CHINA INVESTMENTS HOLDINGS LIMITED
中國興業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 132)

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

AUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Directors") of China Investments Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 as follows:

	Notes	2010 HK$'000	2009 HK$'000
Turnover	3	**489,873**	413,730
Cost of sales and services		**(448,550)**	(363,846)
Gross profit		**41,323**	49,884
Other operating income	4	**36,435**	22,362
Selling and distribution costs		**(1,071)**	(653)
Administrative expenses		**(59,111)**	(57,087)
Increase in fair value on investment properties		**–**	1,750
Impairment loss in respect of property held for sale		**–**	(23,620)
Impairment loss on property, plant and equipment		**(947)**	(30,785)
Finance costs	5	**–**	(612)
Profit/(loss) before taxation		**16,629**	(38,761)
Income tax credit/(expense)	6	**4,243**	(3,268)
Profit/(loss) for the year and attributable to shareholders of the Company	7	**20,872**	(42,029)
Other comprehensive income/(expense)			
Exchange differences arising on translation of foreign operations		**(205)**	36
Surplus/(deficit) on revaluation of hotel properties		**5,506**	(28,953)
Other comprehensive income/(expense) for the year		**5,301**	(28,917)
Total comprehensive income/(expense) for the year and attributable to the shareholders of the Company		**26,173**	(70,946)
Earnings/(loss) per share	8		
Basic		**1.76 cents**	(3.54 cents)
Diluted		**N/A**	N/A

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Investment properties		**11,801**	11,801
Property, plant and equipment		**244,943**	222,340
Land use rights		**53,206**	52,572
Goodwill		**89,880**	89,880
		399,830	376,593
Current assets			
Properties held for sale		**63,429**	63,429
Inventories		**118,740**	87,720
Trade and other receivables	9	**25,605**	40,467
Financial assets at fair value through profit or loss		**2**	2,810
Bank balances and cash		**114,036**	115,888
		321,812	310,314
Current liabilities			
Trade and other payables	10	**184,475**	172,219
Tax payable		**1,627**	5,321
		186,102	177,540
Net current assets		**135,710**	132,774
Total assets less current liabilities		**535,540**	509,367
Capital and reserves			
Share capital		**118,833**	118,833
Reserves		**416,707**	390,534
Equity attributable to shareholders of the Company		**535,540**	509,367

Notes:

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 17 (Amendment)	Leases
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HK (SIC) Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

Other than as noted below, the adoption of these new HKFRSs had no impact on how the results and financial position for the current and prior period have been prepared and presented.

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not earlier applied the following new standards and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Asset[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents the gross amounts received and receivable for revenue arising on hotel operations, goods sold by the Group to outside customers, less return and allowances and gross rental income during the year.

Business and Geographical Segments

Business segments

For management purposes, the Group is currently organised into three operating divisions – fibreboards, hotel operations, and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Fibreboards	–	manufacture and trading of fibreboards
Hotel operations	–	hotel ownership and management
Property investment	–	holding investment properties and properties held for sale

Segment information about these businesses is presented below:

2010

	Fibreboards *HK$'000*	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
TURNOVER	**462,573**	**25,750**	**1,550**	**–**	**489,873**
RESULTS					
Depreciation and amortization	**21,208**	**6,795**	**–**	**374**	**28,377**
Segment results	**12,014**	**(2,496)**	**950**	**–**	**10,468**
Interest income	**616**	**21**	**–**	**317**	**954**
Net other unallocated corporate income	**–**	**–**	**–**	**5,207**	**5,207**
Profit before taxation					**16,629**
Income tax credit					**4,243**
Profit for the year					**20,872**

SEGMENTS ASSETS AND LIABILITIES

	Fibreboards *HK$'000*	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	**325,912**	**115,204**	**16,556**	**–**	**457,672**
Goodwill	**89,880**	**–**	**–**	**–**	**89,880**
Financial assets at fair value through profit or loss	**–**	**–**	**–**	**2**	**2**
Bank balances and cash	**–**	**–**	**–**	**114,036**	**114,036**
Other unallocated corporate assets	**–**	**–**	**–**	**60,052**	**60,052**
Consolidated total assets	**415,792**	**115,204**	**16,556**	**174,090**	**721,642**
LIABILITIES					
Segment liabilities	**124,744**	**8,168**	**640**	**–**	**133,552**
Other unallocated corporate liabilities	**–**	**–**	**–**	**52,550**	**52,550**
Consolidated total liabilities	**124,744**	**8,168**	**640**	**52,550**	**186,102**

Other information

	Fibreboards *HK$'000*	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets (other than goodwill)	**26,808**	**14,327**	**–**	**15**	**41,150**
Depreciation and amortisation	**21,208**	**6,795**	**–**	**374**	**28,377**
Impairment loss on property, plant and equipment	**947**	**–**	**–**	**–**	**947**

2009

	Fibreboards	Hotel operations	Property investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	388,701	23,894	1,135	–	413,730
RESULTS					
Depreciation and amortization	13,176	8,089	–	549	21,814
Segment results	(2,194)	(4,669)	2,271	–	(4,592)
Interest income	631	67	1	82	781
Net unrealised holding gain on financial assets at fair value through profit or loss	–	–	–	2,568	2,568
Net other unallocated corporate expenses	–	–	–	(36,906)	(36,906)
Finance costs	(612)	–	–	–	(612)
Loss before taxation					(38,761)
Income tax expense					(3,268)
Loss for the year					(42,029)

SEGMENTS ASSETS AND LIABILITIES

	Fibreboards	Hotel operations	Property investment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	297,606	103,650	75,552	–	476,808
Goodwill	89,880	–	–	–	89,880
Financial assets at fair value through profit or loss	–	–	–	2,810	2,810
Bank balances and cash	–	–	–	115,888	115,888
Other unallocated corporate assets	–	–	–	1,521	1,521
Consolidated total assets	387,486	103,650	75,552	120,219	686,907
LIABILITIES					
Segment liabilities	155,907	6,344	747	–	162,998
Other unallocated corporate liabilities	–	–	–	14,542	14,542
Consolidated total liabilities	155,907	6,344	747	14,542	177,540

Other information

	Fibreboards *HK$'000*	Hotel operations *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Additions to non-current assets (other than goodwill)	12,624	4,366	–	420	17,410
Depreciation and amortisation	13,176	8,089	–	549	21,814
Increase in fair value on investment properties	–	–	1,750	–	1,750
Impairment loss in respect of properties held for sale	–	–	23,620	–	23,620
Impairment loss on property, plant and equipment	30,785	–	–	–	30,785
Impairment loss on inventories	457	–	–	–	457

Geographical segments

The Group's fibreboards and hotel operations are located in the People's Republic of China, other than Hong Kong (the "PRC").

Property investment operations are located in both PRC and Hong Kong.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue from external customers by geographical market		**Contribution to profit for the year**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**489,312**	413,141	**10,469**	(4,584)
Hong Kong	**561**	589	**(1)**	(8)
	489,873	413,730	**10,468**	(4,592)
Interest income			**954**	781
Net unrealised holding gain on financial assets at fair value through profit or loss			**–**	2,568
Net other unallocated corporate income/(expenses)			**5,207**	(36,906)
Finance costs			**–**	(612)
Profit/(loss) before taxation			**16,629**	(38,761)
Income tax credit/(expense)			**4,243**	(3,268)
Profit/(loss) for the year			**20,872**	(42,029)

4. OTHER OPERATING INCOME

Other operating income included the following items:

	2010	2009
	HK$'000	*HK$'000*
Valued added tax refunded	**16,840**	18,235
Interest income	**954**	781
Exchange gain	**11,339**	–
Net unrealised holding gain on financial assets at fair value through profit or loss	**–**	2,568
Provision for loss in litigation written back	**5,438**	–
Gain on disposal of financial assets at fair value through profit or loss	**256**	–
Gain on disposal of land use rights	**643**	–

5. FINANCE COST

	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowing wholly repayable within five years	**–**	612

6. TAXATION

	2010	2009
	HK$'000	*HK$'000*
Tax charges comprises:		
Current tax – Provision for PRC enterprises income tax	**296**	4,487
Over-Provision for PRC enterprises income tax	**(4,539)**	(1,219)
	(4,243)	3,268

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31 December 2010 (2009: Nil). PRC enterprises income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC enterprises income tax rate is 25% (2009: 25%).

Taxation of subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Some of the Group's PRC subsidiaries operating in the PRC are eligible for certain tax holidays and concessions. Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiary is exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. Pursuant to the PRC enterprises Income Tax Law Article 33, some Group's PRC subsidiaries obtained a reduced rate when calculating taxable income.

7. PROFIT/(LOSS) FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) for the year has been arrived at after charging/(crediting):		
Amortisation of land use rights	**1,314**	1,412
Depreciation of property, plant and equipment	**27,063**	20,402
Total depreciation and amortization	**28,377**	21,814
Auditors' remuneration	**900**	800
Staff costs (including directors' remuneration and retirement benefit scheme contribution)	**42,609**	40,218
Impairment loss on inventories	**–**	457
Unrealised holding gain on financial assets at fair value through profit or loss	**–**	(2,568)
Loss on disposal of property, plant and equipment	**16**	296
Net foreign exchange (gain)/loss	**(11,339)**	125
Gross rental income from investment properties	**(1,550)**	(1,135)
Less:		
Direct operating expenses from investment properties that generated rental income during the year	**82**	79
Direct operating expenses from investment properties that did not generated rental income during the year	**555**	613
	(913)	(443)

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit for the year of HK$20,872,000 (2009: loss of HK$42,029,000) and the number of 1,188,329,142 ordinary shares (2009: 1,188,329,142 ordinary shares) in issue during the year.

No diluted earnings/(loss) per share has been presented as there were no diluting events existing for both years.

9. TRADE AND OTHER RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 90 days to its trade customers.

The following is an aging analysis of the Group's trade receivables at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0–60 days	**3,542**	1,184
61–90 days	**352**	438
91–120 days	**294**	232
over 120 days	**283**	476
Trade receivables	**4,471**	2,330
Other receivables	**21,134**	38,137
	25,605	40,467

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Group's other receivables under current assets as at 31 December 2010 included HK$1,819,000 (2009: HK$17,876,000) of VAT refundable and the fair value of the balance of debt assignment acquired by the Group as part of the arrangement to settle the legal litigation relating to its PRC subsidiaries (2009: HK$3,662,000) was settled.

10. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0–60 days	**27,312**	15,669
61–90 days	**651**	462
91–120 days	**819**	128
over 120 days	**4,905**	4,242
Trade payables	**33,687**	20,501
Other payables	**150,788**	151,718
	184,475	172,219

The directors consider that the carrying amount of trade and other payable approximates their fair value.

On 9 May 2002, the Group issued HK$230,000,000 convertible notes (the "Notes") which were due on 9 May 2007 (the "Maturity Date"), bearing interest at 1% per annum and in units of HK$1,000,000 each. As at 31 December 2010 and 2009, the balance of HK$75,000,000 notes were due but not converted. Such principal money together with all interest accrued thereon up to maturity, amounting to HK$3,908,000, was reclassified as other payables and become repayable on demand.

11. COMMITMENTS

	2010	2009
	HK$'000	*HK$'000*
Commitments for the acquisition of the property, plant and equipment	**4,159**	746
Commitments for the environmental renovation project	**826**	408
Commitments for hotel equipment renovation project	**–**	1,815
Commitments for investment in Joint Venture Company	**9,894**	–
Total commitments	**14,879**	2,969

DIVIDEND

The Directors do not recommend payment of a dividend for the year (2009: Nil).

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

During the year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company puts great emphasis on corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the code provisions under the "Code on Corporate Governance Practice" as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as its own code on corporate governance practice. For the year ended 31 December 2010, the Company has complied with all code provisions under the Code.

The audit committee comprising the three independent non-executive directors of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a general review of the audited consolidated financial statements for the year ended 31 December 2010.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") set out in Appendix 10 to the Listing Rules of The Stock Exchange of Hong Kong Limited as the code of conduct regarding securities transactions by directors. On specific enquiries made, all directors have confirmed that, in respect of the year ended 31 December 2010, they have complied with the required standard as set out in the Model Code.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

As the global business environment has gradually stabilized, the Group successfully turned loss into profit. For the year ended 31 December 2010, the Group's turnover amounted to HK$489,873,000, representing an increase of 18.4% over last year, and the Group recorded a profit of HK$20,872,000.

Fibreboard Business

Over the past year, due to the increasingly fierce competition of wooden products in China, the prices of major raw materials rose significantly, posing considerable pressure on the cost of the fibreboard business and eventually bringing down the consolidated gross profit margin from 10% of last year to 6%. The management enhanced our competitiveness and profitability by renovating equipments, expanding sales channels, optimizing product structure, accelerating the research and development of environment-friendly products and improving the quality of products so as to fight against the impact of rising raw material prices. As at 31 December 2010, total sales of medium density fibreboard were 313,516 cubic metres in volume terms and HK$462,573,000 in money terms respectively, representing a respective increase of 4% and 19% over last year. The Group successfully turned loss into profit during the year and recorded a profit of HK$12,014,000.

In response to higher requirements for environment-friendly production upon enterprises due to strengthening environmental awareness in China, the Group carried out a series of environment-friendly equipment renovations, including the renovation on sewage treatment facilities and desulfuration and dedusting equipments of power plant, so as to meet the increasingly strict requirements of green production by the government.

In November 2010, the Group established a new joint venture company to expand into other types of wooden board business, with an aim to generate new source of profits for the future.

Hotel Business

In light of the gradual recovery of the global economy, Guilin Plaza Hotel seized the opportunity to optimize the structure of client mix, with a focus on attracting high-end foreign guests, leading to a growth of 23% in foreign guest occupancy and an increase of 18% in average hotel room rates for the whole year. The half-year guest room renovation project carried out by the hotel and the divergence of tourists by the Shanghai World Expo had a negative effect on the occupancy rate of the hotel, resulting in a decrease of 5% in the average occupancy rate in comparison with the same period last year. However, after the completion of the guest room renovation in the second half year, due to the replacement and improvement of hotel facilities and the enhancement of management ability, the turnover of the hotel for the year increased 8% over last year to HK$25,750,000, and the cash generated from operation had a significant increase of 131% over last year, while the loss for the year reduced 47% to HK$2,496,000. The hotel spent approximately HK$10,000,000 in renovating the guest rooms, which will enhance the competitiveness of the hotel and lay a solid foundation for the future development.

Property Investment

The Group's annual rental income for 2010 amounted to HK$1,550,000, which was an increase of 37% over last year. Property occupancy rate was 67%, representing an improvement of 13% over last year.

FINANCIAL POSITION AND ANALYSIS

As at 31 December 2010, the Group had total assets of HK$721,642,000 (31 December 2009: HK$686,907,000). The Group had no bank loan and other long-term debts (31 December 2009: Nil). Net assets value amounted to HK$535,540,000 (31 December 2009: HK$509,367,000). Gearing ratio (being bank loans and long-term debts divided by total assets) was 0% (31 December 2009: 0%). Net assets per Share amounted to HK45.07 cents (31 December 2009: HK42.86 cents).

The Group's net current assets amounted to HK$135,710,000 (31 December 2009: HK$132,774,000). Current ratio (being current assets divided by current liabilities) was approximately 1.73 times (31 December 2009: 1.75 times), while bank deposits and cash amounted to HK$114,036,000 (31 December 2009: HK$115,888,000), which is sufficient to meet capital requirements of the Group's operations and development in the near future.

PLEDGE OF ASSETS

The net carrying value of land use rights of HK$14,273,000 (2009: HK$14,108,000) has been pledged for application of standby banking facilities to provide funds for future developments (2009: no secured borrowings).

FOREIGN EXCHANGE EXPOSURE

The Group's main businesses and assets are located in Mainland China, and its main operating income and costs are denominated in Renminbi. The fluctuation of the exchange rate of Renminbi to Hong Kong dollar will have a significant impact on the operating results of the Group. In 2010, the Group recorded exchange gain of HK$11,339,000 from the appreciation of Renminbi. It is expected that the appreciation of Renminbi will continue in the future. Accordingly, the Group believes that it currently has no specific needs to hedge against any foreign exchange risk in this regard.

OUTLOOK

Although the global economy has shown initial signs of recovery, there are still many uncertainties. Especially, the fibreboard business is faced with uncertainties as a result of increasing inflation, the property market fluctuation in China, adjustments to export policies and rising demands from the public on environmental protection. However, the operation of new projects is expected to contribute earnings to the Company; meanwhile, the Company will continue to focus on energy saving and reduction in consumption and enhancing product competitiveness, so as to create more profits. With respect to hotel business, with the elimination of the two key negative factors which affected last year's operating result, the favorite momentum of the second half of last year is expected to continue in 2011, contributing earnings to the Group. In the next year, the Group will continue to leverage on our existing resources and facilities, reduce operating costs and create new revenue sources to achieve maximum results and further enhance shareholders' value.

EMPLOYEES

The total number of employees of the Group is approximately 993 (31 December 2009: 1,028). The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility. The Group provides education allowances to the employees.

By Order of the Board of
China Investments Holdings Limited
You Guang Wu
Chairman of the Board

Hong Kong, 11 March 2011

As at the date of this announcement, the Board consists of three executive directors, Mr. YOU Guang Wu (Chairman), Mr. SU Wenzhao (Managing Director) and Mr. WU Yongqing and three independent non-executive directors, Mr. CHAN Kwok Wai, Mr. CHEN Da Cheng and Mr. DENG Hong Ping.