国華集團

CHINA BEST GROUP HOLDING LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

Annual Report 2010

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Ma Jun Li *(Chairman)*
Mr. Ng Tang *(Deputy Chairman)*
Mr. Zhang Da Qing *(Chief Executive Officer)*
Mr. Ren Zheng

Non-Executive Director

Ms. Yao Haixing

Independent Non-Executive Directors

Ms. Chung Kwo Ling
Mr. Chan Ngai Sang, Kenny
Ms. Xing Hua

Company secretary

Mr. Ho Wing Kuen

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

Rm. 3405, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Auditors

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens,
33 Hysan Avenue,
Causeway Bay,
Hong Kong

Principal Bankers

HSBC
Industrial of Commercial Bank of China
China Construction Bank

Principal Share Registrars and Transfer Office

Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

Hong Kong Branch Share Registrars and Transfer Office

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from, Thursday, 26 May 2011 to Tuesday, 31 May 2011 (both days inclusive), during which period no transfer of shares will be registered.

Chairman's Message

Following the completion of the streamlining and restructuring of its businesses and assets in 2009, the Group intended to maintain its strategic focus on developing the raw coal mining and coke manufacturing business during 2010. Meanwhile, it also took an open-minded approach to the possibility of acquiring other potential major businesses. In this respect, the Group has considered expanding the existing securities investment businesses and studied the possibility of developing new financial businesses.

The freight forwarding business continued to suffer from the deteriorating economy. Besides the U.S. economy which was particularly hard hit by the financial turmoil and the subprime crisis and has been pulled into recession, the operations in Singapore were also impacted by the global cost hikes and economic downturn. Therefore, the Group's operations in both of these countries recorded a loss in 2010.

As the global economy eventually entered a period of fluctuation, the risk of investing in the stock market has risen substantially and the Group has adopted a more prudent approach and made minimal investments so as to retain most of its surplus capital for future opportunities and development.

Due to the adverse performance of the global economy and stock market, the overall results of the Group for 2010 turned into a substantial loss against the profit for the corresponding period last year. In spite of this, the Group maintained a healthy condition in its business development.

Furthermore, with the completion of the capital restructuring and de-registration of Liyang Guohua New Energy Co. Ltd., a wholly foreign owned enterprise, and its group of companies invested and set up by the Group in Jiangsu, China during 2009 and 2010, the Group has remitted the capital back to Hong Kong and exited this new energy investment by the end of 2010. This has increased the flexibility of the Group in managing and deploying its financial resources, and strengthened its available cash reserve.

On 28 March 2011, with an aim of further expanding its investment in the coal business in Shanxi, China and securing a stable income source, the Group entered into a sale and purchase agreement with Great Soar Holdings Limited ("Great Soar", an independent third party) to acquire 55% equity interests in, and became the controlling shareholder of, its subsidiary Suntech Worldwide Limited ("Suntech"). Pursuant to the sale and purchase agreement, the Group intended to complete this transaction and acquire the 55% equity interests in Suntech by 30 September 2011. Suntech currently owns 100% equity interest in 古交市宏祥煤業有限公司 (Gujiao City Hongxiang Coal Industry Co., Ltd.).

Chairman's Message

FUTURE PROSPECTS

In 2011, the Group has planned to continue its development of the coal mining and coke manufacturing businesses as the major businesses. Leveraging on the close relationship with both the government and the private sector, the Group will speed up after the success of its acquisitions of coal mines and coking as well as other coal washing projects so as to identify and grasp new opportunities of collaboration for strengthening its coal mining and coke manufacturing businesses.

The Group entered into a sale and purchase agreement in 2011 so as to lay a base for the restructuring of its new and existing businesses.

Under the current national macro-economic control measures and stimulus policies for encouraging domestic consumption and domestic demand, as well as its support to corporate, project and personal finance and lending businesses, the Group will actively consider other new emerging commercial opportunities and core projects in China that are in line with and complement the government's long-term development plan while developing the existing raw coal and coking operations. The strong cash position allows the Group to diversify in terms of investment. The Group still feels confident about the prospects of coal and coke will remain as key energy resources, strategically it will also take a liberal stance in its future business development with an aim of seizing any opportunity brought by the national economic policies that align with the rapid growth in China.

Ma Jun Li
Chairman
Hong Kong, 31 March 2011

Management Discussion and Analysis

	2010 Final *HK$'M*	2009 Final *HK$'M*	2010vs09 Difference *HK$'M*
Financial Results Highlight			
Turnover	**61.4**	245.8	(184.4)
Gross Profit	**3.1**	2.0	1.1
Other operating Income/(Loss)(net)	**(24.7)**	35.8	(60.5)
Total Expenses	**(33.7)**	(31.5)	(2.2)
NP(L)BT&M	**(55.3)**	6.3	(61.6)
NP(L)AT&M	**(55.3)**	6.4	(61.7)
Extract of Financial Position			
Total Assets	**335.2**	389.1	(53.9)
Total Liabilities	**(20.4)**	(19.8)	0.6
Net Current Assets	**305.2**	359.3	(54.1)
Cash and Bank Balance	**248.2**	314.5	(66.3)
Total Net Assets	**314.7**	369.4	(54.7)

The consolidated turnover of the Group amounted to HK$61,400,000 for the year ended 31st December 2010 (year ended 31st December 2009: HK$245,800,000). Total gross profit was approximately HK$3,100,000 (year ended 31st December 2009: HK$2,000,000).

For the year ended 31st December 2010, the Group recorded net of other operating incomes (net of other expenses) of HK$24,700,000 (year ended 31st December 2009: HK$35,800,000) of which amount HK$1,208,000 was the loss of deregistration of subsidiaries (year ended 31st December 2009: HK$17,130,000 was gain on disposal of subsidiaries), and the total expenses was HK$33,700,000 (year ended 31st December 2009: HK$31,500,000).

Finally, the net profit/(loss) before Taxation and Minority Interest was approximately HK$(55,300,000) (year ended 31st December 2009: HK$6,300,000 profit). The net profit/(loss) after Taxation and Minority Interest was approximately HK$55,300,000 (year ended 31st December 2009: HK$6,400,000 profit).

BUSINESS REVIEW

Coke Business

There was no turnover of coke/coal enterprise for the years ended 31st December 2009 and 2010. No gross profit was made for the years ended 31st December 2009 and 2010.

Management Discussion and Analysis

Freight Forwarding Business

The turnover of the Group's international forwarding agency business was HK$6,334,000 (year ended 31st December 2009: HK$6,016,000), representing an increase of 5% as compared to the previous corresponding period. Total gross profit was HK$1,553,000 profit, (year ended 31st December 2009: HK$1,350,000), an increase of HK$203,000 comparing with the previous corresponding period.

Although the group's freight forwarding business gross profit was improved, international freight forwarding business had still faced high cost, the keen competition and slump global economy while its segment result was dropped.

Securities Investment

The total transaction volume of the Group's securities investment business was HK$55,083,000 (year ended 31st December 2009: HK$239,762,000), representing a decrease of 77% as compared to the previous corresponding year. Of which we had also received the dividend income HK$1,526,000 (year ended 31st December 2009: HK$645,000). The net realised gain and (loss) on a fair value adjustment of was HK$(23,492,000) for investments held for trading during the year ended 31 December 2010 (year ended 31st December 2009: HK$18,617,000 gain).

LIQUIDITY AND CASHFLOW RESOURCES

The gearing ratio maintained is zero (31st December, 2009: nearly at zero) and the current ratio decreased from 19.17 to 15.93. The calculation of gearing ratio is based on interest bearing borrowings of HK$Nil (31st December, 2009: HK$161,000) and the shareholders' equity of HK$314,741,000 (31st December, 2009: HK$369,355,000) at the balance sheet date. The calculation of current ratio is based on the current assets of HK$325,612,000 (31st December, 2009: HK$379,057,000) and the current liabilities of HK$20,442,000 (31st December, 2009: HK$19,775,000) at the balance sheet date.

The cash and bank balance was HK$248,196,000 (31st December, 2009: HK$314,504,000) and the high liquid asset investment held for trading was HK$74,533,000 (31st December, 2009: HK$53,741,000) indicated that the Group got strong cash position at the balance sheet date. The Group has sufficient and readily available financial resources for both general working capital purpose and feasible acquisition of the proposed investments in the PRC may encounter or contemplate in the future.

PLEDGE OF ASSETS

At the balance sheet date, there was no Group's securities pledged to brokers to secure the margin loan while amount HK$161,000 was as at 31st December 2009. At the balance sheet date, there was no other significant assets pledged to banks to secure general banking facilities granted to the Group and the post dated bills payable (31st December 2009: HK$Nil).

Management Discussion and Analysis

CAPITAL EXPENDITURE

The Group had capital expenditure HK$1,241,000 for the year ended 31st December 2009 which was funded by its own financial resources and bank borrowings and no significant capital expenditure for the year ended 31st December 2010.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the period, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi may have some impact especially for the WOFE or joint venture in PRC. The monetary assets of the Group in the currency value of US dollars are also subject to the risk of exchange rate fluctuation. The Group will take a prudent approach for this impact but in the meant time do not engage in any derivative activities and not commit to any financial instruments to hedge its balance sheet exposure in 2010.

CHANGE OF DIRECTORSHIP

On 30th June 2010, Ms. Cheung Hoi Ping was resigned as executive director of the Company.

EMPLOYEE AND HUMAN RESOURCES POLICY

The Group had approximately 32 staff at 31st December 2010 (31st December 2009: 32). The remuneration of employees was determined with reference to the market terms, their qualification, experience and performance to the Company. The total staff cost incurred for the year ended 31st December, 2010 was approximately HK$7,909,000 (year ended 31st December 2009: HK$8,593,000). As per Listing Rules, the staff of the issuer's accounting and financial reporting function should have adequate training programmes and budget.

BUSINESS PROSPECT

The Group is principally engaged in coke processing, international air and sea freight forwarding and the provision of logistics services as well as trading of securities. In order to strengthen the core business – coal and coke processing, we continue to dig out investment opportunities for business development.

After the Group successfully divested Shanxi Changxing, which was debt-burdened and heavy loss-making, subsequent after the balance sheet date, as at 28 March 2011, the Group entered into an agreement with Great Soar Holdings Limited to acquire 55% of Suntech Worldwide Limited ("Suntech") at a consideration of HK$71.5 million. Suntech, owned a WOFE, 古交市宏祥煤業有限公司 (Gujiao City Hongxiang Coal Industry Co., Ltd.), a PRC factory with 1.5 million tons of cleaning plant in Shanxi. Details can be referred to our announcement dated 28 March 2011.

Management Discussion and Analysis

The Group had put US$28 million and prepared to invest by setting up a PRC WOFE, Liyang Guohua New Energy Co. Ltd., including its subsidiary and branch office ("Liyang Guohua Group ") of new energy business in Jiansu from 2009 to 1Q2010. However, after detailed investigation, thorough feasibility study and marketing research on the new projects, our Beijing business development department got the unfavourable results over these new energy projects. In addition, due to the change of business environment, the Group successfully adjusted its strategy to de-register the Liyang Guohua Group and re-allocated & returned the investment funds to Hong Kong for its better flexibility of financial management.

Although the stringent environmental legislations and recent Global Financial Crunch may have impact for the industry, PRC still maintains as an economic region with stable continuous health growth. The future development prospect of coal and coke industry in PRC is still considered to be optimistic because of the increase of internal demand of PRC economy. Furthermore, some new macro national policies of PRC publicized may give incentive for other new potential business. It is also a great opportunity for us to look for any other high growth businesses in PRC actively.

FINAL DIVIDEND

The Board of Directors has resolved not to recommend the payment of any final dividend for the year ended 31st December 2010 (year ended 31st December 2009: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2010.

AUDIT COMMITTEE

The Board has established the Audit Committee in accordance with the Listing Rules. The Committee comprises Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua, the three independent non-executive directors.

Summary of duties and works of the Audit Committee is set out in the "Corporate Governance Report" in annual report.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2010 in conjunction with the Company's external auditor SHINEWING (HK) CPA Limited.

CODE OF BEST PRACTICE AND CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance Report" in annual report.

During the year ended 31 December 2010, the Company has fully complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, with deviation from Code Provision A.4.1.

All of the non-executive directors are not appointed for a specific term (Code Provision A.4.1) but are subject to retirement by rotation once every three years and re-election at the annual general meeting under the Company's Bye-Laws.

INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's internal control system to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis under Code Provision C.2.1.

Corporate Governance Report

The board of directors ("Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2010.

The manner in which the principles and code provisions in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") are applied and implemented are explained in the following parts of this Corporate Governance Report:

CORPORATE GOVERNANCE PRACTICES

The Group strives to attain and maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The Group's corporate governance principles emphasize a quality Board, effective internal control and accountability to shareholders.

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence.

The CG Code contained in Appendix 14 of the Listing Rules sets out the principles of good corporate governance ("Principles") and two levels of corporate governance practices:

(a) code provisions which listed issuers are expected to comply with or to give considered reasons for any deviation; and

(b) recommended best practices for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Throughout the year ended 31 December 2010, the Company has complied with the code provisions set out in the CG Code, save for the deviations from code provision A.4.1 which is explained in the relevant paragraph in this Report.

The Company has also put in place certain Recommended Best Practices as set out in the CG Code.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the CG Code and align with the latest developments.

Corporate Governance Report

BOARD OF DIRECTORS

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the best interests of the Company.

The Board sets policy direction and approves strategies/operational plans to ensure effective functioning and growth of the Company, in the interests of all shareholders.

Every director shall ensure that he/she carries out his/her duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

DELEGATION OF MANAGEMENT FUNCTIONS

The Board undertakes responsibility for decision making in major Company matters, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

BOARD COMPOSITION

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement.

The Board currently comprises 8 members, consisting of 4 executive directors, 1 non-executive director and 3 independent non-executive directors.

The list of all directors is set out under "Corporate Information" on page 2 and all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Corporate Governance Report

Members of the Board are unrelated to one another.

During the year ended 31 December 2010, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

All directors, including non-executive directors and independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functions. Independent non-executive directors are invited to serve on the Audit, Nomination, Risk Management and Remuneration Committees of the Company.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Details of the Nomination Committee and its works performed during the year ended 31 December 2010 are set out in the "Board Committees" section below.

In accordance with the Company's Bye-laws which were amended by a special resolution at the annual general meeting held on 30 May 2007 for the purpose of compliance with the CG Code, all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Although the non-executive directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

Corporate Governance Report

TRAINING FOR DIRECTORS

Each newly appointed director receives a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Continuing briefings and professional development to directors will be arranged whenever necessary.

Board Meetings

Number of Meetings and Directors' Attendance

During the year ended 31 December 2010, four regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Most important resolutions agreed in Board meeting had already been made by all directors including both executive and independent non-executive directors; therefore, no Risk Management Committee meeting were held for the year ended 31 December 2010.

The attendance records of each director at the meetings of the Board, Nomination Committee, Remuneration Committee, and Audit Committee during the year ended 31 December 2010 are set out below:

	Attendance/Number of Meetings			
Name of Directors	**Board Regular**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Ma Jun Li *(Chairman)*	4/4	–	2/2	N/A
Ng Tang *(Deputy Chairman)*	4/4	–	2/2	N/A
Zhang Da Qing *(Chief Executive Officer)*	4/4	–	–	–
Ren Zheng	2/4	–	–	–
Cheung Hoi Ping (Resigned on 30.6.2010)	1/1	–	–	–
Yao Haixing	1/4	–	–	–
Chung Kwo Ling	2/2	2/2	2/2	N/A
Chan Ngai Sang, Kenny	2/2	2/2	2/2	N/A
Xing Hua	2/2	2/2	2/2	N/A

Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

Corporate Governance Report

The Chief Executive Officer and Company Secretary attend almost all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable period of time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

The Company's Bye-laws also contain provisions requiring directors to abstain from voting (or not be counted in the quorum) at meetings for approving transactions in which such directors or any of their associates have material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority.

The positions of the Chairman and Chief Executive Officer are held by Ms. Ma Jun Li and Mr. Zhang Da Qing respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

BOARD COMMITTEES

The Board has established four committees, namely Nomination Committee, Remuneration Committee, Risk Management Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Corporate Governance Report

NOMINATION COMMITTEE

The Nomination Committee comprises 2 executive directors and 3 independent non-executive directors, namely Ms. Ma Jun Li as Chairman of the Committee and Mr. Ng Tang, Mr. Chan Ngai Sang, Kenny, Ms. Chung Kwo Ling and Ms. Xing Hua as members.

The principal duties of the Nomination Committee include:

- To review the structure, size and composition of the Board and make recommendations regarding any proposed changes;
- To develop and formulate relevant procedures for nomination and appointment of directors and senior management;
- To identify suitable candidates for appointment as directors and senior management;
- To make recommendations to the Board on appointment or re-appointment of and succession planning for directors and senior management; and
- To assess the independence of the independent non-executive directors.

The Nomination Committee carries out the process of selecting and recommending candidates for directorships and senior management by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

The attendance records of the Nomination Committee are set out under "Board Committees Meetings" on page 12.

In accordance with the Company's Bye-laws, Mr. Ng Tang, Ms. Chung Kwo Ling and Mr. Chan Ngai Sang, Kenny shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming 2011 annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee comprises five members, namely Ms. Ma Jun Li as Chairman of the Committee and Mr. Ng Tang, Mr. Chan Ngai Sang, Kenny, Ms. Chung Kwo Ling and Ms. Xing Hua as members. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the individual performance and the operating results of the Company as well as the market conditions and practice.

During the year ended 31 December 2010, the Remuneration Committee had reviewed the existing remuneration packages of all the independent non-executive directors, and also recommended the new remuneration of executive Director, Ms. Cheung Hoi Ping, for the Board's approval.

The attendance records of the Remuneration Committee are set out under "Board Committees Meetings" on page 12.

The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the senior management and other related matters when needs arise. The Human Resources Division is responsible for collection and administration of the human resources data and making recommendations to the remuneration committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises 3 executive directors and 3 independent non-executive directors, namely Ms. Ma Jun Li as Chairman of the Committee and Mr. Ng Tang, Mr. Zhang Da Qing, Mr. Chan Ngai Sang, Kenny, Ms. Chung Kwo Ling and Ms. Xing Hua as members. The Risk Management Committee primarily focuses on raising the level of management awareness of, and accountability for the business risks faced by the Group's business operations. In meeting its responsibilities, the Committee seeks to put in place policies and procedures to provide a framework for identification and management of risks.

The Risk Management Committee normally meets for prioritizing and accelerating those risk management strategies that are critical to the advancement of the Group's objectives and ensuring that sufficient resources and appropriate level of support from the management are allocated. The Risk Management Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about the effectiveness of their recommendations and escalate to the Board of any risks relating to material transactions in the ordinary course of business and unusual transactions exceed the scope of principal business activities of the Group.

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua. Among the committee members, two of them possess the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, internal auditor or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 31 December 2010 to review the financial results and reports, financial reporting and compliance procedures, report on the Company's internal control and risk management review and processes and the re-appointment of the external auditors.

The Company's annual results for the year ended 31 December 2010 has been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2010.

The Company also has established written guidelines on no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2010.

The directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory requirements and applicable accounting standards are complied with.

Corporate Governance Report

The Management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company put to the Board for approval.

AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent auditor's report" on page 27.

An analysis of the remuneration paid to the external auditors of the Company is shown on note 11 of the "Notes to the Consolidated Financial Statements" on page 65.

INTERNAL CONTROL

During the year under review, the Company engaged Mr. Chan Ngai Sang, Kenny to initiate an independent review covering the financial, operational, compliance and risk management aspects of the finance and major operational functions for the Group. Internal Control Report was presented to and reviewed by both the Audit Committee and the Board of Directors.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets, and reviewing the effectiveness of such on an annual basis.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

The key elements of the Group's internal control system include the following:

- the organizational structure is clearly defined with distinct lines of authority and control responsibilities.
- a comprehensive financial accounting system has been established to provide for performance measurement indicators and to ensure compliance with relevant rules.
- the senior management shall prepare annual plans on financial reporting, operations and compliance aspects by reference to potential significant risks.
- unauthorized expenditures and release of confidential information are strictly prohibited.
- specific approval by executive director prior to commitment is required for all material matters.
- the management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

Corporate Governance Report

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decision.

The Company continues to enhance communications and relationships with its investors. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

To promote effective communication, the Company maintains a website at www.cbgroup.com.hk, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDER RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders are contained in the Company's Bye-laws. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll and the poll procedures will be explained during the proceedings of meetings.

Poll results will be published and posted on the websites of the Company and of the Stock Exchange on the business day following the shareholders' meeting.

Directors and Senior Management

Ms. Ma Jun Li
Chairman and Executive director
Aged 47, she was appointed as Executive director on 29 August 2003 and was elected as Chairman of the Board on 25 November 2005. Ms. Ma has extensive experience in corporate and administration management in both PRC and Hong Kong. Ms. Ma is the spouse of the former Chairman of the Company, Mr. Wang Jian Hua.

Mr. Ng Tang
Deputy Chairman and Executive director
Aged 49, appointed on 31 October 2001. He has over 15 years' experience in corporate management both in Hong Kong and the PRC. He graduated from The East China University of Politics and Law Department (中國華東政法學院法律專業(大專)) and was the manager of 中國汽車工業進出口廈門公司 from early 1990 to August 1992. He was also appointed managing director of 中國汽車工業進出口(香港)有限公司 since May 1995. Mr. Ng is currently an executive director of China Nonferrous Metals Company Limited and an independent non-executive director of Sino Union Energy Investment Group Limited, the shares of both Companies are listed on the Stock Exchange in Hong Kong.

Mr. Zhang Da Qing
Chief Executive Officer and Executive director
Aged 50, appointed on 5 June 2007, is an Executive Director and Chief Executive Officer of the Company. Mr. Zhang had worked in various departments of Air China Limited (中國國際航空公司) for many years and had abundant experience. Mr. Zhang was mainly responsible for the duties of management, administration and finance. Mr. Zhang has been appointed as a director of a former-subsidiary, in August 2006 and then as an Executive director and Chief Executive Officer on 5 June 2007.

Mr. Ren Zheng
Executive director
Aged 37, appointed on 6 November 2002. Mr. Ren graduated from the San Francisco State University in the United States with a Master degree of engineering. He is responsible of the business development of the Group in China.

Ms. Yao Haixing
Non-executive director
Aged 64, appointed on 2 June 2009, is a senior economist. She obtained her undergraduate degree from 法國語言學院. Ms. Yao served on the PRC Embassy in France and the Department of Western European Affairs of the Ministry of Foreign Affairs of China for years. Ms. Yao attended the courses on international finance organised by the Ministry of Foreign Affairs and studied the MBA programme in the Swedish International Development Cooperation Agency (SIDA) and later studied Western economics in the Université Paris Dauphine. Subsequently, she has been serving in the financial trust industry for nineteen years and has extensive experience in trust operation and management. Ms. Yao specializes in corporate management and the design of sizeable financial trust products. She has acted as the deputy general manager of CITIC Development Co., Ltd., the general manager and the vice chairwoman of CITIC Trust Co., Ltd., and chairwomen and directors of certain investee companies of CITIC. Ms. Yao officially retired in January 2007. She is currently an independent director of Suzhou Trust Co., Ltd., a member of the Expert Committee (專家委員會) of the China Trustee Association, and the vice chairwoman of Zhongxing Shenyang Commercial Building Group Co., Ltd., a listed company in Shenzhen.

Ms. Yao has profound knowledge about the field of finance and economic, particularly financial trust, in China, and has published a number of special features in professional publications and magazines. Ms. Yao is proficient in French language and is the co-translator of various publications such as《第五共和國的外交》,《當中國改變世界》(Quand La Chine Change Le Monde).

Ms. Chung Kwo Ling
Independent non-executive director
Aged 38, appointed on 21 June 2000 as independent non-executive director and now as Audit Committee Member. She has over 11 years of experience in the PRC, Hong Kong and international trading business.

Directors and Senior Management

Mr. Chan Ngai Sang, Kenny

Independent non-executive director

Age 46, appointed on 21 August 2008, is a partner and founder of Kenny Chan & Co., a firm of Certified Public Accountants. Mr. Chan has over twenty years experience in accounting, taxation, auditing and corporate finance and has involved in several merger and acquisition and initial public offering projects. Mr. Chan holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the Institute of Chartered Accountants of New Zealand, The Association of International Accountants, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. Mr. Chan served as the District Governor of Lions Clubs International District 303 – Hong Kong & Macao, China in 2009/2010. Mr. Chan also serves on several tribunals of the HKSAR Government which includes The Administration Appeals Board, The Registration of Persons Tribunal and The Solicitors Disciplinary Tribunal Panel. He is a Honorary President of Tsuen Wan District Junior Police Call. He also serves as a committee member of the Association of International Accountants Hong Kong Branch. Mr. Chan is an independent non-executive director of Combest Holdings Limited (formerly "Goldmond Holdings Limited"), a company listed on the Growth Enterprise Market of the Hong Kong Exchange and TSC Offshore Group Limited, a company listed on the Main Board of the Hong Kong Exchange.

Ms. Xing Hua

Independent non-executive director

Aged 47, appointed on 20 July 2009, holds a bachelor's degree in global economics of the School of Economics at Peking University with outstanding graduate honor and a master's degree in finance with a major in international finance at the Graduate School of the People's Bank of China. Ms. Xing had extensive experience in finance, investment and management. She worked for the Division of Planning and Statistics of the State Administration of Foreign Exchange, served as secretary of the chairperson of China Everbright Group, secretary of the board of directors of China Everbright Bank as well as executive director and deputy general manager of China Everbright International Limited, a company listed in Hong Kong, being responsible for managing investors affairs, dealing with funds managers and analysts and organizing company roadshows. She also worked as a chief executive officer of 北大財富網絡有限公司, a content provider of online shares and bonds transactions, and a vice president of Daton Securities Co., Ltd., an integrated securities company registered in the People's Republic of China, overseeing the investment banking business and e-commerce business. She is currently the general manager of 中科金促咨詢公司. Ms. Xing was also the vice president of the Peking University Alumni Association (Hong Kong).

Mr. Wang Jian Hua

Group BOD Advisor

Aged 48, Mr. Wang Jian Hua is the former Chairman of the Company. He has extensive experience in investment and corporate management in the area of high-technology in the PRC. He was appointed as managing director of Beijing Zhongxie Tiandi Investment Consultant Company Limited (北京中協天地投資顧問有限公司) in August 1997. He has been involved in the investment of Beijing Zhongxie Tiandi Investment Consultant Company Limited (北京中協天地投資顧問有限公司) in Beijing Tianqiao Beida Jade Bird Sci-Tech Company Limited (北京市天橋北大青鳥科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange in the PRC and was appointed as director of the latter company since December 1998. He participated actively in the acquisition of Weifang Beida Jade Bird Huaguang Technology Company Limited (淮坊北大青鳥華光科技股份有公司) by Beijing Tianqias Beida Jade Bird Sci-Tech (北京市天橋北大青鳥科技股份有限公司) and was appointed as a director of Weifang Beida Jade Bird Huaguang Technology Company Limited (淮坊北大青鳥華光科技股份有限公司) in March 2000.

Mr. Ho Wing Kuen

Financial Controller and Company Secretary

Aged 49, he has over 23 years of experience in accounting and auditing and financial management. He holds a master degree in business administration and a degree in China Law. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants as well as the associate member of Hong Kong Institute of Chartered Secretaries/Institute of Chartered Secretaries and Administrators.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its associate and principal subsidiaries are set out in notes 26, 27 and 35, respectively, to the consolidated financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 29 of the annual report.

INVESTMENT PROPERTY

The Group's investment property at 31 December 2010 were revalued by an independent firm of professional property valuers on a fair value basis. Details of the investment property of the Group during the year are set out in note 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2010, in the opinion of the directors, the Company had no reserves available for distribution to shareholders (2009: Nil).

Directors' Report

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Ms. Ma Jun Li *(Chairman)*
Mr. Ng Tang *(Deputy Chairman)*
Mr. Zhang Da Qing *(Chief Executive Officer)*
Mr. Ren Zheng
Ms. Cheung Hoi Ping *(resigned on 30 June 2010)*

Non-executive director:

Ms. Yao Haixing

Independent non-executive directors:

Ms. Chung Kwo Ling
Mr. Chan Ngai Sang, Kenny
Ms. Xing Hua

In accordance with the clause 87(1) of the Company's Bye-laws, Mr. Ng Tang, Ms. Chung Kwo Ling and Mr. Chan Ngai Sang, Kenny will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each independent non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company considers all of the independent non-executive directors are still independent.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES

As at 31 December 2010, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares and convertible bonds of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long position

Ordinary shares of HK$0.05 each

Name of directors		Capacity	Interest in shares	Percentage of the issued share capital of the Company
Ms. Ma Jun Li	*Note 1*	Deemed Interest	660,558,000	31.31%
Mr. Ng Tang	*Note 2*	Interest by attribution	9,259,200	0.44%
Mr. Ren Zheng		Beneficial owner	400,000	0.02%

Notes:

1. The shares represent deemed interest of Ms. Ma Jun Li by virtue of her spouse, Mr. Wang Jian Hua, being a substantial shareholder of the Company having a notifiable interest in the Company of such 634,161,600 shares were held by Best Chance Holdings Limited. By virtue of the SFO, Mr. Wang Jian Hua holding 100% interest in Best Chance Holdings Limited. Furthermore, 26,396,400 shares are held and beneficially owned by Mr. Wang Jian Hua.

2. 9,259,200 shares were held by Power Win Group Limited. By virtue of the SFO, Mr. Ng Tang holding 100% interest in Power Win Group Limited, was deemed to be interested in the same parcel of shares held by Power Win Group Limited.

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, as at 31 December 2010, none of the directors and chief executives, nor their associates, had any interests or short positions in any shares, underlying shares or convertible bonds of the Company or any of its associated corporations that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in Note 25 to the consolidated financial statements.

The following table discloses movements in the share options of the Company during the year:

The 2002 Scheme

	Date of grant	Exercisable period	Exercise price	Outstanding as at 1.1.2010	Granted during the year	Exercised during the year	Surrendered/ Lapsed during the year	Outstanding as at 31.12.2010
Other employees	5.10.2004	5.10.2004 to 5.10.2014	0.3170	224,749	–	–	–	224,749
	26.9.2005	26.9.2005 to 25.9.2015	0.3695	1,168,696	–	–	–	1,168,696
	20.8.2007	20.8.2007 to 20.8.2017	0.6275	20,227,425	–	–	–	20,227,425
Sub-total				21,620,870	–	–	–	21,620,870
Other eligible persons	5.10.2004	5.10.2004 to 5.10.2014	0.3170	5,618,729	–	–	–	5,618,729
	26.9.2005	26.9.2005 to 25.9.2015	0.3695	67,649,498	–	–	–	67,649,498
	20.8.2007	20.8.2007 to 20.8.2017	0.6275	27,194,648	–	–	–	27,194,648
	7.9.2007	7.9.2007 to 7.9.2017	0.6850	13,484,949	–	–	–	13,484,949
	28.9.2007	28.9.2007 to 28.9.2017	0.7385	4,494,983	–	–	–	4,494,983
Sub-total				118,442,807	–	–	–	118,442,807
Total				140,063,677	–	–	–	140,063,677

Directors' Report

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the option holdings above, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES AND SHORT POSITION IN SHARES

As at 31 December 2010, so far as the Directors are aware, each of the following persons, not being a Director or chief executive of the Company, had 5% or more interests and short positions in the Company's shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position

Ordinary shares of HK$0.05 each of the Company

Name	Capacity	Interest in shares	Percentage of the Company's issued share capital
Mr. Wang Jian Hua	Controlled corporation *(Note 1)*	634,161,600	30.06%
	Beneficial owner	26,396,400	1.25%
Best Chance Holdings Limited	Beneficial owner *(Note 1)*	634,161,600	30.06%

Note:

(1) 634,161,600 shares was held by Best Chance Holdings Limited. By virtue of the SFO, Mr. Wang Jian Hua holding 100% interest of Best Chance Holdings Limited was deemed to be interested in the same parcel of shares of the Company.

Save as disclosed above, the Company has not been notified of any other relevant interests or short position in the issued share capital of the Company as at 31 December 2010.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers for the year ended 31 December 2010 were less than 30% of the total sales. The aggregate purchase attributable to the Group's five largest suppliers for the year ended 31 December 2010 were less than 30% of the total purchases.

EMOLUMENT POLICY

The Board established the Remuneration Committee in accordance with the Listing Rules. The Committee comprises five members, namely Ms. Ma Jun Li, Mr. Ng Tang, Ms. Chung Kwo Ling, Mr. Chan Ngai Sang, Kenny and Ms. Xing Hua.

Summary of duties and works of the Remuneration Committee is set out in the "Corporate Governance Report" in this annual report.

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2010.

AUDITORS

The consolidated financial statements for the year have been audited by SHINEWING (HK) CPA Limited, the auditors of the Company, who retire and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

Ma Jun Li
CHAIRMAN
31 March 2011

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHINA BEST GROUP HOLDING LIMITED
國華集團控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Best Group Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 87, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2010 and of the Group's result and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798

Hong Kong
31 March 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Turnover	7	**61,417**	245,778
Revenue	8	**7,860**	6,661
Cost of sales		**(4,781)**	(4,666)
Gross profit		**3,079**	1,995
Other income	9	**406**	323
Administrative expenses		**(33,439)**	(31,396)
Fair value change on investment property	17	**(360)**	(143)
Realised gain on investments held for trading		**127**	19,199
Fair value loss on investments held for trading		**(23,619)**	(582)
Loss on deregistration of subsidiaries	30	**(1,208)**	–
Gain on disposal of subsidiaries	26	**–**	17,130
Loss on disposal of an associate	27	**–**	(114)
Finance costs	10	**(268)**	(93)
(Loss) profit before tax	11	**(55,282)**	6,319
Income tax (expenses) credit	13	**(10)**	43
(Loss) profit for the year		**(55,292)**	6,362
Other comprehensive (expenses) income			
Exchange differences arising on translation		**6,649**	(492)
Release of exchange differences upon disposal of subsidiaries		**–**	(933)
Reclassification adjustment for cumulative exchange gain included in profit or loss upon deregistration of subsidiaries	30	**(5,971)**	–
Total comprehensive (expenses) income for the year		**(54,614)**	4,937
(Loss) profit for the year attributable to:			
Owners of the Company		**(55,255)**	6,362
Non-controlling interests		**(37)**	–
		(55,292)	6,362
Total comprehensive (expenses) income attributable to:			
Owners of the Company		**(54,587)**	4,937
Non-controlling interests		**(27)**	–
		(54,614)	4,937
(Loss) earnings per share	15		
– Basic and diluted (HK cents)		**(2.62) cents**	0.3 cents

Consolidated Statement of Financial Position

As at 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Plant and equipment	16	**571**	713
Investment property	17	**1,500**	1,860
Available-for-sale investments	18	**7,500**	7,500
		9,571	10,073
Current assets			
Trade and other receivables	19	**2,274**	1,754
Tax recoverable		**–**	44
Held for trading investments	20	**74,533**	53,741
Deposits placed with security brokers	21	**609**	9,014
Bank balances and cash	22	**248,196**	314,504
		325,612	379,057
Current liabilities			
Trade and other payables	23	**14,842**	14,014
Tax liabilities		**5,600**	5,600
Margin loan payables	21	**–**	161
		20,442	19,775
Net current assets		**305,170**	359,282
Total assets less current liabilities		**314,741**	369,355
Capital and Reserves			
Share capital	24	**105,490**	105,490
Share premium and reserves		**209,278**	263,865
Equity attributable to owners of the Company		**314,768**	369,355
Non-controlling interests		**(27)**	–
Total Equity		**314,741**	369,355

The consolidated financial statements on pages 29 to 87 were approved and authorised for issue by the board of directors on 31 March 2011 and are signed on its behalf by:

Ma Jun Li
Director

Zhang Da Qing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000* *(Note)*	Translation reserve *HK$'000*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2009	527,449	268,489	1,996	575	41,749	(475,840)	364,418	–	364,418
Profit for the year	–	–	–	–	–	6,362	6,362	–	6,362
Other comprehensive expenses for the year	–	–	–	(1,425)	–	–	(1,425)	–	(1,425)
Total comprehensive (expenses) income for the year	–	–	–	(1,425)	–	6,362	4,937	–	4,937
Capital reduction *(Note 24)*	(421,959)	–	–	–	–	421,959	–	–	–
At 31 December 2009 and 1 January 2010	105,490	268,489	1,996	(850)	41,749	(47,519)	369,355	–	369,355
Loss for the year	–	–	–	–	–	(55,255)	(55,255)	(37)	(55,292)
Other comprehensive income for the year	–	–	–	668	–	–	668	10	678
Total comprehensive income (expenses) for the year	–	–	–	668	–	(55,255)	(54,587)	(27)	(54,614)
At 31 December 2010	105,490	268,489	1,996	(182)	41,749	(102,774)	314,768	(27)	314,741

Note: The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation prior to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited in 1996 and the nominal value of the Company's shares issued in exchange.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 *HK$'000*	2009 *HK$'000*
OPERATING ACTIVITIES		
(Loss) profit before tax	**(55,282)**	6,319
Adjustments for:		
Dividend income from investments held for trading	**(1,526)**	(645)
Depreciation of plant and equipment	**142**	650
Realised gain on investments held for trading	**(127)**	(19,199)
Fair value loss on investments held for trading	**23,619**	582
Finance costs	**268**	93
Written off of plant and equipment	**–**	438
Impairment loss recognised in respect of trade receivables	**180**	–
Recovery of bad debts	**–**	(163)
Decrease in fair value change on investment property	**360**	143
Interest income	**(228)**	(11)
Gain on disposal of subsidiaries	**–**	(17,130)
Loss on disposal of an associate	**–**	114
Operating cash flows before movements in working capital	**(32,594)**	(28,809)
(Increase) decrease in trade and other receivables	**(700)**	2,613
Increase in investments held for trading	**(44,284)**	(13,465)
Decrease in deposits placed with security brokers	**8,405**	8,309
Decrease in trade and other payables	**828**	2,242
Cash used in operations	**(68,345)**	(29,110)
Overseas tax refund (paid)	**34**	(69)
NET CASH USED IN OPERATING ACTIVITIES	**(68,311)**	(29,179)

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES		
Dividend income from investments held for trading	**1,526**	645
Interest received	**228**	11
Purchase of plant and equipment	**–**	(1,241)
Refund of deposit paid for acquisition of subsidiaries	**–**	305,000
Deposit paid for acquisition of subsidiaries	**–**	(17,291)
Repayment of short-term loan receivables	**–**	22,839
Disposal of subsidiaries *(Note 26)*	**–**	7,540
Disposal of an associate *(Note 27)*	**–**	4,527
NET CASH FROM INVESTING ACTIVITIES	**1,754**	322,030
FINANCING ACTIVITIES		
Interest paid	**(268)**	(93)
(Decrease) increase in margin loan payables	**(161)**	161
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(429)**	68
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(66,986)**	292,919
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**314,504**	22,017
Effect of foreign exchange rate changes	**678**	(432)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**248,196**	314,504

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporation information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries (together with the Company referred to as the "Group") are set out in Note 35.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRS 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions from First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – 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 17	Distributions of Non-cash Assets to Owners

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

For the losses incurred by loss-making subsidiary companies, the Group is required by the revised standard to account for the losses attributable to its non-controlling interests even if that results in a deficit balance for the non-controlling interests in the Group's accounts.

Results, of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The adoption of Amendment to HKAS 17 "Leases" had no material impact on the consolidated financial statements.

The application of the other new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

Amendment to HKAS 17 Leases *(Continued)*

The Group has not early applied the following new and revised standards, amendments or 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 Disclosures 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 Assets[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] Effective for annual periods beginning on or after 1 July 2010 and 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

Amendment to HKAS 17 Leases *(Continued)*

– 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 that 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.

The directors of the Company do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets 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. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the Standard is applied in future accounting periods because certain counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

Amendment to HKAS 17 Leases *(Continued)*

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 other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for investment property and financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Investment in a subsidiary

Investment in a subsidiary is stated at cost less any identified impairment loss on the Company's statement of financial position.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Gain or losses on sales of trading securities are recognised on a trade date basis when the relevant transactions are executed.

Income from provision of freight forwarding agency services is recognised when the services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment

Plant and equipment in the production or supply of services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate amounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment property

Investment property are property held to earn rentals and/ or for capital appreciation.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interest as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit schemes

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund Scheme ("MPF Scheme"), Central Provident Fund Scheme ("CPF Scheme") and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debts instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits placed with security brokers and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days – 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss on financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities, including trade and other payables and margin loan payables are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to employees on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of plant and equipment

The Group assesses annually whether plant and equipment have any indication of impairment, in accordance with the relevant accounting policies. The recoverable amounts of the Group's plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates on future operating cash flows and discount rates adopted. Where the actual cash flows are different from the original estimates, a material change in the amount of impairment may arise.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight line basis over their estimated useful lives, after taking into account the estimated residual value. The Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change.

Estimated impairment of trade and other receivables

The policy for impairment loss for bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Estimated fair value of investment property

Investment property is carried in the consolidated statement of financial position as at 31 December 2010 at their fair value of HK$1,500,000 (2009: HK$1,860,000). The fair value was based on a valuation on the property conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2010	2009
	HK$'000	*HK$'000*
Financial assets		
FVTPL (Investments held for trading)	**74,533**	53,741
Loans and receivables (including cash and cash equivalents)	**250,666**	324,815
Available-for-sale financial assets	**7,500**	7,500
Financial liabilities		
At amortised cost	**14,842**	14,175

b. Financial risk management objectives and polices

The Group's major financial instruments include equity investments, trade and other receivables, deposits placed with security brokers, bank balances and cash, trade and other payables and margin loan payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, deposits placed with security brokers and margin loan payables (see Notes 21 and 22 for details) due to the fluctuation of the prevailing market interest rate. It is the Group's policy to keep its bank balances, deposits placed with security brokers and margin loan payables at floating rate of interest so as to minimise the fair value interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For the variable-rate bank balances, deposits placed with security brokers and margin loan payables, the analysis is prepared assuming the amounts outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2010 would decrease/increase approximately by HK$1,219,000 (2009: profit for the year increase/decrease by HK$1,345,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances, deposits placed with security brokers and margin loan payables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and polices *(Continued)*

Market risk *(Continued)*

(ii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange. In addition, the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 20% (2009: 10%) higher/lower, the loss for the year ended 31 December 2010 decrease/increase by approximately HK$12,446,000 (2009: profit for the year increase/decrease by approximately HK$4,487,000) as a result of the changes in fair value of held for trading investments.

In management's opinion, the sensitivity analysis is not representative of the other price risk for the investments in listed equity securities as the year end exposure does not reflects the exposure during the year.

Credit risk

As at 31 December 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to a failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

– the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

– the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 29.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and polices *(Continued)*

Credit risk *(Continued)*

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Foreign currency risk

During the year ended 31 December 2010 and 2009, certain subsidiaries of the Company have foreign operations in Singapore and United States, which expose the Group to foreign currency risk. The management considers the Group is not exposed to significant foreign currency risk as majority of its operations and transactions are in Hong Kong which is primarily transacted using the functional currencies of the respective entities within the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Expressed in HK$	**2010** ***HK$'000***	2009 *HK$'000*
Denominated in United States dollars ("USD")		
Trade and other receivables	**990**	201
Bank balances and cash	**240**	210,436
Trade and other payables	**(1,804)**	(1,257)
	(574)	209,380
Denominated in Australian dollars ("AUD")		
Trade and other payables	**(8)**	(7)
Denominated in RMB		
Bank balances and cash	**7,678**	7,803
Denominated in Singapore dollars ("SGD")		
Trade and other receivables	**337**	967
Bank balances and cash	**2,028**	2,022
Trade and other payables	**(316)**	(295)
	2,049	2,694

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and polices *(Continued)*

Foreign currency risk *(Continued)*

Sensitivity analysis

The Group currently exposed to RMB and SGD.

The following table details the Group's sensitivity to a 10% (2009: 10%) increase or decrease in HK$ against the relevant foreign currencies. 10% (2009: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% (2009: 10%) change in foreign currency rates.

The following table demonstrates the sensitivity at the end of reporting period to a reasonably possible change in the RMB and SGD exchange rate, with all other variables held constant, of the Group's (loss) profit before tax.

For the year ended 31 December 2010	**Increase (decrease) in foreign exchange rate** *%*	**Increase (decrease) in loss before tax for the year** ***HK$'000***
If HK$ weakens against RMB	**(10)**	**(768)**
If HK$ strengthens against RMB	**10**	**768**

For the year ended 31 December 2009	Increase (decrease) in foreign exchange rate *%*	Increase (decrease) in loss before tax for the year *HK$'000*
If HK$ weakens against RMB	(10)	780
If HK$ strengthens against RMB	10	(780)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and polices *(Continued)*

Foreign currency risk *(Continued)*

For the year ended 31 December 2010	**Increase (decrease) in foreign exchange rate** **%**	**Increase (decrease) in loss before tax for the year** ***HK$'000***
If HK$ weakens against SGD	**(10)**	**(205)**
If HK$ strengthens against SGD	**10**	**205**

For the year ended 31 December 2009	Increase (decrease) in foreign exchange rate %	Increase (decrease) in loss before tax for the year *HK$'000*
If HK$ weakens against SGD	(10)	269
If HK$ strengthens against SGD	10	(269)

No sensitivity analysis was prepared for USD because HK$ is pegged to USD. The fluctuation and impact is considered immaterial.

No sensitivity analysis was prepared for AUD because the Group's exposure to AUD is minimal.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of its bank balances and cash and considers the risk is minimal.

The maturity dates of all financial liabilities are repayable on demand or within one year as at the end of each of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;

- the fair value of other financial assets other liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input; and

- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. The directors of the Company consider that the fair value of the financial guarantee contracts is insignificant.

The directors of the Company consider that the other carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value *(Continued)*

Financial Assets at FVTPL as at 31 December 2010

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Non-derivative financial assets held for trading	**74,533**	**–**	**–**	**74,533**

Financial Assets at FVTPL as at 31 December 2009

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial assets held for trading	53,741	–	–	53,741

There were no transfers between Level 1 and 2 in both years.

Of the total losses for the year ended 31 December 2010 included in profit or loss, HK$23,492,000 (2009: gain of approximately HK$18,617,000) relates to non-derivative financial assets held for trading at the end of the reporting period.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as the issue of new debt.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

7. TURNOVER

Turnover represents the amounts received and receivable from the provision of international air and sea freight forwarding services, gross proceeds from disposal of investments held for trading and dividend income, during the year.

	2010	2009
	HK$'000	*HK$'000*
Provision of international air and sea freight forwarding services	**6,334**	6,016
Gross proceeds from disposal of investments held for trading	**53,557**	239,117
Dividend income from investments held for trading	**1,526**	645
	61,417	245,778

8. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (i.e. the board of directors of the Company) for the purpose of resource allocation and performance assessment are as follows:

a) **International air and sea freight forwarding**

Engaged in the provision of international air and sea freight forwarding and logistic services to customers

b) **Securities trading**

Engaged in trading of equity securities

c) **Manufacture and sales of coke**

Engaged in manufacture and sales of coke products to customers

Although the manufacture and sales of coke segment does not meet the quantitative thresholds required by HKFRS 8, management has concluded that this segment should be reported, as it is expected to materially contribute to group revenue in the future.

Information regarding the above segments is reported below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments.

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2010				
Turnover	**6,334**	**55,083**	**–**	**61,417**
Revenue				
External	**6,334**	**1,526**	**–**	**7,860**
Segment results	**(1,121)**	**(21,993)**	**(1,167)**	**(24,281)**
Unallocated corporate expenses				**(31,117)**
Unallocated other income				**384**
Finance costs				**(268)**
Loss before tax				**(55,282)**

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2009				
Turnover	6,016	239,762	–	245,778
Revenue				
External	6,016	645	–	6,661
Segment results	(730)	19,262	(2,079)	16,453
Unallocated corporate expenses				(27,068)
Unallocated other income				11
Gain on disposal of subsidiaries				17,130
Loss on disposal of an associate				(114)
Finance costs				(93)
Profit before tax				6,319

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the loss from each segment without allocation of central administration costs, directors' emoluments, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Consolidated *HK$'000*
At 31 December 2010				
ASSETS				
Segment assets	3,471	75,142	–	78,613
Unallocated corporate assets				256,570
Total assets				335,183
LIABILITIES				
Segment liabilities	1,989	–	–	1,989
Unallocated corporate liabilities				18,453
Total liabilities				20,442

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

	International air and sea freight forwarding	Securities trading	Manufacture and sales of coke	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2009				
ASSETS				
Segment assets	4,081	62,755	–	66,836
Unallocated corporate assets				322,294
Total assets				389,130
LIABILITIES				
Segment liabilities	1,553	214	–	1,767
Unallocated corporate liabilities				18,008
Total liabilities				19,775

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale investments, bank balances and cash, the equipment of head office and part of other receivable; and

– all liabilities are allocated to reportable segments other than tax payable and part of other payable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION *(Continued)*

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2010					
Depreciation of plant and equipment	7	–	–	135	142
Impairment loss recognised in respect of trade receivables	180	–	–	–	180
Realised gain on investment held for trading	–	(127)	–	–	(127)
Fair value loss on investments held for trading	–	23,619	–	–	23,619

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interest revenue	–	–	–	(228)	(228)
Interest expenses	–	268	–	–	268
Income tax expenses	10	–	–	–	10

Note: Non-current assets excluded available-for-sale investments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Amounts included in the measure of segment profit or loss or segment assets:

	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Manufacture and sales of coke *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2009					
Additions to non-current assets *(Note)*	–	–	–	1,241	1,241
Depreciation of plant and equipment	15	–	–	635	650
Written off of plant and equipment	–	–	–	438	438
Recovery of bad debts	(163)	–	–	–	(163)
Realised gain on investment held for trading	–	(19,199)	–	–	(19,199)
Fair value loss on investments held for trading	–	582	–	–	582

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interest revenue	–	–	–	(11)	(11)
Interest expenses	–	93	–	–	93
Income tax credit	(43)	–	–	–	(43)

Note: Non-current assets excluded available-for-sale investments.

Geographical information

International air and sea freight forwarding services are carried out in Singapore, North and South America. Trading of securities are carried out in Hong Kong. The manufacture and sales of coke are carried out in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
North and South America	**3,658**	1,464	**–**	–
PRC and HK	**1,526**	645	**2,071**	2,566
Singapore	**2,676**	4,552	**–**	7
	7,860	6,661	**2,071**	2,573

Non-current assets exclude available-for-sale investments.

Information about major customers

During the years ended 31 December 2010 and 2009, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

9. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income	**228**	11
Exchange gain	**156**	–
Recovery of bad debts	**–**	163
Government grants *(Note)*	**11**	59
Sundry income	**11**	90
	406	323

Note: During the year ended 31 December 2010, a government grant of approximately HK$11,000 (2009:HK$59,000) was granted to the Group in relation to the job credit scheme in Singapore on the condition that the Group has made CPF contributions in Singapore during the year.

10. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on margin loan payables wholly repayable within five years	**268**	93

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

11. (LOSS) PROFIT BEFORE TAX

	2010 HK$'000	2009 HK$'000
(Loss) profit before tax has been arrived at after charging:		
Staff costs		
– directors' emoluments *(Note 12(a))*	**3,924**	2.361
– other staff costs	**3,837**	5,980
– retirement benefits scheme contributions, excluding directors	**148**	252
Total staff costs	**7,909**	8,593
Depreciation of plant and equipment	**142**	650
Impairment loss recognised in respect of trade receivables	**180**	–
Auditor's remuneration	**769**	680
Written off of plant and equipment	**–**	438
Minimum lease payments under operating lease charges	**3,535**	3,315
Exchange loss	**–**	59

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2009: eleven) directors were as follows:

		Other emoluments			
	Fees	Discretionary bonuses *(note)*	Salaries and other benefits	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2010					
Executive directors					
Ms. Ma Jun Li	–	–	478	–	478
Mr. Ng Tang, David	–	–	585	27	612
Mr. Ren Zheng	–	–	524	12	536
Ms. Cheung Hoi Ping[1]	–	1,000	–	–	1,000
Mr. Zhang Da Qing	–	–	626	12	638
	–	1,000	2,213	51	3,264
Non-executive director					
Ms. Yao Haixing	90	–	–	–	90
Independent non-executive directors					
Ms. Chung Kwo Ling	125	–	–	–	125
Ms. Xing Hua	120	–	–	–	120
Mr. Chan Ngai Sang, Kenny	325	–	–	–	325
	570	–	–	–	570
Total	660	1,000	2,213	51	3,924

1 resigned on 30 June 2010

Note: The discretionary bonuses is determined by reference to the individual performance of directors and approved by the Remuneration Committee.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Fees	Other emoluments: Discretionary bonuses *(note)*	Other emoluments: Salaries and other benefits	Other emoluments: Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2009					
Executive directors					
Ms. Ma Jun Li	–	–	284	–	284
Mr. Ng Tang, David	–	–	585	27	612
Mr. Ren Zheng	–	–	469	12	481
Ms. Cheung Hoi Ping	–	–	–	–	–
Mr. Zhang Jun[1]	–	–	–	–	–
Mr. Zhang Da Qing	–	–	656	12	668
	–	–	1,994	51	2,045
Non-executive director					
Ms. Yao Haixing[2]	53	–	–	–	53
Independent non-executive directors					
Ms. Chung Kwo Ling	90	–	–	–	90
Mr. Sun Yeung Yeung[3]	38	–	–	–	38
Mr. Xing Hua[4]	45	–	–	–	45
Mr. Chan Ngai Sang, Kenny	90	–	–	–	90
	263	–	–	–	263
Total	316	–	1,994	51	2,361

1 resigned on 20 January 2009
2 appointed on 2 June 2009
3 resigned on 11 May 2009
4 appointed on 20 July 2009

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2009: three) were directors of the Company whose emoluments are set out in (a) above. The aggregate emoluments of the remaining two (2009: two) individuals were as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**1,339**	1,339
Retirement benefits scheme contributions	**62**	62
	1,401	1,401

The emoluments of each of the employees are less than HK$1,000,000 for both years.

During the two years ended 31 December 2010 and 2009, no emoluments were paid by the Group to the five highest paid individuals and directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of directors of the Company and the employees waived or agreed to waive any emoluments paid by the Group.

The remuneration of directors of the Company is determined by the Remuneration Committee having regard to the performance of individual and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

13. TAXATION

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
Under(over)provision in prior years		
Other jurisdictions	**10**	(43)
	10	(43)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

The tax expenses (credit) for the year can be reconciled to the (loss) profit per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	*HK$'000*
(Loss) profit before tax	**(55,282)**	6,319
Tax charge at the income tax rate of 16.5% (2009: 16.5%)	**(9,121)**	1,043
Tax effect of expenses not deductible for tax purpose	**5,280**	4,687
Tax effect of income not taxable for tax purpose	**(289)**	(4,843)
Utilisation of tax loss previously not recognised	**–**	(1,736)
Tax effect of tax losses not recognised	**4,292**	1,723
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(162)**	(874)
Under(over)provision in respect of prior years	**10**	(43)
Tax expenses (credit) for the year	**10**	(43)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

13. TAXATION *(Continued)*

The major deferred tax liabilities (assets) recognised and movements thereof during the current year and prior year are summarised below:

	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1 January 2009	82	(82)	–
(Credit) charge to consolidated statement of comprehensive income	(19)	19	–
At 31 December 2009 and 1 January 2010	63	(63)	–
(Credit) charge to consolidated statement of comprehensive income	(8)	8	–
At 31 December 2010	55	(55)	–

At 31 December 2010, the Group has estimated unutilised tax losses of approximately HK$151,572,000 (2009: HK$125,560,000) available for offset against future profits. A deferred tax asset has been recognised in respect of estimated unutilised tax losses of approximately HK$333,000 (2009: HK$382,000). No deferred tax asset has been recognised of the remaining tax losses due to the unpredictability of future profit streams. The estimated unutilised tax losses of approximately HK$151,116,000 (2009: HK$125,527,000) will not expire under the current tax legislation in Hong Kong. The estimated tax losses attributable to a subsidiary in Singapore amounted to approximately HK$123,000 (2009: HK$33,000). The use of such estimated unutilised tax losses is subject to the agreement of the tax authority and compliance with certain provision of the tax legislation in Singapore.

14. DIVIDEND

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of the reporting period (2009: nil).

15. (LOSS) EARNINGS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$55,255,000 (2009: profit for the year attributable to owners of the Company of approximately HK$6,362,000) and on the weighted average number of 2,109,795,845 (2009: 2,109,795,845) ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2010 and 2009.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

16. PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST					
At 1 January 2009	369	598	1,389	5,585	7,941
Exchange realignment	–	–	(11)	(163)	(174)
Additions	940	–	301	–	1,241
Written off	(368)	(443)	(588)	–	(1,399)
Disposal of subsidiaries	(941)	–	(211)	(4,114)	(5,266)
At 31 December 2009 and 1 January 2010	–	155	880	1,308	2,343
Exchange realignment	–	–	4	–	4
Written off	–	–	(13)	–	(13)
At 31 December 2010	–	155	871	1,308	2,334
DEPRECIATION					
At 1 January 2009	318	543	830	1,972	3,663
Exchange realignment	–	–	(10)	(156)	(166)
Provided for the year	65	8	144	433	650
Eliminated on written off	(317)	(443)	(201)	–	(961)
Eliminated on disposal of subsidiaries	(66)	–	(13)	(1,477)	(1,556)
At 31 December 2009 and 1 January 2010	–	108	750	772	1,630
Exchange realignment	–	–	4	–	4
Provided for the year	–	7	28	107	142
Eliminated on written off	–	–	(13)	–	(13)
At 31 December 2010	–	115	769	879	1,763
CARRYING VALUES					
At 31 December 2010	–	40	102	429	571
At 31 December 2009	–	47	130	536	713

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

16. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	15% or over the term of the lease, whichever is shorter
Furniture and fixtures	10% – 33.33%
Office equipment	10% – 20%
Motor vehicles	16.67% – 33.33%

17. INVESTMENT PROPERTY

	HK$'000
FAIR VALUE	
At 1 January 2009	8,820
Disposal of subsidiaries	(6,801)
Decrease in fair value recognised in profit or loss	(143)
Exchange realignment	(16)
At 31 December 2009 and 1 January 2010	1,860
Decrease in fair value recognised in profit or loss	(360)
At 31 December 2010	1,500

The fair value of the Group's investment property at 31 December 2010 have been arrived at on the basis of a valuation carried out on that date by LCH (Asia-Pacific) Surveyors Limited (2009: Knight Frank Petty Limited), independent qualified professional valuers not connected to the Group. Professional valuers in LCH (Asia-Pacific) Surveyors Limited are members of the Hong Kong Institute of Surveyors ("HKIS"). The valuation was arrived at using the direct comparison method, by reference to market evidence of transaction prices for similar property.

The Group's property interests held for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The carrying value of investment property shown above comprises:

	2010	2009
	HK$'000	*HK$'000*
Land in Hong Kong:		
Medium-term lease	**1,500**	1,860

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

18. AVAILABLE-FOR-SALE INVESTMENTS

	2010	2009
	HK$'000	*HK$'000*
Unlisted equity securities	**38,250**	38,250
Less : impairment losses recognised	**(30,750)**	(30,750)
	7,500	7,500

In 2002, the Group, through an acquisition of a wholly-owned subsidiary, acquired 30,000,000 promoters' shares in Beijing Beida Jade Bird Universal Sci-Technology Company ("BBJB") (the "Promoters' Shares") of RMB0.01 each at a consideration of HK$38,250,000, which is equivalent to 2.53% of total issued share capital (including H shares and Promoters' Shares) of BBJB.

BBJB is a joint stock company with limited liability incorporated in the PRC with its H shares listed on the Growth Enterprise Market of the Stock Exchange (the "GEM Board"). The Promoters' Shares were unlisted share capital issued by BBJB when it was initially listed on the GEM Board in 2000. According to the Company Law in the PRC, the Promoters' Shares were not transferable within three years from the date of incorporation of BBJB on 29 March 2000.

An impairment loss of approximately HK$30,750,000 was recognised in the consolidated statement of comprehensive income in prior years as a result of its decrease in the recoverable amounts.

19. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with credit periods normally ranging from 30 days to 90 days. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date at the reporting date.

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**1,048**	432
31-60 days	**216**	336
61-90 days	**117**	36
Trade receivables	**1,381**	804
Deposits and prepayments	**893**	950
	2,274	1,754

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

19. TRADE AND OTHER RECEIVABLES *(Continued)*

Before accepting any new customer, the Group uses a system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed on a regular basis.

At the end of each reporting period, the Group's trade receivables are individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss is recognised. The Group does not hold any collateral over these balances.

As at 31 December 2009, all trade receivables were aged within 90 days and there was no allowance for doubtful debts during the year.

Trade receivables as at 31 December 2009 and 2010 that are neither past due nor impaired have the best credit under the credit system used by the Group. The Group does not hold any collateral over these balances.

Movement in allowance for doubtful debts

	2010 ***HK$'000***	2009 *HK$'000*
Balance at beginning of the year	**1,459**	1,622
Impairment losses recognised	**180**	–
Impairment losses reversed	**–**	(163)
Balance at end of the year	**1,639**	1,459

Included in the movement in allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$1,639,000 (2009:HK$1,459,000).

20. HELD FOR TRADING INVESTMENTS

	2010 ***HK$'000***	2009 *HK$'000*
Investments held for trading:		
– Equity securities listed in Hong Kong	**74,533**	53,741

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

21. DEPOSITS PLACED WITH SECURITY BROKERS/ MARGIN LOAN PAYABLES

The deposits placed with securities brokers carry interest ranging from 0.001% to 0.1% (2009: 0.001% to 0.1%) per annum and are repayable on demand.

The margin loan payables carry interest rate at prevailing market rates with an effective interest rate ranging from 5% to 11% (2009: 5% to 11%) per annum and are repayable on demand.

22. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that are interest-bearing at prevailing market interest rates ranging from 0.01% to 0.07% (2009: 0.01% to 0.05%) per annum and have original maturity of three months or less.

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferable:

	2010 ***HK$'000***	2009 *HK$'000*
Amounts denominated in:		
RMB	**7,678**	7,803

23. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2010 ***HK$'000***	2009 *HK$'000*
0-30 days	**622**	98
31-60 days	**14**	15
61-90 days	**–**	6
Over 90 days	**1,088**	1,864
Trade payables	**1,724**	1,983
Accrued charges and other payables	**13,118**	12,031
	14,842	14,014

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

24. SHARE CAPITAL

	Number of shares *'000*	Value *HK$'000*
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 January 2009	50,000,000	2,500,000
Share sub-division *(note a)*	200,000,000	–
Share consolidation *(note b)*	(200,000,000)	–
At 31 December 2009, 1 January 2010 and 31 December 2010	50,000,000	2,500,000
Issued and fully paid:		
At 1 January 2009	10,548,979	527,449
Capital reduction *(note a)*	–	(421,959)
Share consolidation *(note b)*	(8,439,183)	–
At 31 December 2009, 1 January 2010 and 31 December 2010	2,109,796	105,490

Notes:

(a) Pursuant to a special resolution passed at the special general meeting of the Company held on 17 June 2009, the Company carried out the following capital reorganisation ("Capital Reorganisation") with effect from 18 June 2009 as follows:

(i) the par value of issued capital of the Company was reduced by reducing the par value of each share of the Company in issue from HK$0.05 to HK$0.01 each by cancellation of HK$0.04 of the paid-up capital on each share in issue ("Capital Reduction"). Immediately following the Capital Reduction, each issued share with a par value of HK$0.05 in the share capital of the Company shall be treated as one fully paid-up share with a par value of HK$0.01 each in the share capital of the Company;

(ii) each of the authorised but unissued shares with a par value of HK$0.05 each in the share capital of the Company was sub-divided into 5 unissued shares with a par value of HK$0.01 each in the share capital of the Company; and

(iii) the credit amount arising in the books of the Company from the Capital Reduction of approximately HK$421,959,000 was applied setting off against part of the accumulated losses of the Company.

Details of the Capital Reorganisation are set out in a circular to the shareholders of the Company dated 26 May 2009.

(b) Pursuant to a special resolution passed at the special general meeting of the Company held on 6 October 2009, the Company carried out the share consolidation (the "Share Consolidation") on the basis that every 5 issued and unissued shares of HK$0.01 each in the share capital of the Company was consolidated into one consolidated share of HK$0.05 each.

The shares issued during the year rank pari passu with the then existing shares in issue in all respects.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

25. SHARE OPTION SCHEME

The 2002 Scheme

On 18 March 2002, the Company adopted the 2002 Scheme (the "2002 Scheme") under which the board of directors of the Company may at its discretion offer to any director of the Company (including non-executive director), employee, suppliers, customers, any person or entity that provides research, development or other technological support to the Group, shareholders of any member of the Group or any entity in which the Group holds an equity interests and any other group or classes of persons or entities who have contributed to the development and growth of the Group ("Participant") to subscribe for shares in the Company in accordance with the terms of the 2002 Scheme. The principal purpose of the 2002 Scheme is to provide incentive or rewards for the participant's contributions to the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and any other share option schemes of the Company shall not exceed 10% of the issued share capital of the Company in issue as at the date of adoption of the 2002 Scheme, unless a refresh approval from the shareholders of the Company has been obtained. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.

The subscription price of the option shares granted under the 2002 Scheme shall be a price to be determined by the directors of the Company being not less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; (iii) the nominal value of a share.

The total number of shares issued and may be issued upon exercise of the options granted to any individual under the 2002 Scheme and any other share option schemes of the Company must not exceed 1% of the shares in issue.

The 2002 Scheme does not contain any requirement of a minimum period and the board of directors of the Company may in its absolute discretion impose a minimum period requirement for each option granted will be made by the board of directors of the Company on a case by case basis and will not be made to the advantage of the Participants.

The 2002 Scheme will remain in force for a period of ten years commencing from the date of adoption of the 2002 Scheme, after which no further options will be granted but the options which are granted during the life of the 2002 Scheme may continue to be exercisable in accordance with their terms of issue and the provisions of the 2002 Scheme shall in all other respects remain in full force and effect in respect thereof.

Options granted under the 2002 Scheme must be taken up within 21 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

25. SHARE OPTION SCHEME *(Continued)*

The 2002 Scheme *(Continued)*

For the year ended 31 December 2010

The following table discloses movements in the Company's share options granted under the 2002 Scheme during the year ended 31 December 2010:

				Number of share options			
	Date of grant	Exercisable period	Exercise price	Outstanding at 1.1.2010	Granted during the year	Exercised/ (forfeited) during the year	Outstanding at 31.12.2010
Employees	5.10.2004	5.10.2004 to 5.10.2014	0.317	224,749	–	–	224,749
	26.9.2005	26.9.2005 to 25.9.2015	0.3695	1,168,696	–	–	1,168,696
	20.8.2007	20.8.2007 to 20.8.2017	0.6275	20,227,425	–	–	20,227,425
Sub-total				21,620,870	–	–	21,620,870
Other eligible persons	5.10.2004	5.10.2004 to 5.10.2014	0.317	5,618,729	–	–	5,618,729
	26.9.2005	26.9.2005 to 25.9.2015	0.3695	67,649,498	–	–	67,649,498
	20.8.2007	20.8.2007 to 20.8.2017	0.6275	27,194,648	–	–	27,194,648
	7.9.2007	7.9.2007 to 7.9.2017	0.685	13,484,949	–	–	13,484,949
	28.9.2007	28.9.2007 to 28.9.2017	0.7385	4,494,983	–	–	4,494,983
Sub-total				118,442,807	–	–	118,442,807
				140,063,677	–	–	140,063,677
Exercisable at the end of the year							140,063,677
Weighted average exercise price (HK$)				0.495	–	–	0.495

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

25. SHARE OPTION SCHEME *(Continued)*

The 2002 Scheme *(Continued)*

For the year ended 31 December 2009

The following table discloses movements in the Company's share options granted under the 2002 Scheme during the year ended 31 December 2009:

	Date of grant	Exercisable period	Adjustment to exercise price *(Note)* Before *HK$*	After *HK$*	Number of share options: Outstanding at 1.1.2009	Granted during the year	Exercised/ (forfeited) during the year	Share consolidation quantity adjustment during the year	Outstanding at 31.12.2009
Employees	5.10.2004	5.10.2004 to 5.10.2014	0.0634	0.317	1,123,746	–	–	(898,997)	224,749
	26.9.2005	26.9.2005 to 25.9.2015	0.0739	0.3695	5,843,478	–	–	(4,674,782)	1,168,696
	20.8.2007	20.8.2007 to 20.8.2017	0.1255	0.6275	101,137,124	–	–	(80,909,699)	20,227,425
Sub-total					108,104,348	–	–	(86,483,478)	21,620,870
Other eligible persons	5.10.2004	5.10.2004 to 5.10.2014	0.0634	0.317	28,093,645	–	–	(22,474,916)	5,618,729
	26.9.2005	26.9.2005 to 25.9.2015	0.0739	0.3695	338,247,492	–	–	(270,597,994)	67,649,498
	20.8.2007	20.8.2007 to 20.8.2017	0.1255	0.6275	135,973,244	–	–	(108,778,596)	27,194,648
	7.9.2007	7.9.2007 to 7.9.2017	0.137	0.685	67,424,749	–	–	(53,939,800)	13,484,949
	28.9.2007	28.9.2007 to 28.9.2017	0.1477	0.7385	22,474,916	–	–	(17,979,933)	4,494,983
Sub-total					592,214,046	–	–	(473,771,239)	118,442,807
					700,318,394	–	–	(560,254,717)	140,063,677
Exercisable at the end of the year									140,063,677
Weighted average exercise price (HK$)					0.099	–	–	0.099	0.495

Note: Upon completion of the Share Consolidation to qualifying shareholders during the year ended 31 December 2009, adjustments on the exercise prices and the number of shares to be allotted and issued upon full exercise of the subscription rights attaching to the share options as disclosed in the above table were made on 6 October 2009 pursuant to the terms of the 2002 scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

25. SHARE OPTION SCHEME *(Continued)*

The 2002 Scheme *(Continued)*

Due to the Share Consolidation set out in Note 24, the exercise price per share and the number of share options have been adjusted.

No options under the 2002 Scheme had been granted to any person for the year ended 31 December 2010 and 2009.

26. DISPOSAL OF SUBSIDIARIES

Funeway Investments Limited

On 27 November 2008, the Company entered into an agreement to dispose of the entire equity interests in Funeway Investments Limited ("Funeway") at a consideration of HK$15,000,000 to independent third parties. Pursuant to the agreement, all directors of Funeway who were appointed by the Company are required to resign as directors of Funeway. On 31 December 2008, all such directors resigned as directors of Funeway accordingly. The directors of the Company consider that the Group's control over Funeway and its subsidiary, Shanxi Changxing ("Funeway Group") was lost on 31 December 2008 and the Funeway Group ceased to be the Group's subsidiaries. The results of Funeway Group were included in the consolidated statement of comprehensive income up to 31 December 2008 and the consolidated financial statements of Funeway Group were deconsolidated from the Group from 31 December 2008.

The disposal transaction was approval by the shareholders in the special general meeting held on 15 July 2009.

The Group has disposed the entire equity interests in the Funeway Group at a cash consideration of HK$15,000,000 on 15 July 2009. The gain on such disposal was HK$15,000,000 as the Funeway Group has been deconsolidated from the Group from 31 December 2008.

The Funeway Group disposed of during the year ended 31 December 2009 had no significant impact on the results and cash flow of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

26. DISPOSAL OF SUBSIDIARIES *(Continued)*

China Education Investment Holdings Limited *(Continued)*

On 16 October 2009, the Group disposed its entire equity interest in China Education Investment Holdings Limited to an independent third party at a cash consideration of HK$8,000,000 and the gain on such disposal was approximately HK$2,130,000.

Net assets at the date of disposal were as follow:

	2009
	HK$'000
Plant and equipment	3,710
Investment property	6,801
Club debentures	1,240
Other receivables	430
Bank balances and cash	460
Other payables	(5,838)
Net assets disposed of	6,803
Release of translation reserve	(933)
Gain on disposal of subsidiaries	2,130
Total consideration satisfied by cash	8,000

Net cash inflow arising on disposal:

Cash consideration received	8,000
Bank balances and cash disposed of	(460)
	7,540

The subsidiary disposed of during the year ended 31 December 2009 did not have significant contribution to the Group's revenue and operating results.

The subsidiary disposed of during the year ended 31 December 2009 paid approximately HK$113,000 to the Group's net operating cash flows, paid approximately HK$1,151,000 in respect of investing activities and no impact in respect of financing activities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

27. DISPOSAL OF AN ASSOCIATE

On 31 October 2008, the Group entered into a sale and purchase agreement (the "Sale") with an independent third party to dispose of its 40% equity interests in Shanghai Airlines. In accordance with the agreement, the application has been approved by Shanghai Municipal Commission of Commerce on 16 January 2009.

The Sale was completed at January 2009. A proceed of RMB4,000,000 (equivalent to HK$4,527,000) was received and a loss on disposal of an associate of approximately HK$114,000 was recognised in the consolidated statement of comprehensive income during the year ended 31 December 2009.

28. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**3,852**	3,408
In the second to fifth years inclusive	**2,823**	3,327
	6,675	6,735

Operating lease payments represent rentals by the Group for its office properties and equipment. Leases are negotiated for a range of one to five years and rentals are fixed for a range of one to five years.

29. CONTINGENT LIABILITIES

At 31 December 2010, the Group provided a financial guarantee of HK$131,000 (2009: HK$183,000) to an independent third party.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

30. DEREGISTRATION OF SUBSIDIARIES

Liyang Guohua New Energy Company Limited and 溧陽市南山電子設備有限公司 had been inactive since their establishment in 2009. In 2010, these subsidiaries were applied for deregistration by the directors of the Company. The loss on deregistration of subsidiaries amounted to approximately HK$1,208,000 and a cumulative exchange gain of approximately HK$5,971,000 was released upon deregistration of these subsidiaries were included in the consolidated statement of comprehensive income.

31. PLEDGE OF ASSETS

For the year ended 31 December 2009, the Group had pledged the investment held for trading of approximately HK$161,000 (2010: nil) to secure the Group's margin loan payables of the same amount.

32. RETIREMENT BENEFIT SCHEMES

The Group enrolled all Hong Kong employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF scheme, which contribution is matched by the employees.

The Group's subsidiaries operating in the PRC and Singapore participate in defined contribution retirement schemes and CPF Scheme organised by the relevant local government authorities in the PRC and Singapore respectively. These subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under these schemes.

At the end of the reporting period, there are no significant forfeited contributions available to reduce the contribution payable in the future years.

The total cost charged to consolidated statement of comprehensive income of approximately HK$241,000 (2009: HK$330,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

33. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remunerations of directors and employees with high emoluments in the Group were disclosed in Note 12.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

34. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2010	2009
	HK$'000	*HK$'000*
Non-current assets		
Plant and equipment	**429**	536
Interests in subsidiaries	**–**	–
	429	536
Current assets		
Other receivables	**351**	524
Amounts due from subsidiaries *(Note)*	**311,151**	320,468
Bank balances and cash	**1,580**	3,092
	313,082	324,084
Current liabilities		
Other payables	**9,033**	9,045
Net current assets	**304,049**	315,039
	304,478	315,575
Capital and reserves		
Share capital	**105,490**	105,490
Reserves	**198,988**	210,085
	304,478	315,575

Note: The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

34. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Reserves

	Share premium	Contributed surplus	Share options reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009	268,489	48,311	41,749	(596,321)	(237,772)
Total comprehensive income for the year	–	–	–	25,898	25,898
Capital reduction	–	–	–	421,959	421,959
At 31 December 2009 and 1 January 2010	268,489	48,311	41,749	(148,464)	210,085
Total comprehensive expenses for the year	–	–	–	(11,097)	(11,097)
At 31 December 2010	268,489	48,311	41,749	(159,561)	198,988

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation prior to the listing of the Company's shares on the Main Board of the Stock Exchange in 1996 over the nominal value of the Company's shares issued in exchange thereof.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation and operation	Nominal value of issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company Directly %	Indirectly %	Principal activities
Fortune Zone International Limited	British Virgin Islands ("BVI")/ Hong Kong	US$1	100	–	Security investment
Heatwave Industries Limited	BVI/Hong Kong	US$1	–	100	Security investment
Jet Air (Singapore) Private Limited	Singapore	S$500,000	–	93	Air freight forwarding and brokers for airline and shipping companies
Jet Dispatch Limited	United States of America	US$3,000	–	100	Freight forwarding agent
Square Profits Group Inc.	BVI	US$1	100	–	Investment holding
Liyang Guohua New Energy Company Limited *(Note)*	PRC	US$28,000,000	–	100	Research and development, trading of solar energy products (Not commenced business)
溧陽市南山電子設備有限公司 *(Note)*	PRC	RMB2,000,000	–	100	Trading of solar energy products (Not commenced business)

Note: These companies were deregistered during the year ended 31 December 2010.

All subsidiaries are companies incorporated with limited liability in the respective jurisdictions.

None of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during both years.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

36. EVENT AFTER THE REPORTING PERIOD

On 28 March 2011, the Company entered into the agreement with Great Soar Holdings Limited, an independent third party not connected to the Group, to acquire 55% equity interests in Suntech Worldwide Limited and its subsidiary (collectively referred to as the "Target Group") at a consideration of HK$71,500,000. The consideration will be satisfied by HK$20,000,000 in cash and new ordinary shares of the Company of HK$51,500,000.

The Target Group is principally engaged in coal processing and marketing, and sales of coal and peat in the PRC.

Details are set out in the announcement of the Company dated 28 March 2011.

Financial Summary

RESULTS

	Year ended 31 December				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	97,130	288,863	450,644	6,661	**7,860**
Profit (Loss) before taxation	(59,788)	(76,509)	13,092	6,319	**(55,282)**
Taxation	(795)	(4,888)	(125)	43	**(10)**
Profit (Loss) for the year	(60,583)	(81,397)	12,967	6,362	**(55,292)**
Profit (Loss) attributable to:					
Equity holders of the Company	(45,768)	(81,547)	12,967	6,362	**(55,255)**
Minority interests	(14,815)	150	–	–	**(37)**
Profit (Loss) for the year	(60,583)	(81,397)	12,967	6,362	**(55,292)**

ASSETS AND LIABILITIES

	As at 31 December				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	322,900	433,150	402,684	389,130	**335,183**
Total liabilities	(291,485)	(447,473)	(38,266)	(19,775)	**(20,442)**
	31,415	(14,323)	364,418	369,355	**314,741**
Equity attributable to equity holders of the Company	72,885	29,813	364,418	369,355	**314,768**
Minority interests	(41,470)	(44,136)	–	–	**(27)**
	31,415	(14,323)	364,418	369,355	**314,741**