Splendid China Development Co., Ltd. ("Splendid China"), CTS (Dengfeng) Songshan Shaolin Cultural Tourism Co., Ltd. ("Songshan Scenic Spot"), CTS (Xinyang) Jigongshan Culture Tourism Co., Ltd ("Jigongshan Scenic Spot") and other scenic spots investments. In 2011, the revenue of the scenic spots operations was HK$881 million, a 24% increase compared to last year, and the attributable profit was HK$121 million, a 15% increase compared to last year, which was dragged down by the loss incurred by the new joint venture, Jigongshan Scenic Spot, in its initial operation. After eliminating this factor, attributable profit was HK$143 million, a 36% increase compared to last year.

The number of ticket purchasing visitors at Window of the World was 2.94 million, the second highest level in its history and a 20% increase compared to last year. The revenue of Window of the World was HK$435 million, a 24% increase compared to last year, and the attributable profit was HK$73 million, a 39% increase compared to last year, which was mainly attributable to the increased number of visitors following the opening of a motion simulator theatre project "Flying over America" in June 2010 and the growth in spending per capita resulted from adjustment in ticket price. Window of the World enhanced the competitive advantage brought by its famous festival activities and aggressively expanded the night market, with nighttime admission reaching 0.50 million, a 50% increase compared to last year. In August 2011, Window of the World successfully co-hosted the Universiade closing ceremony that enhanced its brand influence.

The number of ticket purchasing visitors at Splendid China was 1.27 million, a 4% increase compared to last year. The revenue of Splendid China was HK$182 million, a 13% increase compared to last year, and the attributable profit was HK$19 million, a 58% increase compared to last year. Splendid China strengthened provision of management services and realized management revenue of RMB10 million, an eight times increase compared to last year. The overall renovation program of the scenic spot is under way in an orderly manner, and the first phase construction of the Tea Horse Trail Project, known as "Hill Tribes", was completed and opened to public in October 2011.

The number of ticket purchasing visitors at Songshan Scenic Spot was 2.10 million, a 14% increase compared to last year. The revenue of Songshan Scenic Spot was HK$219 million, a 19% increase compared to last year, and the attributable profit was HK$15 million, a 10% increase compared to last year. Leveraging on the successful inscription of the historic monuments of Dengfeng in "The Centre of Heaven and Earth" on the World Heritage List, Songshan Scenic Spot organized themed marketing campaigns and strengthened co-operation with travel agencies to drive revenue growth. However, the growth in revenue was partially offset by the increase in labour costs and other costs.

The new joint venture Jigongshan Scenic Spot commenced official operation in May 2011 and attracted 0.22 million ticket-purchasing visitors. The revenue of Jigongshan Scenic Spot was HK$24 million and the attributable loss was HK$22 million. Jigongshan Scenic Spot was still under the renovation and improvement stage. Although the number of ticket purchasing visitors and revenue increased significantly compared to the pre-joint venture period, it was still unable to cover the depreciation expenses arising from fixed asset investment and other operating costs. During the year, renovation and improvement works were carried out on a number of hotels and villas and a reception capacity of 554 guest rooms were established.

Other scenic spots are represented by various scenic spot companies under Mutual Great (Hong Kong) Limited, including its subsidiary, Chengdu Huashuiwan Sakura Hotel, and associated companies which operate Window of the World in Changsha and various cable car assets. Revenue was HK$22 million, a 17% increase compared to last year, and the attributable profit was HK$36 million, a 34% increase compared to last year, which was mainly driven by the result of Chengdu Huashuiwan Sakura Hotel.

During the year, the Group continued to advance the expansion of its travel resources network. Site visits and studies were conducted on various scenic spot projects in Jiangsu, Zhejiang, Shanghai, Fujian, Henan, Ningxia and Shandong, etc.. Several projects entered into substantive negotiation stage. However, the counter parties were more concerned about the planning proposals and discussions on the details of the proposals were still in progress.

Resort Operations

Number of visitors at the resorts

(Million persons)	2009	2010	**2011**
Zhuhai OSR	2.40	2.62	**2.69**
Xianyang OSR	0.14	0.26	**0.30**

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 2011, the revenue of the resort operations was HK$455 million, a 14% increase compared to last year, and the attributable loss was HK$20 million (2010: loss of HK$328 million), realizing a significant reduction in losses.

The number of visitors at Zhuhai OSR reached 2.69 million, a 3% increase compared to last year. Revenue was HK$386 million, an 11% increase compared to last year, and the attributable profit was HK$5 million (2010: loss of HK$289 million), achieving a profit turnaround. Zhuhai OSR continued to develop the conference market and the revenue from conferences increased by 13% compared to last year. Product prices were adjusted flexibly in low and peak seasons to increase revenue. Depreciation expenses were substantially reduced as certain fixed assets of Zhuhai Ocean Spring Resort ("Zhuhai OSR"), whose useful life estimate had been shortened, were fully depreciated last year. During the year, planning for the phase two project and the tender offer for soft ground foundation treatment works were completed.

The number of visitors at Xianyang OSR was 0.30 million, a 16% increase compared to last year. Revenue was HK$69 million, a 34% increase compared to last year, and the attributable loss reduced to HK$24 million (2010: loss of HK$39 million), realizing an operating cash inflow. Xianyang OSR attracted repeated visitors and new visitors successfully and increased the proportion of conference tour visitors to spur growth in spending per capita, thereby stimulating revenue growth. The construction of the complementary hotel was basically completed and it was expected to commence operation officially by mid-year in 2012. The submission of the planning proposal of the tourism real estate project for approval was basically completed and an agreement was signed with a construction plan designing unit.

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"). The revenue of passenger transportation services was HK$323 million in 2011, a 6% increase compared to last year, and the attributable loss was HK$2 million (2010: profit of HK$4 million).

CTTT served 6.06 million passengers, a 3% increase compared to last year. The revenue was HK$323 million, a 6% increase compared to last year, and the attributable profit was HK$9 million, a 52% decrease compared to last year. CTTT won the operation rights of small passenger vehicles at the Hong Kong Airport and raised prices in some cross-border long-haul bus routes, thereby driving revenue growth. However, profit decreased due to increase in fuel prices and rising staff costs. Both the passenger volume and revenue of a jointly controlled entity of CTTT in Macau reached new high through expansion of routes.

The attributable loss of Shun Tak China Travel was HK$11 million (2010: loss of HK$15 million), a slight narrowing compared to last year. The market share and revenue of Shun Tak China Travel increased as a result of the completion of its acquisition of First Ferry, together with a competitor tightening the preferential policy for passengers and a competitor exiting the market. With synergies from coordinated sales efforts and operation with First Ferry, Shun Tak China Travel recorded monthly profit at the end of the year despite high fuel prices.

Golf Club Operations

In 2011, the revenue of CTS Tycoon (Shenzhen) Golf Club ("Golf Club") was HK$83 million, a significant 65% increase compared to last year, and the attributable loss was HK$22 million (2010: loss of HK$20 million). The renovation and expansion project of the Golf Club had been completed. The 45-hole golf course and the new clubhouse commenced full operation in March 2011, driving revenue growth. However, operating result did not improve yet due to increase in depreciation expense, staff cost and other costs. During the year, sales of membership generated revenue of RMB66 million, together with government compensation, producing an operating cash inflow of HK$193 million. A small-scale tourism real estate project was under the preliminary stage of seeking approval

Arts Performance Operations

In 2011, the revenue of China Heaven Creation International Performing Arts Co., Ltd. ("Heaven Creation") was HK$38 million, a 12% decrease compared to last year, and profit attributable to shareholders was HK$0.43 million (2010: profit of HK$0.05 million). China Heaven continued to enhance the performance of "The Legend of Kung Fu" at the Red Theatre in Beijing (北京紅劇場) and the White House Theatre in Branson in the United States of America. The conceptual design for the Beijing core district of performing arts and a number of other performing arts planning tasks were completed. A performance tour contract was signed for performing "The Legend of Kung Fu" in Europe for a term of 10 years and a troupe left for Spain at the end of the year for a performance tour of four months.

Power Generation Business

In 2011, the on-grid electricity volume of Shaanxi Weihe Power Co., Ltd. ("Weihe Power"), a jointly-controlled entity of the Group, was 5.6 billion kWh, a 1% decrease compared to last year, and the attributable profit was HK$104 million, a 1% decrease compared to last year. During the year, the average electricity tariff increased by 5% but coal prices increased by 19%, thereby putting pressure on operating profit. However, with the availability of tax benefits, the attributable profit was comparable to last year.

Based on future expectations and taking a prudent stance, the Group made a provision for impairment of investment in Weihe Power in the amount of HK$53 million during the year.

Cancellation of Potential Transactions and Repurchase of Shares

In the announcement of the Company dated 11 July 2011, the Group confirmed that it was considering the proposals to spin off its hotel operations, to acquire the Qingdao OSR project and to invest in the scenic spot project in Jiangsu Province. Subsequently, based on market conditions and development prospect of tourism industry in Mainland China, the Group reassessed the circumstances, refined its corporate development strategy and decided to terminate the original hotel spin-off proposal and to suspend potential acquisitions including the Qingdao OSR. A relevant announcement was made on 4 November 2011.

On 7 December 2011, the Company started to repurchase its shares. During the year, the Company repurchased a total of 6.73 million shares on a cumulative basis for approximately HK$8.01 million, with an average price per share of HK$1.19. The Board of Directors of the Company considered that repurchasing shares at the appropriate time would help to enhance the Group's earnings per share and net asset value per share, and to enhance shareholder return over time.

Number and Remuneration of Employee

As at 31 December 2011, the Group had approximately 14,219 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 and share options were awarded to certain employees according to the assessment of individual performance.

Liquidity, Financial Resources and Capital Structure

The financial position of the Group was strong. The Group generally finances its operations with internally generated cash flows and loan facilities from banks. As at 31 Dec 2011, the cash and cash equivalents of the Group amounted to HK$3,491 million whereas the interest bearing bank and other borrowings amounted to HK$850 million. The debt to capital ratio was 18% and the debt includes bank and other borrowings, trade and other payables, amounts due to the immediate holding company and fellow subsidiaries.

Corporate Social Responsibility

The Group is unwaveringly dedicated to performing its responsibility as a good corporate citizen by enthusiastically supporting public welfare, environmental protection and education activities. During the year, CTSHK organized its employees to participate in a series of community activities and "Caring Volunteers" voluntary services. The hotel operations continued to strengthen environmental protection initiatives by raising the awareness of energy saving and consumption reduction among its guests, so as to reduce the change of linen and the wastage of low-cost consumables. Songshan Scenic Spot was concerned about the needs of employees in difficulties, and started the activities to aid such employees on the eve of the Chinese New Year through paying home visits to more than 60 employees and released comfort money to 29 eligible families of the staff. Jigongshan Scenic Spot was highly concerned about ecology preservation work and brought back white Cranes, which had disappeared for a long time, and changed the original mode of transportation of visitors from driving their own cars to solely riding on environmental friendly electric vehicle in order to reduce exhaust gas emissions and pollution. With the completion of the number one energy-saving heat exchange station project by Zhuhai OSR, about 1,000 tonnes of standard coal would be saved and about 22 tonnes of sulphur dioxide emissions would be reduced each year, laying a solid foundation for the creation of an exemplary zone for energy saving, emission reduction and low carbon at national standards. The United States arm of Heaven Creation took root in the community and launched a special performance for an eight-year-old boy with brain cancer and a charitable performance for a town affected by hurricanes.

Progress Ahead in Clear Direction

With the continuous development of national economy and increasing popularity of holiday travel, trends of individual travel and destination-oriented economic activities have emerged in the tourism industry. The significance of tourism resources has become increasingly important and controlling quality tourism resources has become an important means to gain core competitiveness for tourism enterprises. Capturing the development trends of the tourism industry, the Group will strengthen the management and development of its scenic spots operations, so as to realize the consolidation of and creation of synergy between scenic spots and other tourism elements. Next step is to become the flagship in the tourism industry, which enhances synergies of the tourism industry chain and realizes resource sharing and value creation.

The Group will accelerate the expansion of its travel destination network in Mainland China. The Group will seek quality tourism resources that are famous, mature, sizable and profitable or establish leisure resort with tourism real estates as major component in areas with competitiveness in resources, location, transport and climate, and strong local government support for tourism industry. The Group will leverage on its integrated capabilities in planning and management of scenic spots, organization of tour visitors and industry chain extension to reduce entry cost and enhance subsequent returns. Learning from its experiences, the Group will strictly control the development scale and speed of its projects and focus on economic benefits. The Group will develop projects in phases and match long-term projects with short-term projects, striking a balance between scale, economic benefits and profit stability.

The Group will actively employ capital and market means to accelerate the adjustment of business mix with additions and exits. The Group will actively enter into areas of strategic importance and acquire scarce tourism resources, focus on development of high-end, premium, high value-added or high gross profit margin businesses and bring the existing businesses up to industry-leading level with action plan. At the same time, the Group will exit from markets and businesses lacking competitive advantages, of low returns and with high risk. In addition, the Group will enhance synergies between its businesses and gradually increase its resource sharing ratio.

Business Prospects

According to the economic outlook of the International Monetary Fund, the global recovery is threatened by intensifying strains in the euro area and fragilities elsewhere. Growth prospects have dimmed and downside risks have escalated. Meanwhile, the economic growth of China is also expected to slow down slightly.

According to China National Tourism Administration, the world economy is still facing adverse conditions. However, there is no change in the fundamental trends supporting the healthy development of China's tourism industry. Tourism spending has been included by the Chinese government as one of the key areas for expanding domestic demand and more favourable policies will be introduced to foster development of the tourism industry. Together with the increasing supply of tourism facilities and the rapid expansion of tourism consumer groups, they will provide development opportunities for the tourism industry.

Looking ahead in 2012, CTSHK, being the sole authorized ticket reseller of the London Olympic Games in Hong Kong, will further expand its brand influence. It is expected that the travel document business will still be affected by the reduction of certain visa fees. Mangocity.com will focus on expanding its airline and hotel reservation and business travel businesses, and revenue is expected to grow continuously. Mangocity will build up its differentiation advantages in individual travel, international airline reservation, Hong Kong and Macau hotel reservation service, cruise tours and vehicle rental service, etc.

The visitor arrivals and spending in Hong Kong and Macau are expected to increase continuously, providing strong support for development of the hotel operations. The Group will strive to strengthen its provision of management services, broaden its sources of earnings, expand its brand influence, as well as keep a vigilant eye on hotel investment opportunities in Hong Kong. In order to enhance its long-term competitiveness, Metropark Hotel Mongkok has planned for a temporary closure for large-scale renovation works in 2012. If the plan proceeds, the short-term operating results will be affected, but the long-term prospect will be brighter.

Driven by strong domestic tourism consumption, it is expected that the revenue of scenic spots operations and resort operations will increase continuously. The "Miniature Train" project undertaken by Window of the World is expected to be launched in mid-2012 and drive growth. The overall renovation program of Splendid China is under way in an orderly manner, and scheduled to be completed between 2011 and 2015 in four phases. The first phase 210,000m^2 renovation zone is expected to be completed in 2012 and drive steady growth. Songshan Scenic Spot will further enhance its management and service levels to enrich visitors' experience, and proceed with the preparatory work of the "Tourist Town" project in a prudent manner to extend the industry chain. Jigongshan Scenic Spot will continue to renovate the villas and hotels during its nurturing stage, increase its marketing efforts and look for means to enhance asset values. It is expected that the operation has yet to become profitable.

Zhuhai OSR will endeavor to maintain profitability after its profit turnaround in 2011. Zhuhai OSR will continue to explore opportunities in MICE (meetings, incentives, conferences, events) business and grasp the opportunities brought by the China International Aviation & Aerospace Exhibition to be held in Zhuhai in 2012 to drive revenue growth. In addition, Zhuhai OSR will steadily proceed with its phase two tourism project, commence the soft ground foundation treatment work in the first half of the year, and strive to commence the construction of a small portion of the tourism real estate project by the end of the year. Xianyang OSR will reinforce the trend of continuous revenue growth for its hot spring centre, prepare for opening of the complementary hotel and ensure its subsequent smooth management and operation. It is expected that the hotel will incur losses in its initial operation period. The tourism real estate project, with a total gross floor area of approximately 150,000m^2, is expected to commence construction in 2012.

The Group will accelerate the pace of seeking quality tourism resources in regions including Jiangsu, Zhejiang, Guangdong and Hunan, etc. in order to accelerate the expansion of travel destination network. The Group will improve the family of management standards for scenic spots and refine the management standards for different types of scenic spots such as "leisure holidays", "nature and heritage" and "theme park", etc. to further enhance management and service levels.

Revenue of passenger transportation services is expected to be stable and rising. However, the results will still be affected by high fuel prices."Hurdzan" golf course will have a full year operation in 2012 and depreciation expense will increase. It is expected that pressure will remain. The Golf Club will increase membership sales efforts and proceed with the preliminary work on the tourism real estate development project in full force, in order to accelerate recoupment of investment. Heaven Creation will actively build up its business scale and earnings base to improve its development potential.

In summary, the fundamentals of most of the Group's businesses remain sound. Given that some new businesses remain in the nurturing stage and development of tourism real estate business is at an early stage, together with the uncertainties in domestic and external macro-economic environment, the Group will strive to maintain the comparative steadiness of its operating results in the near term. In the medium to long term, we take a favourable view of the tremendous earnings growth potential of such new businesses especially the tourism real estate business.

Against the backdrop of adverse and complicated external economic situations and continuous, steady and fairly rapid growth in Chinese economy, the Group will remain highly vigilant, rise to challenges and capture business opportunities actively with its healthy business and financial foundation and sufficient cash reserves. The Group will adhere to its clear development strategies, strengthen its business and earnings foundation, and achieve the objective of value creation, providing better returns for shareholders.

FINAL DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK3 cents (2010: final dividend of HK1 cent) per ordinary share for the year ended 31 December 2011.

Subject to shareholders' approval with regard to the proposed payment of the final dividends at the forthcoming annual general meeting to be held on Friday, 4 May 2012, the proposed dividends are expected to be paid on Friday, 1 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 2 May 2012 to Friday, 4 May 2012 (both dates inclusive), for the purposes of ascertaining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30 April 2012.

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Thursday, 10 May 2012 to Friday, 11 May 2012 (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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 9 May 2012.

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

During the year, the Company repurchased a total of 6,726,000 ordinary shares of HK$0.10 each of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), of which 5,460,000 shares were cancelled on 29 December 2011 and 1,266,000 shares were cancelled on 7 February 2012. The number of issued shares as of 31 December 2011 was 5,689,895,525 shares. Particulars of the shares repurchased during the year are as follows:

Month of repurchase	Number of ordinary shares repurchased	Purchase price paid per share Highest	Purchase price paid per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
December 2011	6,726,000	1.30	1.15	8,011,960

From 1 January 2012 and up to the date of this announcement, 7,738,000 shares had been further repurchased and cancelled at an aggregate consideration of HK$10,847,180. The number of issued shares as of 15 March 2012 is 5,680,891,525.

The Directors consider that the repurchases will enhance shareholder value in the long term. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Secuities on the Stock Exchange ("the Listing Rules") for the year except for the following deviation:

With respect to code provision A.4.1, although the Company's non-executive Directors do not have a specific term of appointment, pursuant to the Company's articles of association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Board considers that such requirements are sufficient to meet the underlying objective and spirit of the relevant code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) 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") contained 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 2011.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The Company's Annual Report for the year ended 31 December 2011, 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 at http://www.hkexnews.hk in due course.

By Order of the Board
Wang Shuai Ting
Chairman

Hong Kong, 15 March 2012

DIRECTORS

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

Executive Directors:

Mr. Wang Shuai Ting, Mr. Lo Sui On, Ms. Jiang Yan, Mr. 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.