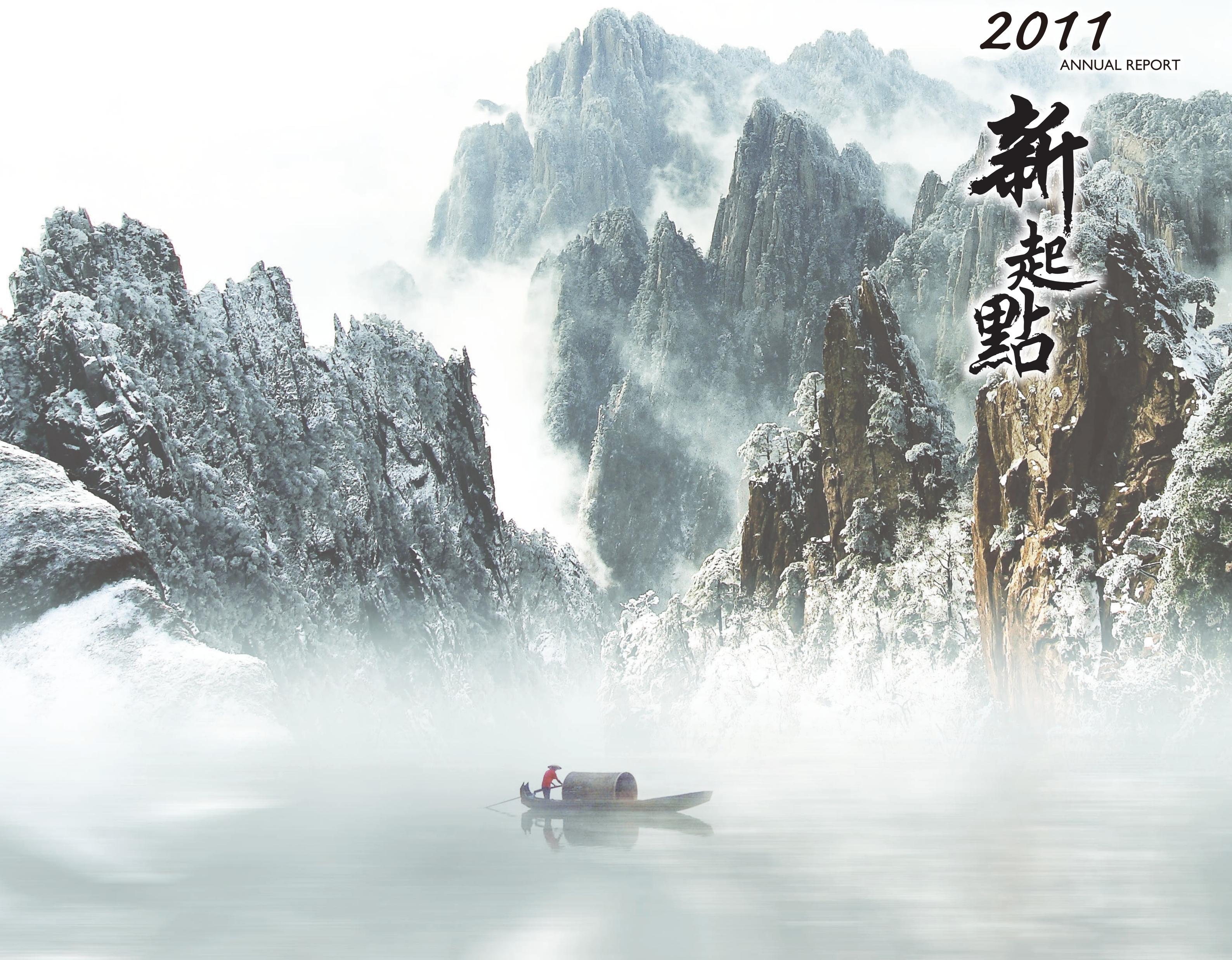
China Financial International Investments Limited
中國金融國際投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 721)

新金融

2011
ANNUAL REPORT

新起點



Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Du Lin Dong *(Chairman)*
Mr. Liu Baorui *(Chief Executive Officer)*
Mr. Pong Po Lam Paul

Non-executive Directors

Mr. Ma Jie
Mr. Ding Xiaobin

Independent non-executive Directors

Dr. Cheung Wai Bun Charles, *J. P.*
Mr. Wan Hongchun
Mr. Zeng Xianggao

AUDIT COMMITTEE

Dr. Cheung Wai Bun Charles, *J. P. (Chairman)*
Mr. Wan Hongchun
Mr. Zeng Xianggao

REMUNERATION COMMITTEE

Mr. Du Lin Dong *(Chairman)*
Dr. Cheung Wai Bun Charles, *J. P.*
Mr. Wan Hongchun

AUTHORISED REPRESENTATIVES

Mr. Li Chi Chung
Mr. Pong Po Lam Paul

COMPANY SECRETARY

Mr. Li Chi Chung

AUDITOR

CCIF CPA Limited

INVESTMENT MANAGER

China Financial International Investments & Managements Limited

CUSTODIAN

Bank of Communications Trustee Limited

LEGAL ADVISER

As to Bermuda law
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton
HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5802, 58/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

COMPANY WEBSITE

www.finance.thestandard.com.hk/en/comp_detail_link.asp?code=0721

Dear shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Financial International Investments Limited ("**CFI**" or the "**Company**")(formerly known as Sunshine Capital Investments Group Limited), I am pleased to present the audited results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2011 (the "**Year**").

During the Year, the total assets of the Group amounted to approximately HK$821.76 million, representing an increase of 162.24% as compared with HK$313.36 million last year. Net assets amounted to approximately HK$812.49 million, representing an increase of 167.54% as compared with HK$303.69 million last year. This was mainly due to the allotment and issue of 1,523,660,000 new shares by the Company as a result of the completion of 4 share subscriptions by CFI during the Year, which raised approximately HK$438 million. The net proceeds from these share subscriptions had provided a strong capital foundation for business expansion of the Group.

The Year had been an eventful period of time in the international economy and financial market. The market was on one hand battered by the sovereignty debt crisis of certain members of the European Union, the earthquake and the nuclear accident in Japan, the weak data regarding the domestic labor market and the continued and deteriorating inflation in the United States (the "**U.S.**"); and on the other hand hit by the heightening of interest rate and tightening of credit by the government of the People's Republic of China (the "**PRC**") in order to suppress the inflation, such that we saw drastic fluctuations in the stock markets of Hong Kong and the PRC. Despite that the global economy was laden with challenges, thanks to our insightful, experienced and outstanding management team, as well as our senior investment managers, the Group recorded a total comprehensive income attributable to equity shareholders (the "**Shareholders**") of the Company of approximately HK$49.05 million, representing a growth of 77.52% as compared with HK$27.63 million last year and posting a satisfactory performance.

The Year also witnessed the Group's shift in strategy and fruitful achievements. Starting from the end of 2010, the Group had centered on the scheduled strategy formulated by the Board that it extended its investment direction to the micro finance (including small loan, guarantee industry and the like) service financing sector in the PRC, resulting in an inception year for "New Finance, New Start".

The macro-economy in the PRC remained a relatively rapid acceleration in economic growth while confronted with appreciation of Renminbin and inflation pressure. The hidden worries over inflation had driven the PRC Government to impose policies aimed to heighten interest rates and tighten credits in order to suppress the inflation. Influenced by the tightening policy on monetary supply, the small and medium enterprises (the "**SMEs**"), the private enterprises, privately or individually-owned business and the rural sector (farmers, villages and the agricultural industry) were still hard to be granted loans; at the meantime, in order to maintain a rapid economic growth in general, the PRC Government revealed its intention to boost technology upgrade and innovation in the real economy, which helped emerging industries that specialized in new technology to experience a swift and violent development momentum. The above changes provided the Group with a broader domain and larger rooms for the investment.

The Group would grasp this chance and continue to increase its investment in micro finance services while identifying investment opportunities in new technology and new industries, which would form an investment strategy of a combination of finance service and technology industry and bring about better return for the Shareholders.

Currently, the Group has set up joint ventures for the investments in small loan and guarantee businesses in various regions, such as Jingdezhen City, Donghu District of Nanchang City, Yushui District of Xinyu City, Tianjin City, Jiangning District and Jiangning Economic and Technology Development Zone of Nanjing City, Zhengzhou City and Daowei District of Harbin City in the PRC, which aimed at solving the difficulties for SMEs, private enterprises, privately or individully-owned business and the rural sector (farmers, villages and agricultural industry) to obtain guarantees, loans and financing. It provided rapid and nimble small loan services for SMEs, private enterprises, privately or individually-owned businesses and the rural sector (farmers, villages and agricultural industry) and management and financial consultation services for the development of enterprises.

On 8 February 2011, the Company appointed Mr. Liu Baorui ("**Mr. Liu**") as an executive Director and chief executive officer of the Company. He has outstanding ability and extensive experience in bank management. He worked for Shenzhen Development Bank (the "**Bank**") from 1998 to December 2010 and acted as the vice president of the Bank before his resignation in 2010. Mr. Liu greatly pushed forward the development of micro finance industry, a service financing sector that included small loans, guarantees and the like, for the Company.

Looking into the forthcoming year, CFI believes that it is well prepared for its future development. In spite of the challenges in the economic environment, the Board has established a distinct strategy on investments and will accomplish the following key tasks appropriately:

- to continue to deepen the analysis on the development of the in economy in the PRC and economic characteristics by regions and provide full and accurate information support for each investment decision;
- to continue to identify and increase the investment in new finance and broaden its investment domain as appropriate while increasing the investment in micro finance services in order to push the investment structure in the financial sector towards the upper stream of industry chain;
- to proactively explore in the investment in technology, new energy and new materials sectors with a higher potential for growth;
- to effectively facilitate the connection and interaction between investments in financial and technology sectors through the investments in financial and technology sectors.

Leveraging on its advantages and strengths, the above mentioned efforts and the continuous broadening of investment domain, CFI will be able to bring about better return for the Group and the Shareholders while maintaining its risk profile at an acceptable level.

Finally, I hereby extend my sincere gratitude to all parties who have provided great support to the Group over the past year. Your consistent support is of utmost importance to us.

Acknowledgement also goes to all Shareholders for their support in a year full of changes and reformation. Your support, involvement and suggestion are always valuable.

I would like to thank the Board for its efforts and contributions in providing guidance on the business development.

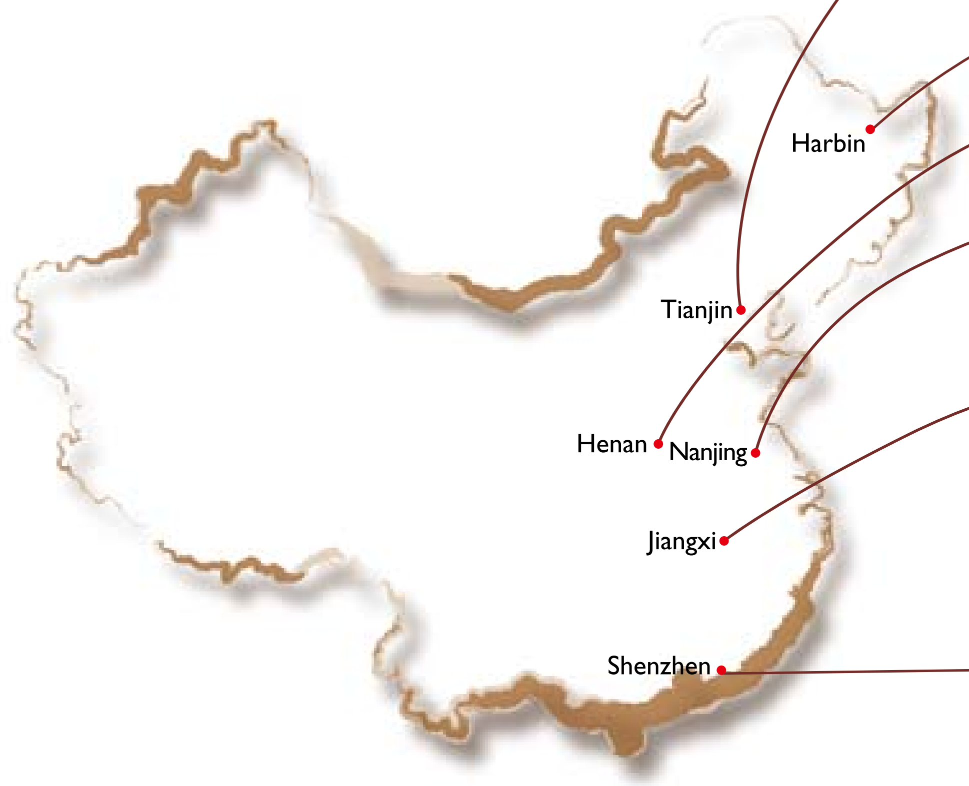
In 2011, the management and all staff of the Group have achieved satisfactory results, in which the dedication, professionalism and enthusiasm made by all staff are appreciated.

I would also like to thank our cooperation partners—you are what we live for, for your trust and patronage on us. Meantime, I will do my utmost and lead the Group to create values for Shareholders in the upcoming year.

Du Lin Dong
Chairman

Hong Kong, 26 September 2011

Aim at creating higher value with our investment missions, being "Complementation" and "Win-Win"



Tianjin City
- TianJin XEDA Microfinance Co., Ltd.
- Tianjin Rongshun Microfinance Limited
- TIIC RongShun Micro-Loan Company Limited

Harbin City
- Harbin Daowaiqu Zhongjinguoxin Microfinance Co., Ltd.

Henan City
- Zhengzhou Economic Technological Development Mingyang Micro-loan Limited

Nanjing City
- Nanjing Jiangning Zhongtou Jinsheng Village Micro-loan Limited
- Nanjing Jiangning Zhongtou Mingyang Technology Micro-loan Limited

Jingdezhen City, Nancheng City, Xinyu City
- Jiangxi Zhongjin Hanchen Guarantee Company Limited
- Jingdezhen CFI Guosen Microfinance Co., Ltd.
- Nanchang City Donghu District Zhongjin Caixin Micro-loan Limited
- Xinyu City Yushui District Zhongjin Guoxin New Energy Technological Micro-loan Limited

Shenzhen City
- Shenzhen City Zhongtou Jinxin Asset Management Limited
- Shenzhen City Zhongjin Guoxin Micro-loan Limited

BUSINESS REVIEW

The Group was principally engaged in the investments in the listed securities for short term and in the unlisted equities for medium and long term during the Year.

Profit for the year attributable to equity Shareholders of the Company amounted to HK$36.93 million as compared to HK$27.63 million last year, representing a 33.66% increase which showed a satisfactory performance. The basic earnings per share was HK1.129 cents (2010: HK1.112 cents).

Turnover recognized by the Group during the Year comprised the sale proceeds and dividend income from listed investments of HK$296.01 million as compared to HK$151.48 million last year, representing a 95.41% increase. After taking into account of dividend income and net realized gain on disposal of listed securities, the Group recorded revenue of HK$51.29 million as compared to HK$19.18 million in last year, representing an increase of 167.41% over the last year. The other revenue and income which comprised of interest income and other income was HK$2.23 million, representing an increase of 3.24% as compared to HK$2.16 million last year. General and administrative expenses increased 108.47% from HK$16.18 million reported last year to HK$33.73 million this Year being in line with the strategic shift to invest in service financing industry and the increase in operating activities for investments at earlier stages.

Listed Investments

The Group recorded a fair value gain on financial assets at fair value through profit or loss of HK$20.50 million (2010: HK$26.50 million). The main grounds were analyzed as follows:

Despite the U.S. economy was still not recovered and augmented by the challenges of the European debt crisis, with active proactive investment strategy adopted by the management and investment managers, the Group recorded a respectable unrealised gain of HK$20.35 million on fair value on listed trading securities (2010: HK$9.41 million).

During the Year, the Company did not convert the convertible bonds (the "**Convertible Bonds**") issued by China Water Property Group Limited, which shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") Stock code: 2349 (2010: gain of HK$14.47 million). As of the end of the Year, as the Company did not hold any Convertible Bonds, it did not record an unrealised gain on change in fair value of Convertible Bonds (2010: an unrealised gain of HK$2.62 million). During the Year, the Company recorded a gain of HK$0.15 million on the redemption of Convertible Bonds at maturity (2010: nil).

Unlisted Investments

During the Year, the Company actively explored opportunities to expand its investment horizon and to enhance the investment return of the Company and the Shareholders as a whole. The Company has embarked on its investment in small loan business and financing guarantee business in the PRC. As at the date of this annual report, the Company has commenced its investment in small loan business and financing guarantee business in Jingdezhen City, Nanchang City, Xinyu City, Tianjin City, Harbin City, Shenzhen City, Zhengzhou City and Nanjing City in the PRC.

Jingdezhen City, Nanchang City, Xinyu City

The Board is of the view that the investments in Jingdezhen City, Nanchang City and Xinyu City of Jiangxi Province will generate a good return to the Group. Jiangxi Province is currently one of the most important areas for agricultural industry in the PRC, Jiangxi Province is strong in its agricultural productivity and it has been one of the only 2 provinces which are capable of supplying food and agricultural products to the entire country on an annual basis since the establishment of the PRC. The provincial municipal government is planning to further its agricultural production development by focusing on the promotion of eco-friendly agriculture and a variety of agricultural technological development in Jiangxi Province, the PRC. Apart from that, the provincial municipal government also encourages the development of various high technological and resource industries, such as aerospace technology, mineral exploitation, metallurgy, medicine and biochemical products, etc. in Jiangxi Province, the PRC. On the other hand, Jingdezhen City has rich minerals, especially Kaolin which has far-reaching impact on the international ceramics industry. Nanchang City, being the capital city of Jiangxi Province, is always the economic and industrial hub of the province while Xinyu City is the fastest urbanising and industrialising city with a potential mineral reserve of more than 30 types of minerals. The Board believes that the potential economic development in the cities in Jiangxi Province will be promising, and that demand for small loan services, financing guarantee service, and enterprise development, management and financial consultation services will grow rapidly in the cities in Jiangxi Province. Therefore, the investment and the formation of the joint venture companies in Jingdezhen City, Nanchang City and Xinyu City in Jiangxi Province, the PRC will be a profitable investment.

Commencing 1 July 2010 and up to the date of this annual report, the Group entered into the following legally binding agreements (the "**Agreement(s)**") in respect of its investments in Jingdezhen City, Nanchang City and Xinyu City, Jiangxi Province, the PRC.

Completed investments

On 12 July 2010, Globe Capital Resources Investment Limited ("**Globe Capital**"), a wholly-owned subsidiary of the Company as at the date of the Agreement, made an investment of RMB11.39 million to acquire 29% equity interest in 江西九三三科技發展有限責任公司 (transliterated as Jiangxi 933 Technology Development Company Limited, "**Jiangxi 933**"). On 23 February 2011, pursuant to the capital contribution agreement of Jiangxi 933, the Group enlarged its investment by RMB9.22 million, which represented a total investment of RMB20.61 million, and the equity interest held was increased to 30%. Jiangxi 933 is principally engaged in the provision of information system service. The Company disposed of 70% equity interest in Globe Capital to an independent third party on 16 June 2011.

On 1 December 2010, the Group made an investment of RMB36 million to acquire 30% registered capital of 江西中金漢辰擔保有限公司 (transliterated as Jiangxi Zhongjin Hanchen Guarantee Company Limited, "**Jiangxi Zhongjin Hanchen**")（formerly known as 江西漢辰擔保有限公司, transliterated as Jiangxi Hanchen Guarantee Company Limited). Jiangxi Zhongjin Hanchen is principally engaged in the provision of guarantees to SMEs and assists such enterprises in obtaining loans from financial institutions in Jiangxi Province, the PRC. The investment was the first transaction for the Group to engage in guarantee and small loan businesses.

On 24 March 2011, a joint venture company was formed with the name as Jingdezhen CFI Guosen Microfinance Co., Ltd., ("**Jingdezhen CFI Guosen**"). The Company subscribed for 23.33% registered capital of Jingdezhen CFI Guosen for a consideration of RMB116.67 million. Jingdezhen CFI Guosen is principally engaged in the provision of rapid and nimble small loan and credits to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses and also in the provision of the management and financial consultation services for the development of local enterprises in Jingdezhen City, Jiangxi Province, the PRC.

Investments upon completion

On 18 July 2011, a joint venture company was formed and the proposed name of which will be 南昌市東湖區中金財信小額貸款股份有限公司 (transliterated as Nanchang City Donghu District Zhongjin Caixin Micro-loan Limited,"**Nanchang City Donghu District Zhongjin Caixin**"). The Company subscribed for 30% registered capital of Nanchang City Donghu District Zhongjin Caixin for a consideration of RMB30 million. It is principally engaged in the provision of rapid and nimble small loan, and enterprise development, management and financial consultation services to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses in Donghu District, Nanchang City, Jiangxi Province, the PRC. As certain conditions precedent have not been fulfilled as at the date hereof, the transaction is expected to be completed by the end of 2011.

On 18 July 2011, a joint venture company was formed and the proposed name of which will be 新余市渝水區中金國信新能源科技小額貸款股份有限公司 (transliterated as Xinyu City Yushui District Zhongjin Guoxin New Energy Technological Micro-loan Limited, "**Xinyu City Yushui District Zhongjin Guoxin**"). The Company subscribed for 30% registered capital of Xinyu City Yushui District Zhongjin Guoxin for a consideration of RMB75 million. It is principally engaged in the provision of rapid and nimble small loan, and enterprise development, management and financial consultation services to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses in Yushui District, Xinyu City, Jiangxi Province, the PRC. As certain conditions precedent have not been fulfilled as at the date hereof, the transaction is expected to be completed by the end of 2011.

Tianjin City

The Board is of the view that the investments in Tianjin City will generate a good return to the Group. According to the introduction by the municipal government of Tianjin City, the PRC, Tianjin City is one of most important economic centers and one of the four municipalities directly under the central government. Tianjin City is developing as a financial center and a model region for financial service sector. The Board believes that the potential economic development in Tianjin City will be promising, and that demand for small loan services and financial consultation services will grow rapidly in the Tianjin City. Therefore, the formation of the joint venture company in Tianjin City, the PRC will be a profitable investment.

Commencing 1 July 2010 and up to the date of this annual report, the Group entered into the following legally binding agreements in respect of its investments in Tianjin City, the PRC.

Completed investments

On 4 April 2011, a joint venture company was formed with the name as TianJin XEDA Microfinance Co., Ltd. ("**Tianjin XEDA**"). The Company subscribed for 30% registered capital of Tianjin XEDA for a consideration of RMB60 million. Tianjin XEDA is principally engaged in the provision of rapid and nimble small loan, small loan settlement services and consultation services in Tianjin City, the PRC.

On 1 August 2011, a joint venture company was formed with the names as Tianjin Rongshun Microfinance Limited ("**Tianjin Rongshun**"). The Company subscribed for 30% registered capital of Tianjin Rongshun for a consideration of RMB30 million. Tianjin Rongshun is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin City, the PRC. The transaction was completed on 24 August 2011.

On 16 August 2011, a joint venture company was formed with the name as TIIC RongShun Micro-Loan Company Limited ("**TIIC Rongshun**"). The Company subscribed for 10% registered capital of TIIC Rongshun for a consideration of RMB10 million. It is principally engaged in the provision of rapid and nimble small loan, discount of bills, assignment of loans, consultation services on small loan and settlement services on loans in Tianjin City, the PRC. The transaction was completed on 2 September 2011.

Harbin City

The Board is of the view that the investment in Harbin City will generate a plentiful return to the Group. Harbin City, located at the center of Northeast Asian economic ring, is the important hub of New Eurasian Land Bridge and the sky walk. It possesses geographical and economic advantages at international level. Harbin City is a gifted land with great ecological environment. It is a vital commodity grain production base and energy industrial base. There are a lot of state-level, province-level, city-level and district-level of industrial zones in Harbin City, covering industries like automobile, food, medicine, petrochemicals, aviation and aerospace, food processing, construction materials and specialized equipment, etc., which provides a strong investment guarantee. The Board believes that the demand for small loan services, financing guarantee and development, management and financial consultation services will grow rapidly in Harbin City by the virtue of a prosperous economy and the support to SMEs financing by the local government. Therefore, the formation of the joint venture company in Harbin City, Heilongjiang, the PRC will be a profitable investment.

Commencing 1 July 2010 and up to the date of this annual report, the Group entered into the following legally binding agreement in respect of its investment in Harbin City, Heilongjiang, the PRC.

Completed investment

On 31 March 2011, a joint venture company was formed with the name as Harbin Daowaiqu Zhongjinguoxin Microfinance Co., Ltd. ("**Harbin Daowaiqu Zhongjinguoxin**"). The Company subscribed for 30% registered capital of Harbin Daowaiqu Zhongjinguoxin for a consideration of RMB30 million. Harbin Daowaiqu Zhongjinguoxin is principally engaged in the provision of rapid and nimble small loan service in Harbin City, Heilongjiang, the PRC. The transaction was completed on 28 August 2011.

Shenzhen City

The Board is of the view that the investments in Shenzhen City will generate a good return to the Group. Shenzhen is an important international gateway in the PRC and one of the fastest developing and most prosperous cities in the world. Shenzhen City is a vital transport hub along the coast of South China and holds a key position among new high technology industry, financial services, foreign trading and exports, marine transport, innovation culture and other aspects. Shenzhen City shoulders the important mission of testing and demonstrating various aspects such as system reform and further opening. Meanwhile, Shenzhen City Municipal Government urges to expedite the financial reform and financial service innovation so as to perfect the SMEs financing guarantee system. The Board believes that the economic development of Shenzhen City is strong, and that the demand for small loan service, enterprise development, management and financial consultation services, economic information consultation and corporate image planning will grow rapidly. Therefore, the formation of the joint venture companies in Shenzhen City, Guangdong Province, the PRC will be a profitable investment.

Commencing 1 July 2010 and up to the date of this annual report, the Group entered into the following legally binding agreements in respect of its investments in Shenzhen City, Guangdong Province, the PRC.

Completed investment

On 1 March 2011, a joint venture company was formed with the name as 深圳市中投金信資產管理有限公司 (transliterated as Shenzhen City Zhongtou Jinxin Asset Management Limited, "**Shenzhen Zhongtou Jinxin**"). The Company subscribed for 30% registered capital of Shenzhen Zhongtou Jinxin for a consideration of RMB15 million. The first contribution of RMB6 million had been made by the Company and the second contribution of RMB9 million will be made within two years from the date of business license which was granted to Shenzhen Zhongtou Jinxin. Shenzhen Zhongtou Jinxin is principally engaged in the consultation on project investment, enterprise management and economic information and corporate image planning. Besides, it is also engaged in product appearance design, graphic design, cartoons and animation design and the assignment of self-designed technologies.

Investment upon completion

On 31 March 2011, a joint venture company was formed and the proposed name of which will be 深圳市中金國信小額貸款股份有限公司 (transliterated as Shenzhen City Zhongjin Guoxin Micro-loan Limited,"**Shenzhen City Zhongjin Guoxin**"). The Company subscribed for 30% registered capital of Shenzhen City Zhongjin Guoxin for a consideration of RMB60 million. It is principally engaged in the provision of rapid and nimble small loan and financial consultation services in Shenzhen, Guangdong Province, the PRC. As certain conditions precedent have not been fulfilled as at 30 June 2011, the transaction is expected to be completed in early 2012.

Zhengzhou City

The Board is of the view that the investment in Zhengzhou City will generate a good return to the Group. To the best of the director's knowledge, information and belief, Zhengzhou City is considered to be important of linking the east and west and connecting the south and north in the economic development in the PRC. Zhengzhou possesses a better industrial system, which stays in a competitive position in the industry. It takes leading position in various industries, including automobile, coal-electricity-aluminum, equipment manufacturing, food, textile, and acts as a vital industrial base for nonferrous metallurgy, food, bus manufacturing, coal, construction and fireproof materials and textile. Under the blooming economic condition, the Directors believe that the demand for small loan service, financing guarantee, enterprise development, management and financial consultation services will grow rapidly in Zhengzhou City. Therefore, the investment in Zhengzhou City, Henan Province, the PRC will be a profitable investment.

Commencing 1 July 2010 and up to the date of this annual report, the Group entered into the following legally binding agreement in respect of its investment in Zhengzhou City, Henan Province, the PRC.

Investment upon completion

On 20 February 2011, the Group acquired 30% registered capital of 鄭州經濟技術開發區明陽小額貸款有限公司 (transliterated as Zhengzhou Economic Technological Development Mingyang Micro-loan Limited) for a consideration of RMB30 million. It is principally engaged in the provision of rapid and nimble small loan and financial consultation services in Zhengzhou City, Henan Province, the PRC. As certain conditions precedent have not been fulfilled as at 30 June 2011, the transaction is expected to be completed in middle of 2012.

Nanjing City

The Board is of the view that the investments in Jiangning District of Nanjing City will generate a good return to the Group. To the best of the director's knowledge, information and belief, Jiangning District is the most developed district in Nanjing City, Jiangsu Province, the PRC. The local government in Jiangning District of Nanjing City, focuses on the development of various industries in the district, including telecommunication, automobile, component manufacturing, substitute energy production, development of computer software, etc. Under the blooming economic condition and the encouragement of the development of various industries by the local government, the Directors believe that the demand for small loan service, financing guarantee, enterprise development, management and financial consultation services will grow rapidly in Jiangning District of Nanjing City. Therefore, the formation of the joint venture companies in Jiangning District, Nanjing City, Jiangsu Province, the PRC will be a profitable investment.

Commencing 1 July 2010 and up to the date of this annual report, the Group entered into the following legally binding agreements in respect of its investments in Jiangning District, Nanjing City, Jiangsu Province, the PRC.

Investments upon completion

On 29 June 2011, a joint venture company was formed and the proposed name of which will be 南京江寧中投金盛農村小額貸款有限公司 (transliterated as Nanjing Jiangning Zhongtou Jinsheng Village Micro-loan Limited,"**Nanjing Jiangning Zhongtou Jinsheng**"). The Company subscribed for 30% registered capital of Nanjing Jiangning Zhongtou Jinsheng for a consideration of RMB30 million. It is principally engaged in the provision of rapid and nimble small loan, enterprise development, management and financial consultation services to SMEs, rural sector (farmers, villages and agricultural industry) and privately or individually-owned businesses, in Jiangning District, Nanjing, Jiangsu Province, the PRC. As certain conditions precedent have not been fulfilled as at 30 June 2011, the transaction is expected to be completed by the end of 2011.

On 29 June 2011, a joint venture company was formed and the proposed name of which will be 南京江寧中投明陽科技小額貸款有限公司 (transliterated as Nanjing Jiangning Zhongtou Mingyang Technology Micro-loan Limited,"**Nanjing Jiangning Zhongtou Mingyang**"). The Company subscribed for 30% registered capital of Nanjing Jiangning Zhongtou Mingyang for a consideration of RMB60 million. It is principally engaged in the provision of (i) rapid and nimble small loan, enterprise development, management and financial consultation services to technology enterprises, SMEs and privately or individually-owned businesses; (ii) financing guarantee; and (iii) special-purpose loan for capital injection (up to 30% of the total amount of authorised registered capital of a company) to small and medium technology enterprises (mainly focusing on Nanjing Jiangning Economic and Technology Development Zone, which is a state-level economic development zone) in Jiangning District, Nanjing, Jiangsu Province, the PRC. As certain conditions precedent have not been fulfilled as at 30 June 2011, the transaction is expected to be completed by the end of 2011.

Disposal of Unlisted Investment

On 16 June 2011, the Company disposed its 70% equity interest in Globe Capital to an independent third party for HK$42 million and the gain on disposal of HK$41.99 million was accounted in the consolidated income statement for the year ended 30 June 2011. The gain on disposal leads to an increase in cash flow of the Group, which allows the Group to capture more valuable opportunities for investment and bring about high-yield return for Shareholders in the medium and long run.

PROSPECT

Looking forward, affected by financial deficit in Europe and the U.S., debt crisis, inflation, monetary policy, trade friction, global economy will recover in a slow and complicated way inevitably. However, due to the stable political situation in the PRC, continuously growing domestic market and optimization of industrial structure, the PRC remains as one of the countries that enjoys the most favorable economy in the world. The Group is confident about the prospect of the PRC market and will continue to identify and advance its investment in financial sector in the PRC while proactively explore in the investments in, including but not limited to, new technology and new energy sectors in order to bring about returns for Shareholders as a whole.

To support the strategies implemented by the Group, the management will optimize and enrich the investment portfolio, make investments in different domains and identify investment opportunities with potential of asset appreciation as well as with sustainable income stream in 2012 and the coming three years to enhance returns to the Group and Shareholders.

In terms of investment strategy, the Group will invest in various projects operated by independent parties and form an investment network through scale and diversified investment after taking into consideration the local preferential policy, cooperation partners, investment risks, capital return, etc. This network platform will enjoy preferential policies and possess risk-resistant capability which no single investment project is able to compete with, hence increasing gains on the investment.

CHANGE OF COMPANY NAME

To better reflect the business operations of the Group, the Company changed its English name from “Sunshine Capital Investments Group Limited” to “China Financial International Investments Limited” and its Chinese secondary name from “明陽資本投資集團有限公司” to “中國金融國際投資有限公司” and a new logo was designed to turn a new leaf for the Group in November 2010.

MAJOR ACQUISITIONS AND DISPOSALS

Details of the Group’s major acquisitions and disposals during the Year are set out in notes 18 and 20 to the financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group had cash and bank balance of HK$81.79 million (30 June 2010: HK$34.78 million). Most of the cash and bank balance were placed in Hong Kong dollar and Renminbi deposits with banks in Hong Kong and the PRC respectively. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2011 was approximately 5,884% (30 June 2010: 3,072%), gearing ratio (calculated as the long term loan to the total shareholders’ equity) of the Group as at 30 June 2011 was zero (30 June 2010: zero). The Group maintained a strong working capital position during the Year.

The Group had shareholders’ funds of HK$812.49 million as at 30 June 2011 compared to HK$303.69 million as at 30 June 2010, representing an increase of 167.54% over the last year.

The Group did not have any bank borrowing as at 30 June 2011 (30 June 2010: nil). The capital commitments of the Group are set out in note 34 to the financial statements.

CAPITAL STRUCTURE

The Company has raised approximately HK$438 million by subscriptions of a total number of 496,700,000 shares at the subscription price of HK$0.15 per subscription share on 16 November 2010, 596,960,000 shares at the subscription price of HK$0.25 per subscription share on 10 December 2010, 370,000,000 shares at the subscription price of HK$0.50 per subscription share on 29 March 2011 and 60,000,000 shares at the subscription price of HK$0.50 per subscription share on 20 May 2011 respectively during the Year.

The Company issued 29,400,000 shares with par value of HK$0.01 each at an exercise price of HK$0.16 per share; 7,430,000 shares with par value of HK$0.01 each at an exercise price of HK$0.05 per share; 38,930,000 shares with par value of HK$0.01 each at an exercise price of HK$0.13 per share and 24,830,000 shares with par value of HK$0.01 each at an exercise price of HK$0.135 per share upon the exercise of the share options during the Year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Since the Group mainly used Hong Kong dollars and Renminbi to carry out its business transactions, the Board considered that the Group's exposure to fluctuation in exchange rates was insignificant.

INVESTMENT PORTFOLIO

The Group's investment portfolio comprised of listed investments and unlisted investments. As at 30 June 2011, the Group held listed investments, at market value, of HK$300.56 million (30 June 2010: HK$258.63 million).

As at 30 June 2011, the Group's unlisted investments, valued at fair value, totaling HK$311.35 million (30 June 2010: HK$15.91 million).

CHARGES ON THE GROUP'S ASSET AND CONTINGENT LIABILITIES

As at 30 June 2011, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2011, the Group had 19 employees, including Directors. The total staff cost of the Group for the Year was HK$18.62 million (2010: HK$8.86 million). The remuneration package of the employees is determined by various factors including the employees' experience and performance, the market condition, industry practice and applicable employment law.

EXECUTIVE DIRECTORS

Mr. Du Lin Dong, aged 43, chairman of the Board who has been the chief executive officer of China Water Affairs Group Limited (Stock code: 855), a company listed on the Main Board of the Stock Exchange. Mr. Du has about 21 years' experience in investment and finance sector in the PRC and he had held senior management positions in various unlisted investment companies incorporated in the PRC. Mr. Du is also the director of various subsidiaries of the Company.

Mr. Liu Baorui, aged 54, is a chief executive officer of the Company. He holds an Executive Master degree in Business at Shanghai Jiaotong University. Mr. Liu had been working with the People's Bank of China and the Agricultural Bank of China. He held the position of executive director, vice-secretary of the Party Committee, vice president of Shenzhen Development bank. He is a member of the board of supervisors of China Unionpay Co., Ltd. and owns over 37 years of work experience in financial corporate management. Mr. Liu is also a member of the Financial Planning Standard Council of China (中國金融理財師標準委員會), a part-time (visiting) professor of Nankai University in the PRC, an independent director of Tianjin City Commercial Bank and a representative of the 5th National People's Congress of Shenzhen City.

Mr. Pong Po Lam Paul, aged 55, is an authorized representative of the Company who has been the Managing Director of Pegasus Fund Managers Limited since 1990. He has worked in the fund management industry for over twenty years. He is the Chairman of The Institute of Financial Planners of Hong Kong, Executive Committee member of The Hong Kong Institute of Financial Analysts and Professional Commentators Ltd., Chairman of Investment and Fund Management Services of CEPA Business Opportunities Development Alliance, a member of Business Studies Advisory Board of HKU SPACE, a regular guest speaker for senior management training courses in several financial/insurance companies and universities and Economic Advisor of The People's Government of Naijiang City, Sichuan Province, a member of Advisory Committee of Hang Seng Indexes Co Ltd, a member of Disciplinary Panel A of the Hong Kong Institute of Certified Public Accountants and a member of Mandatory Provident Fund Schemes Advisory Committee.

NON-EXECUTIVE DIRECTORS

Mr. Ma Jie, aged 48, graduated from the department of computer science of Zhengzhou University and holds a master degree in business administration from University of South Australia. Mr. Ma has gained extensive experience in sales and management areas. Mr. Ma is also the director of various subsidiaries of the Company.

Mr. Ding Xiaobin, aged 42, graduated with a master of business administration degree from Huazhong University of Science and Technology, and has been honored the academic title of economist. He has worked for different business enterprises in various fields, including banking, futures, clothes, import & export and investments. Currently as the managing director of Guangdong Poly Investment Limited, he acts as the investment consultant for projects in relation to clothes sales, harbour operation, agricultural, chemical synthesis and so on, with close cooperative relationship with the commercial banks, insurance corporation and trusting corporation. Mr. Ding has rich experience in management, merger and acquisition, restructuring.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Cheung Wai Bun Charles, *JP,* aged 75. Dr. Cheung possesses the appropriate financial management expertise as required by the Listing Rules, including experience in internal controls reviewing and analyzing audited financial statements. Dr. Cheung is presently chairman of Joy Harvest International Limited, director and vice chairman of Executive Committee of the Metropolitan Bank (China) Ltd, Senior Advisor of Metropolitan Bank & Trust Co. Philippines and an independent non-executive director and chairman of the respective audit committees of Pioneer Global Group Limited (stock code: 224) and Shanghai Electric Group Company Limited (stock code: 2727), the latter two are companies listed on the main board of the Stock Exchange. He is an independent non-executive director and chairman of Remuneration Committee of Grand TG Gold Holdings Limited (stock code: 8299) which is a company listed on the Growth Enterprise Market of the Stock of Exchange, an independent non-executive director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd. (formerly known as Zhuhai Commercial Bank Limited). He is executive chairman of Lightscape Technologies Inc. Dr. Cheung is also a Council Member of the Hong Kong Institute of Directors. He is a visiting professor of School of Business of Nanjing University in the PRC and special advisor to the President of University of Victoria, BC Canada. Dr. Cheung is also a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital. Dr. Cheung was formerly group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong, and a former director and advisor of the Tung Wah Group. He has held senior management positions in various companies of different industries and possessed extensive experiences. Dr. Cheung holds an honorary doctor's degree from John Dewey University of USA and a master degree in business administration and a bachelor of science degree in accounts and finance from New York University. He was awarded Listed Company Non-Executive Director Award at the Hong Kong Directors of the Years Awards 2002. In December 2010, Dr. Cheung received 3 awards namely (1) Outstanding Management Award of The Chartered Management Association, (2) Outstanding Director Award of The Chartered Association of Directors and (3) Outstanding CEO Award of The Asia Pacific CEO Association.

Mr. Wan Hongchun, aged 51, is currently the president of Creat Fund Management Ltd. Mr. Wan has almost 30 years of experience in banking and finance sector in Hong Kong and the PRC, of which Mr. Wan had worked in the Agricultural Bank of China for more than 20 years. Mr. Wan has been the general manager of the Agricultural Bank of China, Hong Kong Branch and vice general manager of China Great Wall Asset Management Limited before he joined Creat Fund Management Ltd. Mr. Wan graduated from the Harbin Institute of Technology with a master degree in Business in 1996. He also obtained a bachelor degree in Finance from Jiangxi Finance University in 1983 and a bachelor degree in Mathematics from Jiangxi Science and Technology of Normal University in 1981.

Mr. Zeng Xianggao, aged 53, is the proprietor of Kangyuan Zeng & Co. (certified public accountant firm). Mr. Zeng is a fellow member of The Association of Chartered Certified Accountants, a member of The Hong Kong Institute of Certified Public Accountants (practicing) and PRC CPA. Mr. Zeng was previously an accounting lecturer of Sun Yat-Sen University at Guangzhou, and an audit and tax consultant in two international accounting firms. He has extensive experience in accounting, taxation and auditing practice in Hong Kong as well as in the PRC. Mr. Zeng graduated from the Renmin University of China (Beijing) with a master degree in economics, and also obtained training certificate of independent directorship from the Shanghai National Accounting Institute in 2004.

The Directors present the audited financial statements of the Company and the Group for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

During the Year, the Group was principally engaged in the investment in listed and unlisted companies established and/or doing business in Hong Kong and other parts of the PRC. Details of the principal activities of the subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the consolidated income statement on page 36 of this annual report.

No interim dividend (31 December 2009: HK0.5 cents per share) was paid during the year.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2011 (2010: nil).

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 92 of this annual report.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity on page 40 and note 32 to the financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's entire turnover is derived from the Group's investments in listed securities and thus the disclosure of customers and suppliers information would not be meaningful.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Year are set out in note 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the Year are set out in notes 30 and 31 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

DIRECTORS

The Directors during the Year were:

Executive Directors:

Mr. Du Lin Dong	*(Chairman)*
Mr. Liu Baorui	*(appointed as executive Director and chief executive officer on 8 February 2011)*
Mr. Pong Po Lam Paul	
Ms. Wang Wen Xia	*(resigned as executive Director and chief executive officer on 17 January 2011)*

Non-executive Directors:

Mr. Ma Jie	
Mr. Ding Xiaobin	
Mr. Fung Cheuk Nang Clement	*(resigned on 4 May 2011)*
Mr. Li Chaobo	*(appointed on 22 December 2010, resigned on 24 March 2011 and redesignated as vice president)*

Independent non-executive Directors:

Dr. Cheung Wai Bun Charles	
Mr. Wan Hongchun	*(appointed on 22 December 2010)*
Mr. Zeng Xianggao	
Professor Zhang Yong	*(resigned on 22 December 2010)*

In accordance with Bye-laws 88(1) and 88(2), Mr. Pong Po Lam Paul, Mr. Ding Xiaobin and Dr. Cheung Wai Bun Charles shall retire from office by rotation at the annual general meeting. Being eligible, each of Mr. Pong Po Lam Paul, Mr. Ding Xiaobin and Dr. Cheung Wai Bun Charles will offer himself for re-election as executive Director/non-executive Director/independent non-executive Director at the forthcoming annual general meeting (as the case may be).

The Directors, including the independent non-executive Directors are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-laws. The Company has received from each of the independent non-executive Directors an annual written confirmation of independent pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and considers all the independent non-executive Directors are independent to the Company.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 15 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Du Lin Dong entered into a service agreement with the Company on 23 June 2010, pursuant to which Mr. Du was appointed to act as executive Director and chairman of the Board for a period of three years from the date of the agreement at an annual remuneration of HK$3 million and an annual fee of HK$0.12 million for his office as the chairman of the Board. Under the service agreement, either party needs to give not less than 3 months' written notice to the other party in case of early termination of the appointment.

Mr. Liu Baorui entered into a service agreement with the Company on 8 February 2011, pursuant to which Mr. Liu was appointed to act as executive Director and chief executive officer of the Company for a period of three years from the date of the agreement at an annual remuneration of HK$5 million. Under the service agreement, either party needs to give not less than 3 months' written notice to the other party in case of early termination of the appointment.

As at 30 June 2011, save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS INTEREST IN CONTRACTS

No Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its subsidiaries was a party during the Year.

SHARE OPTIONS

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted the Share Option Scheme (the "**Scheme**") on 15 January 2008. Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. The following table discloses the movement in the Company's share options under the Scheme during the Year:

	Number of share options							
Name or category of participant	At 1 July 2010 *'000*	Granted during the Year *'000*	Exercised during the Year *'000*	Lapsed during the Year *'000*	At 30 June 2011 *'000*	Exercise Period	Exercise Price *HK$*	Date of Grant
Directors								
Du Lin Dong	–	24,830	(24,830)	–	–	13/10/2010-12/7/2015	0.135	13/7/2010
Liu Baorui *(appointed on 8 February 2011)*	–	12,000	–	–	12,000	16/5/2011-15/2/2014	0.445	16/2/2011
	–	12,000	–	–	12,000	16/2/2012-15/2/2014	0.445	16/2/2011
	–	12,000	–	–	12,000	16/2/2013-15/2/2014	0.445	16/2/2011
	–	36,000	–	–	36,000			
Wang Wenxia *(resigned on 17 January 2011)*	18,400	–	(18,400)	–	–	23/1/2008-22/1/2011	0.16	23/1/2008
	6,430	–	(6,430)	–	–	17/2/2009-16/11/2013	0.05	17/11/2008
	24,830	–	(24,830)	–	–	18/3/2010-17/12/2014	0.13	18/12/2009
	49,660	–	(49,660)	–	–			
Pong Po Lam Paul	1,200	–	(1,200)	–	–	23/1/2008-22/1/2011	0.16	23/1/2008
	1,000	–	(1,000)	–	–	18/3/2010-17/12/2014	0.13	18/12/2009
	2,200	–	(2,200)	–	–			
Li Chaobo *(appointed on 22 December 2010, resigned on 24 March 2011 and redesignated as vice president)*	–	3,300	–	–	3,300	16/5/2011-15/2/2014	0.445	16/2/2011
	–	3,300	–	–	3,300	16/2/2012-15/2/2014	0.445	16/2/2011
	–	3,400	–	–	3,400	16/2/2013-15/2/2014	0.445	16/2/2011
	–	10,000	–	–	10,000			
Ma Jie	8,000	–	(8,000)	–	–	23/1/2008-22/1/2011	0.16	23/1/2008
	2,000	–	–	–	2,000	17/2/2009-16/11/2013	0.05	17/11/2008
	10,000	–	–	–	10,000	18/3/2010-17/12/2014	0.13	18/12/2009
	20,000	–	(8,000)	–	12,000			

SHARE OPTIONS *(Continued)*

Name or category of participant	Number of share options					Exercise Period	Exercise Price	Date of Grant
	At 1 July 2010	Granted during the Year	Exercised during the Year	Lapsed during the Year	At 30 June 2011			
	'000	*'000*	*'000*	*'000*	*'000*		*HK$*	
Fung Cheuk Nang Clement *(resigned on 4 May 2011)*	500	–	(500)	–	–	17/2/2009-16/11/2013	0.05	17/11/2008
	500	–	(500)	–	–	18/3/2010-17/12/2014	0.13	18/12/2009
	1,000	–	(1,000)	–	–			
Ding Xiaobin	500	–	(500)	–	–	23/1/2008-22/1/2011	0.16	23/1/2008
	300	–	–	–	300	17/2/2009-16/11/2013	0.05	17/11/2008
	500	–	–	–	500	18/3/2010-17/12/2014	0.13	18/12/2009
	1,300	–	(500)	–	800			
Cheung Wai Bun, Charles	1,300	–	(1,300)	–	–	23/1/2008-22/1/2011	0.16	23/1/2008
	2,600	–	(2,600)	–	–	18/3/2010-17/12/2014	0.13	18/12/2009
	3,900	–	(3,900)	–	–			
Zhang Yong *(resigned on 22 December 2010)*	300	–	–	(300)	–	23/1/2008-22/1/2011	0.16	23/1/2008
	300	–	–	(300)	–	17/2/2009-16/11/2013	0.05	17/11/2008
	500	–	–	(500)	–	18/3/2010-17/12/2014	0.13	18/12/2009
	1,100	–	–	(1,100)	–			
Zeng Xianggao	500	–	–	–	500	17/2/2009-16/11/2013	0.05	17/11/2008
	500	–	–	–	500	18/3/2010-17/12/2014	0.13	18/12/2009
	1,000	–	–	–	1,000			
Qualified allotees in aggregate	3,000	–	–	(3,000)	–	23/1/2008-22/1/2011	0.16	23/1/2008
	500	–	(500)	–	–	17/2/2009-16/11/2013	0.05	17/11/2008
	13,500	–	(10,000)	–	3,500	18/3/2010-17/12/2014	0.13	18/12/2009
	–	3,300	–	–	3,300	16/5/2011-15/2/2014	0.445	16/2/2011
	–	3,300	–	–	3,300	16/2/2012-15/2/2014	0.445	16/2/2011
	–	3,400	–	–	3,400	16/2/2013-15/2/2014	0.445	16/2/2011
	–	10,000	–	–	10,000	16/5/2011-15/2/2014	0.445	16/2/2011
	17,000	20,000	(10,500)	(3,000)	23,500			
	97,160	90,830	(100,590)	(4,100)	83,300			

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (the "**Mode Code**") for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

(i) Long Positions in the ordinary shares of the Company

Name of Directors	*Notes*	Capacity and nature of interest	Long position	Approximately percentage of shareholding in the Company
Du Lin Dong	1	Corporation and Beneficial Owner	641,714,830	15.62%
Rightfirst Holdings Limited	1	Beneficial Owner	591,384,830	14.39%
Ma Jie		Beneficial Owner	6,000,000	0.15%
Ding Xiaobin		Beneficial Owner	500,000	0.01%
Cheung Wai Bun Charles		Beneficial Owner	3,900,000	0.09%

Note:

1. The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du Lin Dong. Mr. Du is deemed to be interested in 591,384,830 Shares under the SFO.

(ii) Long Positions in the underlying shares of the Company

Name of Directors	Capacity and nature of interest	Long position	Approximately percentage of shareholding in the Company
Liu Baorui	Beneficial Owner	36,000,000	0.87%
Ma Jie	Beneficial Owner	12,000,000	0.29%
Ding Xiaobin	Beneficial Owner	800,000	0.01%
Zeng Xianggao	Beneficial Owner	1,000,000	0.02%

Save as disclosed above, as at 30 June 2011, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, to the best knowledge information and belief of the Directors and the chief executive of the Company, the following persons (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Long Positions of substantial shareholder in the ordinary shares of the Company

Name of Shareholders	Capacity and nature of interest	Long position	Approximately percentage of shareholdings in the Company
Rightfirst Holdings Limited *(note)*	Beneficial Owner	591,384,830	14.39%

Note: The entire issued share capital of Rightfirst Holdings Limited is beneficially owned by Mr. Du Lin Dong, an executive Director. By virtue of the SFO, Mr. Du Lin Dong is deemed to be interested in those 591,384,830 shares.

Save as disclosed above, as at 30 June 2011, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of transactions regarded as continuing connected transactions and required to be disclosed as defined under the Listing Rules, are as follow:

(a) Investment Management Agreement with China Financial International Investments & Managements Limited

Pursuant to an investment management agreement dated 29 April 2011 between the Company and China Financial International Investments & Managements Limited ("**CFIIM**"), whereby CFIIM has agreed to provide investment management services to the Company for a period of three years commencing from 29 April 2011. The annual management fee together with performance-related fee payable by the Company is expected to be less than HK$6 million per year under the investment management agreement with CFIIM. CFIIM is entitled to a management fee from the Company calculated at the following rates:

(1) a management fee is payable monthly in arrears at a rate of 0.75% per annum of the market value of the portfolio on the last business day of each calendar month; and

(2) CFIIM is also entitled to receive a performance-related fee of 5% of the appreciation in the market value of the portfolio above a 10% hurdle rate per annum.

During the Year, the aggregated management fee and performance-related fee paid/payable by Company under the investment management agreement to CFIIM amounting to HK$0.32 million (2010: nil).

CFIIM is an associate of the Company who is the beneficial owner of 29% of the entire issued shares in CFIIM as at the date of the investment management agreement. Accordingly, this arrangement constitutes a connected transaction under Chapter 14A of the Listing Rules and is also a related party transaction under the accounting standards issued by the Hong Kong Institute of Certified Public Accountants.

(b) Investment Management Agreement with Atlantis Investment Management (Hong Kong) Limited

Pursuant to an investment management agreement dated 18 April 2008 between the Company and Atlantis Investment Management (Hong Kong) Limited ("**Atlantis**"), whereby Atlantis has agreed to provide investment management services to the Company for a period of three years commencing from 13 May 2008. The annual management fee together with performance-related fee payable by the Company is expected to be less than HK$7.2 million per year. Atlantis is entitled to a management fee from the Company calculated at the following rates:

(1) a management fee is payable quarterly in arrears at the rate of 1% per annum of the market value of the portfolio on the last business day of each calendar month; and

(2) Atlantis is also entitled to receive a performance-related fee of 10% of the appreciation in the market value of the portfolio above 10% hurdle rate per annum.

RELATED PARTY AND CONNECTED TRANSACTIONS *(Continued)*

(b) Investment Management Agreement with Atlantis Investment Management (Hong Kong) Limited *(Continued)*

During the Year, the aggregated management fee and performance-related fee paid/payable by Company under the investment management agreement to Atlantis amounting to HK$2.34 million (2010: HK$2.22 million). The investment management agreement was expired on 12 May 2011.

Pursuant to Chapter 21 of the Listing Rules, the investment manager is regarded as a connected person of the Company. Accordingly, the investment management agreements constitute connected transactions of the Company.

The independent non-executive Directors confirmed that the investment management agreements were rendered (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the investment management agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing his findings and conclusions in respect of the continuing connected transactions of the Group in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

(c) Custodian agreement

Pursuant to the custodian agreement (the "**Custodian Agreement**") dated 12 June 2007, the Company appointed Bank of Communications Trustee Limited as its custodian with effect from 12 June 2007. The custodian has agreed to provide securities services to the Company including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement will continue in force until it is terminated by either the Company or the custodian by giving to the other not less than 90 days' notice in writing expiring at any time. Pursuant to the Custodian Agreement, custody fee of 0.05% of the net asset value, minimum charge is HK$4,000 per valuation per month, will be billed monthly (i.e. calculated on a monthly basis on the net asset value of the portfolio as at month end), fund services fee of HK$4,000 per month, and a transaction fee of HK$320 per transaction for listed security and HK$650 for unlisted/physical securities transaction. The custodian fee paid during the Year amounted to HK$0.21 million (2010: HK$0.23 million).

The custodian is regarded as a connected person of the Company under Chapter 21 of the Listing Rules. Accordingly, the Custodian Agreement constitutes a connected transaction of the Company.

RELATED PARTY AND CONNECTED TRANSACTIONS *(Continued)*

Apart from the investment management fee and the custodian fee paid under the investment management agreements and the Custodian Agreement respectively, other transactions are also disclosed in notes 5 and 36 to the consolidated financial statements as related party transactions.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in note 35 to the financial statements.

CORPORATE GOVERNANCE

The Company's principle corporate governance practices are set out in the Report of Corporate Governance on pages 27 to 33 of this annual report.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established with written terms of reference, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent non-executive Directors. The audited financial statements for the Year have been reviewed by the Audit Committee.

EVENTS AFTER THE PERIOD END

Details of significant events subsequent to the balance sheet date are set out in note 38 to the financial statements.

AUDITOR

A resolution for the re-appointment of CCIF CPA Limited, Certified Public Accountants, as the auditor of the Company for the ensuing year will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Du Lin Dong
Chairman

Hong Kong
26 September 2011

The Board of Directors recognises the importance of corporate governance to the Group's healthy growth and is dedicated to maintaining good standards of corporate governance so as to enhance corporate transparency and protect the interests of Shareholders. The Company believes that good corporate governance will bring long-term benefits to its Shareholders.

The Group has complied with the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 to the Listing Rules during the Year, save for the deviation discussed below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code during the Year.

THE BOARD

Responsibilities

The Board takes the responsibility for all major matters of the Group including the approval and monitoring of all policy matters, overall strategies, internal control and risk management systems, appointment and retirement of Directors and other significant financial and operational matters. The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the management, investment decisions to the executive committee (the "**Executive Committee**") and certain specific responsibilities to the Board committees.

The Directors may have access to the advice and services of the company secretary of the Company with a view to ensuring that the board procedures, and all applicable rules and regulations, are followed.

In addition, the Directors may, upon reasonable request, seek independent professional advice in appropriate circumstance at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Group and to exercise of independent judgment.

THE BOARD *(Continued)*

The Board of the Company comprised the following Directors:

Executive Directors:

Mr. Du Lin Dong	*(Chairman)*
Mr. Liu Baorui	*(appointed as executive Director and chief executive officer on 8 February 2011)*
Mr. Pong Po Lam Paul	
Ms. Wang Wen Xia	*(resigned as executive Director and chief executive officer on 17 January 2011)*

Non-executive Directors:

Mr. Ma Jie	
Mr. Ding Xiaobin	
Mr. Fung Cheuk Nang Clement	*(resigned on 4 May 2011)*
Mr. Li Chaobo	*(appointed on 22 December 2010, resigned on 24 March 2011 and redesignated as vice president)*

Independent non-executive Directors:

Dr. Cheung Wai Bun Charles	
Mr. Wan Hongchun	*(appointed on 22 December 2010)*
Mr. Zeng Xianggao	
Professor Zhang Yong	*(resigned on 22 December 2010)*

During the Year, the Board at all times met the requirements of the Listing Rules in relation to the appointment of at least 3 independent non-executive Directors with at least 1 independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

THE BOARD *(Continued)*

Board Meetings

Board meetings are held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the Year, 33 Board meetings were held and the attendance of individual Directors was as follows:

Name of Directors		Attendance
Mr. Du Lin Dong		33/33
Mr. Liu Baorui	*(appointed as executive Director and chief executive officer on 8 February 2011)*	7/14
Mr. Pong Po Lam Paul		6/33
Ms. Wang Wen Xia	*(resigned as executive Director and chief executive officer on 17 January 2011)*	5/17
Mr. Ma Jie		27/33
Mr. Ding Xiaobin		3/33
Mr. Fung Cheuk Nang Clement	*(resigned on 4 May 2011)*	2/28
Mr. Li Chaobo	*(appointed on 22 December 2010, resigned on 24 March 2011 and redesignated as vice president)*	2/9
Dr. Cheung Wai Bun Charles		8/33
Mr. Wan Hongchun	*(appointed on 22 December 2010)*	2/19
Mr. Zeng Xianggao		7/33
Professor Zhang Yong	*(resigned on 22 December 2010)*	1/14

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Du Lin Dong is the Chairman of the Company, Ms. Wang Wen Xia resigned on 17 January 2011 while Mr. Liu Baorui was appointed on 8 February 2011 as the chief executive officer of the Company. They have segregated and clearly defined roles. The Chairman provides leadership for the Board. The chief executive officer has responsibility for the Company's business development and daily management generally.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Under the Code Provision A.4.1, non-executive Directors should be appointed for a specific term and subject to re-election. However, the non-executive Directors have not been appointed for specific terms but are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Company's Bye-laws.

At each annual general meeting, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

EXECUTIVE COMMITTEE

The Executive Committee was established by the Board, comprising Mr. Du Lin Dong, Mr. Liu Baorui and Mr. Pong Po Lam Paul, being the executive Directors of the Company which has been authorised to make investment decisions on behalf of the Group and operate normal course of business of the Group.

The Executive Committee held 12 meetings during the Year. The attendance of individual members of the Executive Committee was as follows:

Members		**Attendance**
Mr. Du Lin Dong	*(Chairman)*	12/12
Mr. Liu Baorui	*(appointed on 8 February 2011)*	8/8
Mr. Pong Po Lam Paul		12/12
Ms. Wang Wen Xia	*(resigned on 17 January 2011)*	4/4

AUDIT COMMITTEE

The Audit Committee of the Company has been established. All members including the chairman of the Audit Committee are independent non-executive Directors. The terms of reference of the Audit Committee are updated and consistent with the terms set out in the Code Provision from time to time. The functions of the Audit Committee include but not limited to the following:

- to consider and review the appointment, resignation and removal of independent auditor;
- to consider the audit fees;
- to review the interim and annual results;
- to review internal control and risk management systems; and
- to discuss the potential audit issues with the independent auditor.

The Audit Committee held 2 meetings during the Year. The attendance of individual members of the Audit Committee was as follows:

Members		**Attendance**
Dr. Cheung Wai Bun Charles	*(Chairman)*	2/2
Mr. Wan Hongchun	*(appointed on 22 December 2010)*	1/1
Mr. Zeng Xianggao		2/2
Professor Zhang Yong	*(resigned on 22 December 2010)*	1/1

AUDIT COMMITTEE *(Continued)*

The scope of work done by the Audit Committee during the Year includes the following:

- to consider and approve the 2011 audit fees and audit work;
- to review and discuss with external auditor over the financial reporting of the Company;
- to review the interim report and the interim results announcement for the six months ended 31 December 2010;
- to review the audited financial statements and final results announcement for the year ended 30 June 2010; and
- to review the effectiveness of the internal control system.

The Audit Committee has been provided with sufficient resources to discharge its duties.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") has been established and currently consists of three members: one executive Director and two independent non-executive Directors. The terms of reference of the Remuneration Committee are updated and consistent with the terms set out in the Code Provision from time to time. The functions of the Remuneration Committee include but not limited to the following:

- to recommend the Board on the Company's policy and structure for all remuneration of Directors and senior management;
- to determine the specific remuneration packages of all executive Directors and senior management and make recommendations to the Board of the remuneration of non-executive Directors;
- to review and approve performance-based remuneration by reference to corporate goals and objectives approved by the Board from time to time;
- to review and approve the compensation payable to executive Directors and senior management relating to any loss or termination of their office or appointment;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee held 4 meetings during the Year. The attendance of individual members of the Remuneration Committee was as follows:

Members		**Attendance**
Mr. Du Lin Dong	*(appointed as Chairman and member on 17 January 2011)*	2/2
Ms. Wang Wen Xia	*(resigned as Chairman and member on 17 January 2011)*	1/2
Dr. Cheung Wai Bun Charles		4/4
Mr. Wan Hongchun	*(appointed on 22 December 2010)*	3/3
Professor Zhang Yong	*(resigned on 22 December 2010)*	1/1

REMUNERATION COMMITTEE *(Continued)*

The scope of work done by the Remuneration Committee during the Year includes the following:

- to review the remuneration policy for the Directors;
- to review and approve the remuneration package of each Director including benefit in kind, pension right, bonus payment and compensation payable; and
- to review and approve the grant of share options.

The Remuneration Committee has been provided with sufficient resources to discharge its duties.

NOMINATION COMMITTEE

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates.

Furthermore, as the Board is responsible for the selection and approval of candidate for appointment as Director to the Board, therefore the Company has not established a nomination committee for the time being.

AUDITOR'S REMUNERATION

During the Year, the remunerations paid/payable to the Company's auditor, CCIF CPA Limited is set out as follows:

Services rendered	**Fees paid/payable**
	HK$
CCIF CPA Limited	
– audit services	368,000
– non-audit services	80,000

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system in the Company. The Board has delegated to its management the implementation of such systems of internal controls as well as reviewing of relevant financial, operational and compliance controls and risk management procedures. The Audit Committee was established to review the internal control of the Company which covers the material controls including financial, operational and compliance controls and risk management functions. Procedures have been set up, inter alia, for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. The Audit Committee regularly reviews the effectiveness of the internal control system.

COMMUNICATION WITH SHAREHOLDERS

The objective of shareholder communication is to provide our Shareholders with detailed information about the Company so that they can exercise their rights as Shareholders in an informed manner. The Company uses a range of communication tools to ensure its Shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, interim report, various notices, announcements and circulars. Procedure for voting by poll has been included in all circulars accompanying notices convening general meeting and such procedure has been read out by the chairman at general meeting. The annual general meeting provides a useful forum for Shareholders to exchange views with the Board. The Chairman of the Company and the management are available to answer Shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements in accordance with generally accepted accounting principles in Hong Kong for each financial year which gives a true and fair view of the state of affairs of the Company and in presenting the interim results, annual financial statements, and related announcements to Shareholders.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 34 to 35.

CCIF
CCIF CPA LIMITED
34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

To the shareholders of
China Financial International Investments Limited
(Formerly known as Sunshine Capital Investments Group Limited)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Financial International Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 91, which comprise the consolidated and company statements of financial position as at 30 June 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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. This report is made solely to you, as a body, 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 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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011, and of the Group's profit 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.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 26 September 2011

Leung Chun Wa
Practising Certificate Number P04963

Consolidated Income Statement

For the year ended 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Turnover	7	**296,010**	151,477
Revenue	8	**51,293**	19,178
Other revenue and income	8	**2,226**	2,163
Fair value gain on financial assets at fair value through profit or loss	22	**20,497**	26,501
Administrative expenses		**(33,732)**	(16,177)
Share of results of an associate	19	**(17)**	(4)
Profit before taxation	10	**40,267**	31,661
Income tax	13	**(3,342)**	(4,030)
Profit for the year attributable to equity shareholders of the Company	14	**36,925**	27,631
Earnings per share			
Basic	16(a)	**1.129 cents**	1.112 cents
Diluted	16(b)	**1.125 cents**	1.101 cents

The notes on pages 42 to 91 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	2011 *HK$'000*	2010 *HK$'000*
Profit for the year	**36,925**	27,631
Other comprehensive income for the year:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**421**	–
– Change in fair value of available-for-sale financial assets, net of deferred tax	**53,692**	–
– Reclassification adjustment to gain on disposal of available-for-sale financial assets upon derecognition of a subsidiary	**(41,992)**	–
Total comprehensive income for the year attributable to equity shareholders of the Company	**49,046**	27,631

The notes on pages 42 to 91 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	**5,499**	75
Interest in an associate	19	**269**	286
Available-for-sale financial assets	20	**311,349**	15,911
Loan receivable	21	**35,894**	–
		353,011	16,272
Current assets			
Financial assets at fair value through profit or loss	22	**300,561**	258,628
Amount due from a shareholder	24	**19**	19
Prepayments, deposits and other receivables	25	**86,376**	3,661
Cash and cash equivalents	26	**81,789**	34,779
		468,745	297,087
Current liabilities			
Other payables and accruals	27	**420**	5,031
Amounts due to related companies	28	**1,233**	611
Amount due to an associate	19	**320**	–
Current taxation	29(a)	**5,993**	4,030
		7,966	9,672
Net current assets		**460,779**	287,415
Total assets less current liabilities		**813,790**	303,687
Non-current liabilities			
Deferred tax liabilities	29(b)	**1,300**	–
Net assets		**812,490**	303,687
Capital and reserves			
Share capital	30	**41,094**	24,851
Reserves	32	**771,396**	278,836
Total equity		**812,490**	303,687
Net asset value per share	33	**19.8 cents**	12.2 cents

Du Lin Dong
Director

Liu Baorui
Director

The notes on pages 42 to 91 form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	**5,499**	75
Investments in subsidiaries	18	**20,718**	11,382
Interest in an associate	19	**290**	290
Available-for-sale financial assets	20	**299,499**	–
Loan receivable	21	**35,894**	–
		361,900	11,747
Current assets			
Financial assets at fair value through profit or loss	22	**300,561**	258,628
Amount due from a subsidiary	18(b)	**230**	115
Amount due from a shareholder	24	**19**	19
Prepayments, deposits and other receivables	25	**86,253**	3,661
Cash and cash equivalents	26	**75,718**	34,757
		462,781	297,180
Current liabilities			
Other payables and accruals	27	**420**	486
Amount due to a subsidiary	18(b)	**4,329**	8,261
Amounts due to related companies	28	**1,233**	611
Amount due to an associate	19	**320**	–
Current taxation	29(a)	**5,993**	4,030
		12,295	13,388
Net current assets		**450,486**	283,792
Total assets less current liabilities		**812,386**	295,539
Non-current liabilities			
Deferred tax liabilities	29(b)	**1,300**	–
Net assets		**811,086**	295,539
Capital and reserves			
Share capital	30	**41,094**	24,851
Reserves	32	**769,992**	270,688
Total equity		**811,086**	295,539

Du Lin Dong
Director

Liu Baorui
Director

The notes on pages 42 to 91 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

	Attributable to equity shareholders of the Company								
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Contributed surplus** *HK$'000*	**Capital reserve** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**(Accumulated losses)/ retained profits** *HK$'000*	**Total equity** *HK$'000*
At 1 July 2009	24,838	291,405	–	2,766	–	1,763	–	(34,802)	285,970
Share premium reduction	–	(291,405)	291,405	–	–	–	–	–	–
Interim dividend paid	–	–	(12,426)	–	–	–	–	–	(12,426)
Equity settled share-based transactions	–	–	–	–	–	2,447	–	–	2,447
Lapse of share options	–	–	–	–	–	(5)	–	5	–
Issue of new shares upon exercise of share options *(note 30 (a))*	13	73	–	–	–	(21)	–	–	65
Profit for the year	–	–	–	–	–	–	–	27,631	27,631
Total comprehensive income for the year	–	–	–	–	–	–	–	27,631	27,631
At 30 June 2010 and 1 July 2010	24,851	73	278,979	2,766	–	4,184	–	(7,166)	303,687
Equity settled share-based transactions	–	–	–	–	–	7,694	–	–	7,694
Lapse of share options	–	–	–	–	–	(186)	–	186	–
Issue of new shares									
– upon exercise of share options *(note 30(a))*	1,006	17,102	–	–	–	(4,620)	–	–	13,488
– upon share placing *(note 30 (b))*	15,237	423,338	–	–	–	–	–	–	438,575
Profit for the year	–	–	–	–	–	–	–	36,925	36,925
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	421	–	421
Increase in fair value of available-for-sale financial assets	–	–	–	–	53,692	–	–	–	53,692
Disposal of available-for-sale financial assets upon derecognition of a subsidiary	–	–	–	–	(41,992)	–	–	–	(41,992)
Total comprehensive income for the year	–	–	–	–	11,700	–	421	36,925	49,046
At 30 June 2011	41,094	440,513	278,979	2,766	11,700	7,072	421	29,945	812,490

The notes on pages 42 to 91 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Operating activities			
Profit before taxation		**40,267**	31,661
Adjustments for:			
Share of results of associate		**17**	4
Interest income		**(166)**	(2,163)
Dividend income		**(5,727)**	(5,134)
Depreciation		**704**	74
Loss on disposal of property, plant and equipment		**16**	–
Realised gain on disposal of listed securities		**(3,574)**	(14,044)
Unrealised gain on financial assets at fair value through profit or loss		**(20,497)**	(26,501)
Gain on disposal of available-for-sale financial assets	9	**(41,992)**	–
Equity settled share-option expenses		**7,694**	2,447
Operating cash flows before movements in working capital		**(23,258)**	(13,656)
(Increase)/decrease in prepayments, deposits and other receivables		**(6,843)**	1,298
(Decrease)/increase in other payables and accruals		**(4,611)**	133
Increase in amounts due to related companies		**622**	366
Increase in amount due to an associate		**320**	–
Change in financial assets at fair value through profit or loss		**(32,070)**	(48,276)
Cash used in operations		**(65,840)**	(60,135)
Tax paid		**(1,379)**	–
Interest income		**166**	2,043
Dividend income		**5,041**	2,224
Net cash used in operating activities		**(62,012)**	(55,868)
Investing activities			
Purchase of available-for-sale financial assets		**(322,450)**	(11,366)
Payment for investment in an associate		**–**	(290)
Proceeds from disposal of available-for-sale financial assets		**–**	26,633
Purchase of property, plant and equipment		**(6,065)**	(6)
Deposit refunded for acquisition of an investment		**–**	25,000
Loan receivable		**(35,894)**	–
Proceeds from redemption of convertible bonds		**14,208**	–
Proceeds from disposal of a subsidiary	37	**6,818**	–
Net cash (used in)/generated from investing activities		**(343,383)**	39,971
Financing activities			
Proceeds from issue of new shares, net		**452,063**	65
Interim dividend paid		**–**	(12,426)
Net cash generated from/(used in) financing activities		**452,063**	(12,361)
Net increase/(decrease) in cash and cash equivalents		**46,668**	(28,258)
Cash and cash equivalents at beginning of the year		**34,779**	63,037
Effect of foreign exchange rate changes		**342**	–
Cash and cash equivalents at end of the year		**81,789**	34,779
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	26	**81,789**	34,779

The notes on pages 42 to 91 form an integral part of these financial statements.

1. GENERAL INFORMATION

China Financial International Investments Limited (the "Company") was previously incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited. With effect from 9 May 2006, the Company was de-registered from the Cayman Islands under the Cayman Islands Companies Law and re-domiciled in Bermuda under the Company Act 1981 of Bermuda as an exempt company. The Company's registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and Company's principal place of business is Suite 5802, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Pursuant to a special resolution of the Company's shareholders passed on 11 October 2010, the name of the Company was changed from Sunshine Capital Investments Group Limited to China Financial International Investments Limited.

The Company and its subsidiaries are principally engaged in the investment of listed and unlisted companies established and/or doing business in Hong Kong and the PRC.

These financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), which is the same as the functional currency of the Company. These financial statements have been approved for issue by the board of directors on 26 September 2011.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Application of new and revised 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 HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HK-INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause
HK(IFRIC) 19	Extinguishing financial liabilities with equity instruments

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Application of new and revised HKFRSs *(Continued)*

The HK-Int 5 has had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group, HK (IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The remaining developments related to primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of these financial statements.

The Group has not early applied any of the following new and revised Standards, Amendments and Interpretations which have been issued but are not yet effective for annual periods beginning on 1 July 2010:

HKFRS 1 (Amendments)	First-time adoption of HKFRS-Severe hyperinflation and removal of fixed dates of first-time adopters[1]
HKFRS 7 (Amendments)	Disclosures-Transfers of financial assets[2]
HKFRS 9	Financial instruments[5]
HKFRS 10	Consolidated financial statements[5]
HKFRS 11	Joint arrangements[5]
HKFRS 12	Disclosure of interests in other entities[5]
HKFRS 13	Fair value measurement[5]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[3]
HKAS 19 (as revised in 2011)	Employee benefits[5]
HKAS 24 (as revised)	Related party disclosures[1]
HKAS 27 (as revised in 2011)	Separate financial statements[5]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[5]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[1]

1 Effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2012
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2013

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Basis of preparation of the financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June each year.

The financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss which are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimates 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as “minority interests”) represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2 (g)(ii)).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of net assets of the associate and any impairment loss relating to the investment (see note 2(g)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associate and any impairment loss for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associate's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(g)).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2 (g)(ii)). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the items and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture and fixtures	25%
Office equipment	$33^1/_3$%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets *(Continued)*

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries and associates (including those recognised using equity method), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(g)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(g).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit and loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are financial assets at fair value through profit or loss ("FVTPL") and classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not included any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(q)(ii) and (iii) respectively.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the statement of financial position at amortised cost less impairment losses (see note 2(g)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(g)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy as set out in note 2 (q)(ii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2 (q)(iii). When these investments are derecognised or impaired, the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment or they expire.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(j) Derecognition

Financial assets are derecognised when the rights to receive cash flow from the asset expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of the ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received or any new asset obtained and the cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid including other liabilities assumed is recognised in profit or loss.

(k) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Income tax *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution retirement plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, after taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits *(Continued)*

(iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the average exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position balances are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the date of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of investments in securities including available-for-sale financial assets and financial assets at fair value through profit or loss are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.

(ii) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iii) Interest income is recognised as it accrues using the effective method.

(r) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or excise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, equity price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial risk factors

(i) Currency risk

During the year ended 30 June 2011, the Group mainly operated in Hong Kong and the majority of the Group's transactions and balances as at 30 June 2011 were denominated in Hong Kong dollars. The directors of the Company consider the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

Interest income from bank deposits contributed less than 1% (2010: less than 1 % of the Group's profit) of the Group's profit for the year ended 30 June 2011. The Group obtains market returns from its bank balances by placing bank deposits in bank accounts which yield market interest rates.

The Group has no significant interest bearing assets, other than bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

As management considers the Group's exposure to the interest rate risk is not significant, no interest-rate swaps or other hedging activities are taken by management during the year.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) *Equity price risk*

The Group is exposed to equity price changes arising from equity investments classified as trading securities, which are stated at fair value. The Group's listed investments are mainly listed on The Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are rested with assigned investment managers and governed by specific investment guidelines.

Sensitivity analysis

Assuming a 10% upward/downward movement in the Hang Seng Index with all other variables held constant at the end of the reporting period, the Group's profit before tax would have increased/decreased by an estimated HK$30,056,000 (2010: the Group's profit before tax would have increased/decreased by an estimated HK$25,863,000).

(iv) *Credit risk*

The Group's and the Company's financial assets include debt and equity investments, other receivables and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and bank deposits are placed with financial institutions with sound credit ratings. Trading debt and equity securities are normally only in listed or liquid securities and with counterparties that have a credit rating equal to or better than the Group. Given their high credit ratings, management does not expect any counterparty failing to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group and the Company do not provide any financial guarantees which would expose the Group and the Company to credit risk.

(v) *Liquidity risk*

Liquidity risk is the risk that the Group and the Company are unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group and the Company manage liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows.

Internally generated cash flow is the main source of funds to finance the operations of the Group and the Company. The Group's and the Company's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group and the Company regularly review the major funding positions to ensure adequate financial resources are available to meet their respective financial obligations.

The Group's and the Company's financial liabilities represent other payables (management and performance fee accruals) which are interest free and repayable on demand. In the opinion of the management, no maturity profile is required to be prepared by virtue of its nature.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair values

(i) Financial instruments carried at fair value

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

- Level 1: fair values measured based using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured on valuation techniques to which all significant inputs are directly or indirectly based on observable market data.
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

The Group and the Company

	As at 30 June 2011			
	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets at fair value through profit or loss				
– trading securities	300,561	–	–	300,561
	As at 30 June 2010			
Financial assets at fair value through profit or loss				
– trading securities	244,568	–	–	244,568
– convertible bonds	–	14,060	–	14,060
	244,568	14,060	–	258,628

There were no significant transfers between Level 1 and 2 in the reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2011 and 2010.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial assets at fair value through profit or loss and available-for-sale financial assets

For financial assets held at fair value through profit or loss, the fair value is principally based on their quoted market prices at the end of the reporting period. Judgement is required when determining whether the quoted market prices can reflect the fair value of the financial assets.

The fair value of available-for-sale investments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) Impairment of available-for-sale financial assets

For available-for-sale financial assets, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account other factors, such as industry and sector performance and financial information regarding the issuer/investee.

(c) Impairment of amounts due from subsidiaries

The Company's management determines the need to make allowance for impairment of amounts due from subsidiaries. This estimate is based on the subsidiaries' net asset values and operating results. Management reassesses the allowance at the end of the reporting period.

(d) Income taxes and deferred tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognized liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Income taxes and deferred tax *(Continued)*

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilised. Estimation of future taxable profits involves judgements made by the directors. Any increase or decrease in the recognition of deferred tax assets would affect the Group's profit or loss in future years.

(e) Impairment of assets

Internal and external sources of information are reviewed by the Group at the end of the reporting period to assess whether there is any indication that assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine impairment losses on the assets. Changes in facts and circumstances may affect the conclusion of whether an indication of impairment exists and result in revised estimates of recoverable amounts, which would affect profit or loss in future years.

Impairment losses on receivables are assessed and provided based on directors' regular review of ageing analysis and evaluation of collectability. Any increase or decrease in impairment losses would affect profit or loss in the future years.

(f) Employee benefits-share-based payments

The valuation of the fair value of the share option granted requires judgement in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate during the life of the option and the number of share options that are expected to become exercisable, and details of which are set in note 31 to the financial statements. Where the outcome of the number of share options that are exercisable is different from the previously estimated number of exercisable options, such difference will impact the income statement in the subsequent remaining vesting period to the relevant share options.

(g) Depreciation

The Group depreciates the property, plant and equipment in accordance with the accounting policy stated in note 2(f). The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of these assets.

(h) Available-for-sale financial assets

As at 30 June 2011, included in the available-for-sale financial assets is the investee companies in which the percentage of equity attributable to the Group exceeded 20%. These investments, however, are not equity accounted for in accordance with HKAS 28 Investment in Associates as the Group cannot participate in the operational and financial decision-making of these investee companies and the directors of the Company consider that the Group is not in a position to exercise significant influence over these investee companies. The results of these investee companies are accounted for in consolidated income statement to the extent of dividends received and receivable from these investee companies.

5. INVESTMENT MANAGEMENT FEE

(a) Pursuant to an investment management agreement dated 18 April 2008 entered into between the Company and Altantis Investment Management (Hong Kong) Limited ("Altantis"), whereby Altantis has agreed to provide investment management services to the Company for a period of three years. Altantis is entitled to receive a management fee calculated at the following rates:

- 1% per annum of the market value of the portfolio on the last business day of each calendar month; and

- a performance-related fee of 10% per annum of the appreciation in the market value of the portfolio above 10% hurdle rate per annum.

Management fee paid to Altantis for the year ended 30 June 2011 amounted to HK$2,337,000 (2010: HK$2,216,000). The investment management agreement was expired on 12 May 2011.

(b) On 29 April 2011, a new investment management agreement was entered into between the Company and an associate, China Financial International Investments & Management Limited ("CFIIM"), whereby CFIIM has agreed to provide investment management services to the Company for a period three year effective from 29 April 2011. CFIIM is entitled to a management fee from the Company calculated at the following rates:

- a management fee is payable monthly in arrears at the rate of 0.75% per annum of the market value of the portfolio on the last business day of each calendar month; and

- a performance-related fee of 5% of the appreciation in the market value of the portfolio above a 10% hurdle rate per annum.

Management fee paid to CFIIM for the year ended 30 June 2011 amounted to HK$320,000.

6. SEGMENT INFORMATION

Information reported to the executive directors, the chief operating decision makers of the Group, is focused on the categories of investments. The Group's operating and reportable segments under HKFRS 8 are as follows:

Available-for-sale-investments	Investments in unlisted securities
Financial assets at FVTPL	Investments in trading securities listed on The Stock Exchange of Hong Kong Limited and redeemable convertible bonds at FVTPL

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

Year ended 30 June 2011

	Investment in available-for-sale financial assets	**Investment in financial assets at FVTPL**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment result	**41,992**	**29,956**	**71,948**
Share of results of an associate			**(17)**
Unallocated income			**2,068**
Unallocated expenses			**(33,732)**
Profit before taxation			**40,267**

Year ended 30 June 2010

	Investment in available-for-sale financial assets	Investment in financial assets at FVTPL	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment result	–	46,174	46,174
Share of results of an associate			(4)
Unallocated income			1,668
Unallocated expenses			(16,177)
Profit before taxation			31,661

Segment result represents gain on sale of investments in listed and unlisted securities, fair value gain on financial assets at FVTPL and the corresponding interest income and dividend income earned from financial assets at FVTPL without allocation of central administration expenses and fees to the Investment Managers.

6. SEGMENT INFORMATION *(Continued)*

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	2011	2010
	HK$'000	*HK$'000*
Available-for-sale investments	311,349	15,911
Financial assets at FVTPL	300,561	258,628
Total segment assets	611,910	274,539
Unallocated assets	209,846	38,820
	821,756	313,359

For the purpose of monitoring segment performances and allocation resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, interest in an associate, loan receivable, other receivables and prepayments, consideration receivable from disposal of investments and bank balances.

Given the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

7. TURNOVER

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Sale proceeds from disposal of financial assets	290,283	146,343
Dividend income from listed securities	5,727	5,134
	296,010	151,477

8. REVENUE, OTHER REVENUE AND INCOME

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
Dividend income from listed securities	**5,727**	5,134
Gain on disposal of listed securities	**3,574**	14,044
Gain on disposal of available-for-sale financial assets *(note 9)*	**41,992**	–
	51,293	19,178
Other revenue and income		
Bank interest income	**8**	4
Interest income from convertible bonds	**158**	495
Other interest income	**–**	1,664
Compensation received in respect of termination of investment	**2,000**	–
Sundry income	**60**	–
	2,226	2,163

9. GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

Pursuant to a sale and purchase agreement dated 16 June 2011, the Company disposed of its 17.5% equity interest in Gan County Changxin Mining Company Limited, engaged in exploitation of metal mines in the PRC, and 21% equity interest in Jiangxi 933 Technology Development Limited, engaged in the provision of information system service in the PRC, through the sale of 70% equity interest in a subsidiary as referred to in note 37 to the financial statements, to an independent third party. Gain on disposal of HK$41,992,000 was recognised in the consolidated income statement for the year ended 30 June 2011 (note 8).

10. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Auditor's remuneration		
– audit services	**368**	200
– non-audit services	**70**	80
Custodian fees	**214**	226
Depreciation *(note (17))*	**704**	74
Investment management fees *(note (5))*	**2,657**	2,267
Operating leases charges in respect of properties	**1,933**	865
Loss on disposal of property, plant and equipment	**16**	–
Equity settled share-based payment expenses to consultants	**–**	594
Staff costs		
Salaries, wages and bonuses	**10,852**	6,955
Contributions to retirement benefits schemes	**77**	48
Equity settled share-based payment expenses *(note (31))*	**7,694**	1,853
	18,623	8,856

11. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

The remuneration of each director for the years ended 30 June 2011 and 2010 is set out below:

	Directors' fees HK$'000	Salaries and benefits in kind HK$'000	Bonuses HK$'000	Retirement scheme contributions HK$'000	Sub-total HK$'000	Share-based payments HK$'000	2011 HK$'000
Executive directors							
Du Lin Dong	120	3,132	-	13	3,265	1,325	4,590
Wang Wen Xia (resigned on 17 January 2011)	55	1,947	-	7	2,009	-	2,009
Pong Po Lam Paul	60	-	-	-	60	-	60
Liu Baorui (appointed on 8 February 2011)	-	1,979	-	-	1,979	3,091	5,070
Non-executive directors							
Fung Cheuk Nang Clement (resigned on 4 May 2011)	51	-	-	-	51	-	51
Ma Jie	60	480	-	12	552	-	552
Ding Xiaobin	60	-	-	-	60	-	60
Li Chaobo (appointed on 22 December 2010, resigned on 24 March 2011 and redesignated as vice president)	15	-	-	-	15	854	869
Independent non-executive directors							
Cheung Wai Bun Charles	100	-	-	-	100	-	100
Wan Hongchun (appointed on 22 December 2010)	32	-	-	-	32	-	32
Zhang Yong (resigned on 22 December 2010)	29	-	-	-	29	-	29
Zeng Xianggao	60	-	-	-	60	-	60
	642	7,538	-	32	8,212	5,270	13,482
Executive directors							
Du Lin Dong	3	66	–	–	69	–	69
Wang Wen Xia	218	1,695	2,250	12	4,175	1,127	5,302
Pong Po Lam Paul	60	–	150	–	210	45	255
Non-executive directors							
Fung Cheuk Nang Clement	60	–	80	–	140	23	163
Chan Po Fun Peter (retired on 8 December 2009)	26	–	–	–	26	–	26
Ma Jie	60	480	350	12	902	454	1,356
Ding Xiaobin	60	–	80	–	140	23	163
Independent non-executive directors							
Cheung Wai Bun Charles	100	–	180	–	280	118	398
Zhang Yong	60	–	80	–	140	23	163
Zeng Xiangao	60	–	80	–	140	23	163
	707	2,241	3,250	24	6,222	1,836	8,058

There was no arrangement under which a director waived or agreed to waive any remuneration during the current and previous years.

Details of the share options granted to the directors of the Company are set out in note 31 to the financial statements.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2010: three) are directors whose emoluments are disclosed in note 11. The aggregate emoluments paid to the remaining three individuals during the year ended 30 June 2010 are as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and benefits in kind	**–**	676
Bonuses	**–**	80
Retirement scheme contributions	**–**	24
Share-based payments	**–**	18
	–	798

The emoluments of the remaining three highest paid individuals during the year ended 30 June 2010 fell within the emolument band of "Nil to HK$1,000,000".

During the years ended 30 June 2011 and 2010, no emoluments were paid by the Group to any of the five highest paid employees of the Group as an inducement to join the Group, or upon joining of the Group, or as compensation for loss of office.

13. INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
Current tax-Hong Kong Profits Tax		
– Provision for the year	**–**	4,030
– Overprovision in prior years	**(1,010)**	–
Current tax- PRC Enterprise Income Tax ("EIT")		
– Provision for the year	**4,352**	–
	3,342	4,030

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the year. No provisions for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the year.

The provision for the PRC Enterprise Income Tax ("EIT") for the Group's subsidiary in the PRC is based on a statutory rate of 25% (2010: 25%) of the assessable profit as determined in accordance with the relevant tax rules and regulations of the PRC. No provision for PRC income tax for the year ended 30 June 2010 was made in the financial statements, as the Group did not have any income which was subject to the PRC for the year then ended.

13. INCOME TAX *(Continued)*

(a) Income tax in the consolidated income statement represents: *(Continued)*

According to the Circular on the State Administration of Taxation on Strengthening the Management of EIT Collection of Proceeds from Equity Transfers by Non-Resident Enterprises (Guoshuihan 2009 No. 698) ("Circular No. 698"), a non-PRC Tax Resident Enterprise is subject to the PRC EIT on the gain arising from a sale or transfer of any intermediate offshore company directly or indirectly holds an interest, including any assets, subsidiaries or other forms of business operations, in the PRC at a rate of 10%, or otherwise stipulated in an applicable tax treaty or arrangement, Circular 698 applies to all such transactions conducted on or after 1 January 2008.

Included in the PRC EIT for the year ended 30 June 2011 is an amount of HK$4,199,000 for the tax on the gain on disposal of certain investments in the PRC through partial disposal of interest in an intermediate offshore company.

(b) Recognition between tax expense and accounting profit at applicable tax rates:

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation	**40,267**	31,661
Tax at Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**6,644**	5,225
Tax effect of non-deductible expenses	**3,423**	633
Tax effect of non-taxable income	**(6,870)**	(1,122)
Tax effect of temporary differences not recognised	**480**	9
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(2,730)**	–
Tax effect of utilization of unused tax losses	**–**	(724)
Tax effect of unused tax losses not recognised	**3,405**	9
Over-provision in prior years	**(1,010)**	–
Actual tax expense	**3,342**	4,030

14. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$43,966,000 (2010: HK$26,024,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

	2011 **HK$'000**	2010 HK$'000
Interim dividend – HK0.50 cents per ordinary share	**–**	12,426

The directors do not recommend the payment of a dividend for the year ended 30 June 2011.

16. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$36,925,000 (2010: HK$27,631,000) and the weighted average number of 3,270,647,000 (2010: 2,483,840,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011 **Number of shares** ***'000***	2010 Number of shares *'000*
Issued ordinary shares	**2,485,134**	2,483,834
Effect of exercise of share options *(note 30 (a))*	**46,581**	6
Effect of share placing *(note 30 (b))*	**738,932**	–
Weighted average number of ordinary shares	**3,270,647**	2,483,840

(b) Diluted earnings per share

During the year ended 30 June 2011, the diluted earnings per share was based on the profit attributable to equity shareholders of the Company of HK$36,925,000 (2010: HK$27,631,000) and the weighted average number of 3,282,021,000 (2010: 2,510,417,000) ordinary shares adjusted by the potential dilutive effect caused by the outstanding share options granted under the share option scheme of the Company.

17. PROPERTY, PLANT AND EQUIPMENT

The Group and the Company

	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 July 2009	228	71	–	299
Additions	–	6	–	6
At 30 June 2010 and 1 July 2010	228	77	–	305
Exchange adjustments	20	2	65	87
Additions	1,683	148	4,234	6,065
Disposals	(186)	–	–	(186)
At 30 June 2011	1,745	227	4,299	6,271
Accumulated depreciation				
At 1 July 2009	108	48	–	156
Charge for the year	57	17	–	74
At 30 June 2010 and 1 July 2010	165	65	–	230
Exchange adjustments	4	–	4	8
Charge for the year	245	31	428	704
Eliminated on disposal	(170)	–	–	(170)
At 30 June 2011	244	96	432	772
Net book value				
At 30 June 2011	1,501	131	3,867	5,499
At 30 June 2010	63	12	–	75

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted investments, at cost	**1,099**	16
Amounts due from subsidiaries *(note (a))*	**19,619**	11,366
	20,718	11,382
Amount due from a subsidiary *(note (b))*	**230**	115
Amount due to a subsidiary *(note (b))*	**(4,329)**	(8,261)

Notes:

(a) The amounts due are unsecured, interest free and will not be demanded for repayment, in substance, they form part of the Company's interests in subsidiaries as equity contributions.

(b) The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. Accordingly, the amounts are classified as current assets and current liabilities respectively.

Details of the subsidiaries at 30 June 2011 are as follows:

Name	Place of incorporation and operations	Issued/paid -up share capital	Percentage of equity interest held by the Company Directly	Indirectly	Principal activities
Joy State Holdings Limited	Hong Kong	1 ordinary share at HK$1.00 each	100%	–	Investment holding
Global Business Investment Enterprised Limited	BVI/Hong Kong	1 ordinary share at US$1.00 each	100%	–	Investment holding
Best Joy Asia Investment Limited	BVI/Hong Kong	1,000 ordinary shares at US$1.00 each	100%	–	Investment holding
Zhongkang Jinyi Technology (Shenzhen) Limited *(note)*	PRC	RMB8,000,000	–	100%	Investment holding
China Financial International Investments (Nanchang) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Guangdong) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Guangzhou) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant

18. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operations	Issued/paid -up share capital	Percentage of equity interest held by the Company Directly	Indirectly	Principal activities
China Financial International Investments (Haerbin) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Henan) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Hubei) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Jiangxi) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Shenzhen) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Shijiazhuang) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Wuhan) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Investments (Zhengzhou) Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Zhongbao Group Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Jingde Town Ceramics Group Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant
China Financial International Finance Group Limited	BVI	10,000 ordinary shares at US$1.00 each	100%	–	Dormant

Note: This entity is wholly foreign-owned enterprise established in the PRC.

During the year ended 30 June 2011, the Group disposed of 70% equity interest in a subsidiary, Globe Capital Resources Investments Limited ("Globe Capital") to an independent third party at a cash consideration of HK$42,000,000. Immediately after the transaction, the Group lost the control in this entity as the Group's interest in Globe Capital was reduced from 100% to 30% and the carrying amount of the interest in Globe Capital is now included in "available-for-sale financial assets" in note 20 to the financial statements.

19. INTEREST IN AN ASSOCIATE

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted investments, at cost	**–**	–	**290**	290
Share of net assets	**269**	286	**–**	–
	269	286	**290**	290
Amount due to an associate *(note)*	**320**	–	**320**	–

Details of the associate at 30 June 2011 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Paid up capital	Group's effective interest	Principal activities
China Financial International Investments & Managements Limited *(note)*	Limited liability company	Hong Kong	290,000 ordinary shares of HK$1.00 each	29%	Asset management

Summary financial information of the Group's associate:

	The Group	
	2011	2010
	HK$'000	*HK$'000*
Assets	**928**	985
Liabilities	**–**	–
Group's share of net assets of associate	**269**	286
Revenue	**320**	–
Loss after tax	**(57)**	(15)
Group's share of results of associate for the year	**(17)**	(4)

Note:

The associate is the investment manager of the Group and provides investment management services to the Group in relation to the Group's investments. The amount due is unsecured, interest free and repayable on demand.

The Group has not incurred any contingent liabilities or other commitments relating to its investment in the associate.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unlisted investments, at cost	**–**	15,911	**–**	–
Unlisted investments, at fair value	**311,349**	–	**299,499**	–
	311,349	15,911	**299,499**	–

As at 30 June 2011, the Group held the following available-for-sale financial assets:

Name of Company	Form of business structure	Place of incorporation/ operation	Group's effective interest	Principal activities	2011 Fair value *HK$'000*	2010 At cost *HK$'000*
(a) Jiangxi Zhongjin Hanchen Guarantee Company Limited ("Jiangxi Zhongjin")	Equity joint venture	PRC	30%	Provision of guarantees to small and medium enterprises	**43,150**	–
(b) Shenzhen City Zhongtou Jinxin Asset Management Company Limited ("Zhongtou Jinxin")	Equity joint venture	PRC	30%	Provision of consultation service on project investment	**7,200**	–
(c) Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	Equity joint venture	PRC	23.33%	Provision of small loan and financial business	**140,000**	–
(d) TianJin XEDA Microfinance Co., Ltd ("Tianjin XEDA")	Equity joint venture	PRC	30%	Provision of small loan and financial business	**72,450**	–
(e) Zhengzhou Economic Technological Development Mingyang Micro-loan Limited ("Zhengzhou Mingyang")	Equity joint venture	PRC	30%	Provision of small loan and financial business	**35,549**	–
(f) Globe Capital Resources Investment Limited ("Globe Capital")	Limited liability company	BVI	30%	Investment holding	**13,000**	–
(g) Gan County Changxin Mining Company Limited ("Changxin Mining")	Limited liability company	PRC	25%	Exploitation of metal mines	**-**	15,912

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

A brief description of the business and financial information of the investments, is as follows:

(a) On 1 December 2010, the Company acquired 30% equity interest in Jiangxi Zhongjin, an equity joint venture established in the PRC. Jiangxi Zhongjin is principally engaged in the provision of guarantees to small and medium enterprises in the Jiangxi Province, the PRC. The fair value of the investment was determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer, by using a market model on the observable market data of comparable listed companies in the industry.

(b) On 1 March 2011, the Company invested 30% equity interest in Zhongtou Jinxin, an equity joint venture established in the PRC. Zhongtou Jinxin is principally engaged in the provision of consultation service on project investment in Shenzhen, the PRC. As Zhongtou Jinxin has not yet commenced operation as at 30 June 2011. The fair value of the investment was determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer, by using a market model on the observable market data of comparable listed companies in the industry.

(c) On 24 March 2011, the Company invested 23.33% equity interest in Jingdezhen CFI Guosen, an equity joint venture established in the PRC. Jingdezhen CFI Guosen is principally engaged in the provision of small loan and financial business in Jingdezhen, the PRC. The fair value of the investment was determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer, by using a market model on the observable market data of comparable listed companies in the industry.

(d) On 4 April 2011, the Company invested 30% equity interest in Tianjin XEDA, an equity joint venture established in the PRC. Tianjin XEDA is principally engaged in the provision of small loan and financial business in Tianjin, the PRC. As Tianjin XEDA has not yet commenced operation as at 30 June 2011. The fair value of the investment was determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer, by using a market model on the observable market data of comparable listed companies in the industry.

(e) On 20 February 2011, the Company and a subsidiary, Best Joy Asia Investment Limited, acquired 20% and 10%, respectively, equity interest in Zhengzhou Mingyang, an equity joint venture established in the PRC. Zhengzhou Mingyang is principally engaged in the provision of small loan and financial business in Zhengzhou, the PRC. The fair value of the investment was determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer, by using a market model on the observable market data of comparable listed companies in the industry.

(f) On 16 June 2011, upon completion of the disposal of the 70% equity interest in Globe Capital, the Group lost the control in Globe Capital and the carrying amount of the remaining 30% equity interest in Globe Capital is classified as available-for-sale financial asset. At 30 June 2011, the fair value of the 30% equity interest in Globe Capital was determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer, by using the discounted cash flow method, which is based on the cash flow projection prepared by the management of Globe Capital from the most recent financial budgets for the next 5 years. The discount rate used is 25%.

(g) The investment was disposed of during the year, as referred to note 37 to the financial statements.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

All of these investments are not regarded as associates of the Group because the Group shall not participate in the management and decision-making process of these investee companies. In the opinion of the directors of the Company, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore are accounted for as available-for-sale financial assets for the year ended 30 June 2011.

21. LOAN RECEIVABLE

	The Group and the Company	
	2011	2010
	HK$'000	*HK$'000*
Secured loan		
– analysed as non-current	**35,894**	–

As at 30 June 2011, the Group's non-current loan receivable of HK$35,894,000 (2010: nil) carried interest at 10% per annum and due for repayment on 8 May 2013. It is secured by the pledge of the entire issued share capital of the borrower. The loan facility amount granted to this borrower is HK$35,894,000, which has been fully drawn.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		The Group and the Company	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Market value of listed securities, Hong Kong		**300,561**	244,568
Investments in debt securities:	23		
– debt element of convertible bonds		**–**	10,163
– conversion options embedded in convertible bonds		**–**	3,897
		300,561	258,628

The above financial assets are classified as held for trading. The fair values for the above listed securities are determined by reference to their quoted market bid prices available on the relevant exchange at the end of the reporting period. Fair value gain of HK$20,497,000 (2010: gain of HK$26,501,000) has been recognised in the consolidated income statement.

Particulars of the major components of the investment portfolio as at 30 June 2011, in terms of carrying value of the respective individual investment, are as follows:

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

China Water Property Group Limited ("China Property")

China Property was incorporated in Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 2349). China Property is principally engaged in the production and distribution of snack food and convenience frozen food products and property development in the PRC.

As at 30 June 2011, the Group held 1,135,294,216 shares (2010:744,562,216 shares) in China Property, representing 9.04% (2010: 6.08%) in the issued share capital in China Property. No dividend was received during the year. Based on the interim report of China Property for the period ended 30 June 2011, the unaudited consolidated profit attributable to equity holders of China Property was HK$35 million (2010: loss of HK$48 million). As at 30 June 2011, the unaudited consolidated net assets of China Property were approximately HK$1,239 million (2010: HK$749 million). As at 30 June 2011, the market value of the Group's investment in the shares of China Property was approximately HK$144 million (2010: HK$94 million).

China Water Affairs Group Limited ("China Water")

China Water was incorporated in Bermuda and its shares are listed on the main board of the Stock Exchange (stock code: 855). China Water is principally engaged in water supply and water supply infrastructure in the PRC.

As at 30 June 2011, the Group held 8,854,000 shares (2010: 30,094,000 shares) in China Water, representing 0.55% (2010: 2.20%) in the issued share capital in China Water. Dividends of HK$1,322,810 were received during the year. Based on the annual report of China Water for the year ended 31 March 2011, the audited consolidated profit attributable to equity holders of China Water was HK$422 million (2010: HK$302 million). As at 31 March 2011, the audited consolidated net assets of China Water were approximately HK$2,865 million (2010: HK$2,549 million). As at 30 June 2011, the market value of the Group's investment in the shares of China Water was approximately HK$25 million (2010: HK$75 million).

PetrolChina Company Limited ("PetrolChina")

PetrolChina was incorporated in the PRC and its shares are listed on the main board of the Stock Exchange (stock code: 857). PetroChina is a producer of crude oil and natural gas in China. It is engaged in a range of petroleum and nature gas related activities, including the exploration, development, production and sale of crude oil and natural gas.

As at 30 June 2011, the Group held 6,300,000 shares, representing less than 0.01% in the issued share capital of PetroChina. Dividends of HK$1,718,456 were received during the year. Based on the interim report of PetroChina for the period ended 30 June 2011, the unaudited consolidated profit attributable to equity holders in PetrolChina was RMB66,007 million. As at 30 June 2011, the unaudited consolidated net assets of PetrolChina were RMB974,142 million. As at 30 June 2011, the market value of the Group's investment in the shares of PetrolChina was approximately HK$71 million.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

CNOOC Limited ("CNOOC")

CNOOC was incorporated in Hong Kong and its shares are listed on the main board of the Stock Exchange (stock code: 883). CNOOC is principally engaged in the exploration, development, production and sales of crude oil, nature gas and other petroleum products.

As at 30 June 2011, the Group held 3,312,000 shares, representing less than 0.01% in the issued share capital of CNOOC. Dividends of HK$745,200 were received during the year. Based on the interim report of CNOOC for the period ended 30 June 2011, the unaudited consolidated profit attributable to equity holders in CNOOC was RMB38,811 million. As at 30 June 2011, the unaudited consolidated net assets of CNOOC were RMB245,394 million. As at 30 June 2011, the market value of the Group's investment in the shares of CNOOC was approximately HK$60 million.

23. INVESTMENTS IN DEBT SECURITIES

The Group and the Company

On 18 June 2009, the Group acquired from Evolution Master Fund Ltd. SPC, Segregated Portfolio M, an independent third party, the 3% unsecured convertible bonds issued by China Water Property Group Limited, with a face value of HK$10,500,000, which borne coupon interest rate of 3% per annum, at cost of HK$7,938,000 due on 28 November 2010 ("2010 Convertible Bonds"). The 2010 Convertible Bonds were fully redeemed upon their maturity during the year.

2010 Convertible Bonds

	Nominal value *HK$'000*	Debt element *HK$'000*	Conversion options element *HK$'000*	Total *HK$'000*
Net carrying amounts at 1 July 2009	10,500	7,218	4,218	11,436
Change in fair value:				
– Credited to income statement	–	2,945	(321)	2,624
Net carrying amounts at 30 June 2010	10,500	10,163	3,897	14,060
Redeemed during the year	(10,500)	(10,163)	(3,897)	(14,060)
At 30 June 2011	–	–	–	–

24. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder, Oceanwide Investments Limited, is unsecured, interest free and payable on demand.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**556**	145	**433**	145
Deposits	**742**	343	**742**	343
Dividends receivable	**9,267**	528	**9,267**	528
Bonus shares receivable	**–**	2,383	**–**	2,383
Interest on convertible bonds	**–**	121	**–**	121
Loan to an investee *(note (a))*	**43,605**	–	**43,605**	–
Receivable on partial disposal of interest in Globe Capital *(note (b))*	**32,000**	–	**32,000**	–
Other receivables	**206**	141	**206**	141
	86,376	3,661	**86,253**	3,661

Notes:

(a) Loan to an investee is unsecured, interest fee and repayable within one year.

(b) This represented the unsettled balance from the disposal of 70% equity interest in a subsidiary, Globe Capital. HK$10,000,000 and HK$22,000,000 will be settled in October 2011 and February 2012, respectively as referred to note 37 to the financial statements.

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**81,789**	34,779	**75,718**	34,757

The bank balances of the Group and the Company carried at prevailing market interest rates ranging from 0.01% to 0.5% (2010: 0.10% to 0.12%) per annum.

27. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accruals	**420**	486	**420**	486
Other payables	**–**	4,545	**–**	–
	420	5,031	**420**	486

28. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies were unsecured, interest free and repayable on demand.

29. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents

	The Group and the Company	
	2011	2010
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax for the year	**–**	4,030
Balance of Profits Tax relating to prior years	**1,794**	–
Income tax payable-outside Hong Kong	**4,199**	–
	5,993	4,030

(b) Deferred tax liabilities

	The Group and the Company
	HK$'000
At 1 July 2010	
Credited directly to equity	5,966
Release upon derecognition of a subsidiary	(4,666)
At 30 June 2011	1,300

The balance of deferred tax liabilities arose from the estimated tax influence on the change in the fair value of the available-for-sale financial assets.

(c) Deferred tax assets not recognised

At 30 June 2011, deferred tax has not been recognised in respect to the following items:

	The Group and the Company	
	2011	2010
	HK$'000	*HK$'000*
Unused tax losses	**20,639**	–
Deductible temporary differences	**2,907**	–
	23,546	–

At 30 June 2011, the Group has not recognised deferred tax asset in respect of unused tax losses of approximately HK$20,639,000 due to the unpredictability of future profit streams. At 30 June 2011, the Group has not recognised deferred tax asset in respect of excess of accounting depreciation over tax depreciation of approximately HK$2,907,000.

30. SHARE CAPITAL

		2011		2010	
	Note	**Number of shares '000**	**HK$'000**	Number of shares '000	HK$'000
Authorised:					
Ordinary shares of HK$0.01 each		**30,000,000**	**300,000**	30,000,000	300,000
Issued and fully paid:					
As at 1 July					
Ordinary shares of HK$0.01 each		**2,485,134**	**24,851**	2,483,834	24,838
Issue of shares upon exercise of share options	(a)	**100,590**	**1,006**	1,300	13
Issue of shares upon share placing					
– first share placing	(b) (i)	**496,700**	**4,967**	–	–
– second share placing	(b) (ii)	**596,960**	**5,970**	–	–
– third share placing	(b) (iii)	**370,000**	**3,700**	–	–
– fourth share placing	(b) (iv)	**60,000**	**600**	–	–
As at 30 June					
Ordinary shares of HK$0.01 each		**4,109,384**	**41,094**	2,485,134	24,851

Notes:

(a) Issue of shares upon exercise of share options

During the years ended 30 June 2011 and 2010, share options to subscribe for 100,590,000 shares and 1,300,000 shares were exercised, of which HK$1,006,000 and HK$13,000 were credited to share capital and the balance of HK$17,102,000 and HK$73,000 were credited to the share premium account respectively.

(b) Issue of shares upon share placing

(i) On 16 November 2010, the Company issued 496,700,000 new ordinary shares of HK$0.01 each at a price of HK$0.15 to 5 independent investors by first placing. The gross proceeds from the placing of shares were approximately HK$74,505,000, out of which HK$4,967,000 was recorded in share capital and the balance of HK$69,538,000 credited to the share premium account.

(ii) On 10 December 2010, the Company issued 596,960,000 new ordinary shares of HK$0.01 each at a price of HK$0.25 to 11 independent investors by second placing. The gross proceeds from the placing of shares were approximately HK$149,240,000, out of which HK$5,970,000 was recorded in share capital and the balance of HK$143,270,000 credited to the share premium account.

(iii) On 29 March 2011, the Company issued 370,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.50 to 3 independent investors by third placing. The gross proceeds from the placing of shares were approximately HK$185,000,000, out of which HK$3,700,000 was recorded in share capital and the balance of HK$181,300,000 credited to the share premium account.

30. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) Issue of shares upon share placing *(Continued)*

(iv) On 20 May 2011, the Company issued 60,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.50 to 1 individual independent investor by fourth placing. The gross proceeds from the placing of shares were approximately HK$30,000,000, out of which HK$600,000 was recorded in share capital and the balance of HK$29,230,000 after netting off issuing expenses of HK$170,000 credited to the share premium account.

All the new ordinary shares issued during the years ended 30 June 2011 and 2010 rank pari passu in all respects with the then existing ordinary shares of the Company.

31. SHARE OPTIONS

Under the share option schemes adopted by the Company on 15 January 2008 (the "Scheme"), options were granted to certain directors and consultants during the year entitling them to subscribe for shares of the Company under the Scheme. The Scheme was approved and adopted by shareholders of the Company on 15 January 2008, whereby the directors of the Company are authorised, at their discretion, to invite full time employees of the Group, (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers of the Group, to take up options to subscribe for shares of the Company. The maximum number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, shall not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Scheme. The Scheme shall be valid and effective for a period of 10 years ending on 14 January 2018 after which no further options will be granted. The exercise price of the options will be at least the higher of:

(a) The closing price of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotation sheets) on the offer date, which must be a business date;

(b) The average closing price of the Shares on the Stock Exchange (as stated in the Stock Exchange's daily quotation sheets) for the five business days immediately preceding the offer date; and

(c) The nominal value of the Company's share.

31. SHARE OPTIONS *(Continued)*

Details of options granted and a summary of the movements of the outstanding options under the Scheme during the years ended 30 June 2011 and 2010 are as follows:

	Exercise price per share	Date of grant	Exercise period	Number of share options								
				Outstanding As at 1/7/2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30/6/2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30/6/2011
	HK$			*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Directors												
Du Lin Dong	0.135	13/7/2010	13/10/2010-12/7/2015	–	–	–	–	–	24,830	(24,830)	–	–
Liu Baorui	0.445	16/2/2011	16/5/2011-15/2/2014	–	–	–	–	–	12,000	–	–	12,000
	0.445	16/2/2011	16/2/2012-15/2/2014	–	–	–	–	–	12,000	–	–	12,000
	0.445	16/2/2011	16/2/2013-15/2/2014	–	–	–	–	–	12,000	–	–	12,000
Li Chaobo	0.445	16/2/2011	16/5/2011-15/2/2014	–	–	–	–	–	3,300	–	–	3,300
	0.445	16/2/2011	16/2/2012-15/2/2014	–	–	–	–	–	3,300	–	–	3,300
	0.445	16/2/2011	16/2/2013-15/2/2014	–	–	–	–	–	3,400	–	–	3,400
Wang Wen Xia	0.160	23/1/2008	23/1/2008-23/1/2011	18,400	–	–	–	18,400	–	(18,400)	–	–
	0.050	17/11/2008	17/2/2009-17/11/2013	6,430	–	–	–	6,430	–	(6,430)	–	–
	0.130	18/12/2009	18/3/2010-17/12/2014	–	24,830	–	–	24,830	–	(24,830)	–	–
Pong Po Lam	0.160	23/1/2008	23/1/2008-23/1/2011	1,200		–	–	1,200	–	(1,200)	–	–
	0.050	17/11/2008	17/2/2009-17/11/2013	500	–	(500)	–	–	–	–	–	–
	0.130	18/12/2009	18/3/2010-17/12/2014	–	1,000	–	–	1,000	–	(1,000)	–	–
Ma Jie	0.160	23/1/2008	23/1/2008-23/1/2011	8,000	–	–	–	8,000	–	(8,000)	–	–
	0.050	17/11/2008	17/2/2009-17/11/2013	2,000	–	–	–	2,000	–	–	–	2,000
	0.130	18/12/2009	18/3/2010-17/12/2014	–	10,000	–	–	10,000	–	–	–	10,000
Ding Xiaobin	0.160	23/1/2008	23/1/2008-23/1/2011	500	–	–	–	500	–	(500)	–	–
	0.050	17/11/2008	17/2/2009-17/11/2013	300	–	–	–	300	–	–	–	300
	0.130	18/12/2009	18/3/2010-17/12/2014	–	500	–	–	500	–	–	–	500
Cheung Wai Bun	0.160	23/1/2008	23/1/2008-23/1/2011	1,300	–	–	–	1,300	–	(1,300)	–	–
	0.050	17/11/2008	17/2/2009-17/11/2013	800	–	(800)	–	–	–	–	–	–
	0.130	18/12/2009	18/3/2010-17/12/2014	–	2,600	–	–	2,600	–	(2,600)	–	–
Zhang Yong	0.160	23/1/2008	23/1/2008-23/1/2011	300	–	–	–	300	–	–	(300)	–
	0.050	17/11/2008	17/2/2009-17/11/2013	300	–	–	–	300	–	–	(300)	–
	0.130	18/12/2009	18/3/2010-17/12/2014	–	500	–	–	500	–	–	(500)	–
Chan Po Fun	0.050	17/11/2008	17/2/2009-17/11/2013	300	–	–	(300)	–	–	–	–	–
Fung Cheuk Nang	0.050	17/11/2008	17/2/2009-17/11/2013	500	–	–	–	500	–	(500)	–	–
	0.130	18/12/2009	18/3/2010-17/12/2014	–	500	–	–	500	–	(500)	–	–
Zeng Xianggao	0.050	17/11/2009	17/2/2010-17/11/2013	500	–	–	–	500	–	–	–	500
	0.130	18/12/2009	18/3/2010-17/12/2014	–	500	–	–	500	–	–	–	500
Others	0.160	23/1/2008	23/1/2008-23/1/2011	3,000	–	–	–	3,000	–	–	(3,000)	–
	0.050	17/11/2008	17/2/2009-17/11/2013	500	–	–	–	500	–	(500)	–	–
	0.130	18/12/2009	18/3/2010-17/12/2014	–	13,500	–	–	13,500	–	(10,000)	–	3,500
	0.445	16/2/2011	16/5/2011-15/2/2014	–	–	–	–	–	13,300	–	–	13,300
	0.445	16/2/2011	16/2/2012-15/2/2014	–	–	–	–	–	3,300	–	–	3,300
	0.445	16/2/2011	16/2/2013-15/2/2014	–	–	–	–	–	3,400	–	–	3,400
				44,830	53,930	(1,300)	(300)	97,160	90,830	(100,590)	(4,100)	83,300

31. SHARE OPTIONS *(Continued)*

(d) On 13 July 2010, 24,830,000 share options were granted. The closing price of the shares of the Company on the date of grant was HK$0.135.

(e) On 16 February 2011, a total of 66,000,000 share options were granted. The closing price of the shares of the Company on the date of grant was HK$0.445.

(f) The estimated fair value of the 90,830,000 share options granted during the year ended 30 June 2011 was HK$7,694,000 which was calculated using the Binominal Model (the "Model") as at the date of the grant of the share options. The followings are the inputs to the Model:

	13/7/2010	**16/2/2011**
Share price:	HK$0.135	HK$0.445
Exercise price:	HK$0.135	HK$0.445
Expected volatility:	80.39%	71.275%
Expected dividend yield:	3.70%	1.12%
Risk free rate:	1.50%	1.215%
Expected life of the share options:	5 years	3 years

Expected volatility was determined by using the historical volatility of the share prices of the Company.

The Group recognised a total expense of approximately HK$7,694,000 for the year ended 30 June 2011 in relation to the share options granted by the Company.

The Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

32. RESERVES

The Group

	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
At 1 July 2009	291,405	–	2,766	–	1,763	–	(34,802)	261,132
Share premium reduction	(291,405)	291,405	–	–	–	–	–	–
Interim dividend paid	–	(12,426)	–	–	–	–	–	(12,426)
Equity settled share-based transactions *(note 30 (a))*	–	–	–	–	2,447	–	–	2,447
Lapse of share options	–	–	–	–	(5)	–	5	–
Issue of mew shares upon exercise of share options	73	–	–	–	(21)	–	–	52
Profit for the year	–	–	–	–	–	–	27,631	27,631
Total comprehensive income for the year	–	–	–	–	–	–	27,631	27,631
At 30 June 2010 and 1 July 2010	73	278,979	2,766	–	4,184	–	(7,166)	278,836
Equity settled share-based transactions	–	–	–	–	7,694	–	–	7,694
Lapse of share options	–	–	–	–	(186)	–	186	–
Issue of new shares – upon exercise of share options *(note 30 (a))*	17,102	–	–	–	(4,620)	–	–	12,482
– upon share placing *(note 30 (b))*	423,338	–	–	–	–	–	–	423,338
Profit for the year	–	–	–	–	–	–	36,925	36,925
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	421	–	421
Increase in fair value of available-for-sale financial assets	–	–	–	53,692	–	–	–	53,692
Disposal of available-for-sale financial assets upon decognition of a subsidiary	–	–	–	(41,992)	–	–	–	(41,992)
Total comprehensive income for the year	–	–	–	11,700	–	421	36,925	49,046
At 30 June 2011	440,513	278,979	2,766	11,700	7,072	421	29,945	771,396

32. RESERVES *(Continued)*

The Company

	Share premium account HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Exchange reserves HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
At 1 July 2009	291,405	–	2,766	–	1,763	–	(41,343)	254,591
Share premium reduction	(291,405)	291,405	–	–	–	–	–	–
Interim dividend paid	–	(12,426)	–	–	–	–	–	(12,426)
Equity settled share-based transactions	–	–	–	–	2,447	–	–	2,447
Lapse of share options	–	–	–	–	(5)	–	5	––
Issue of shares upon exercise of share options *(note 30 (a))*	73	–	–	–	(21)	–	–	52
Profit for the year	–	–	–	–	–	–	26,024	26,024
Total comprehensive income for the year	–	–	–	–	–	–	26,024	26,024
At 30 June 2010 and 1 July 2010	73	278,979	2,766	–	4,184	–	(15,314)	270,688
Equity settled share-based transactions	–	–	–	–	7,694	–	–	7,694
Lapse of share options	–	–	–	–	(186)	–	186	–
Issue of new shares – upon exercise of share options *(note 30 (a))*	17,102	–	–	–	(4,620)	–	–	12,482
– upon share placing *(note 30 (b))*	423,338	–	–	–	–	–	–	423,338
Profit for the year	–	–	–	–	–	–	43,966	43,966
Exchange differences on translation of financial statements of overseas operations	–	–	–	–	–	124	–	124
Increase in fair value of available-for-sale financial assets	–	–	–	53,692	–	–	–	53,692
Disposal of available-for-sale financial assets upon decognition of a subsidiary	–	–	–	(41,992)	–	–	–	(41,992)
Total comprehensive income for the year	–	–	–	11,700	–	124	43,966	55,790
At 30 June 2011	440,513	278,979	2,766	11,700	7,072	124	28,838	769,992

32. RESERVES *(Continued)*

(a) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

The contributed surplus represents the share premium reduction during the year ended 30 June 2010. Under the Companies Law of Bermuda, 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 (i) it would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(iii) Capital reserve

The capital reserve represents the wavier of amount due to a shareholder in 2005.

(iv) Investment revaluation reserve

Investment revaluation reserve represents changes in fair value of available-for-sale financial assets.

(v) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognized in accordance with the accounting policy adopted for share-based payments.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies in note 2(p).

(b) Distributability of reserves

The Company's reserves available for distribution to its equity shareholders comprise share premium, contributed surplus and retained profits in aggregate amounted to HK$748,330,000 (2010: HK$263,738,000). Under the Companies Law of Bermuda, the contributed surplus of the Company is available for distribution subject to the provisions of its memorandum and articles of association and provided that immediately following the payment of dividends, the Company is able to pay its debts as and when they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be payable out of the profits or other reserves, including the share premium account and contributed surplus of the Company.

(c) Capital management

The Group's primary objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

32. RESERVES *(Continued)*

(c) Capital management *(Continued)*

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure by reviewing its equity-debt ratio and cashflow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines equity-debt ratio as the ratio of the equity attributable to shareholders of the Group to net debt. Net debt comprises total borrowings less cash and cash equivalents.

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Debts				
– other payables and accruals	**420**	5,031	**420**	486
– amount due to a subsidiary	**–**	–	**4,329**	1,659
– amounts due to related companies	**1,233**	611	**1,233**	611
– amount due to an associate	**320**	–	**320**	–
Total debts	**1,973**	5,642	**6,302**	2,756
Less: Cash and cash equivalents	**(81,789)**	(34,779)	**(75,718)**	(34,757)
Net cash position	**(79,816)**	(29,137)	**(69,416)**	(32,001)
Total equity	**812,490**	303,687	**811,086**	295,539

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets attributable to the equity holders of the Company of HK$812,490,000 (2010: HK$303,687,000) and 4,109,384,000 (2010: 2,485,134,000) ordinary shares in issue as at 30 June 2011.

34. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2011 not provided for in the financial statements were as follows:

	The Group and the Company	
	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for:		
– investments in available-for-sale financial assets	**227,711**	4,545

(b) At 30 June 2011, the Group and the Company had total future outstanding minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	The Group and the Company	
	2011	2010
	HK$'000	*HK$'000*
Within one year	**3,520**	1,288
In the second to fifth years, inclusive	**4,882**	1,248
	8,402	2,536

35. RETIREMENT SCHEMES

The Group maintains a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The Group's employees' contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to HK$20,000 of monthly compensation) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

Employees of the Group in the PRC are covered by appropriate local retirement schemes pursuant to local labour rules and regulations. The Group's annual contributions to these schemes represent defined contributions, and the Group has no further obligation beyond the contributions made.

36. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in notes 19, 24 and 28 to the financial statements, the Group entered into the following material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 11 is as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and allowances	**7,538**	5,122
Retirement scheme contributions	**32**	24
Share-based payments	**5,270**	1,581
	12,840	6,727

(b) Significant related party transactions

During the year, the Group had the following transactions with related parties:

	Note	**2011** ***HK$'000***	2010 *HK$'000*
Investment management fee paid/payable to Altantis (the "Investment Manager")	(i)	**2,337**	2,216
Investment management fee paid/payable to CFIIM (the "Investment Manager")	(ii)	**320**	–
Custodian fee paid to Bank of Communications Trustee Limited	(iii)	**214**	226
Legal advisory fees paid/payable to Michael Li & Co	(iv)	**960**	248

(i) On 18 April 2008, the investment management agreement was entered into between the Company and Altantis Investment Management (Hong Kong) Limited ("Altantis"), whereby Altantis has agreed to provide investment management services to the Company for a period of three years. Altantis is entitled to receive a management fee calculated at the following rates:

– 1% per annum of the market value of the portfolio on the last business day of each calender month; and

– a performance-related fee of 10% per annum of the appreciation in the market value of the portfolio above 10% hurdle rate per annum.

The investment management agreement was expired on 12 May 2011.

At 30 June 2011, the balance due to Altantis of HK$404,000 (2010: HK$611,000) was unsecured, interest free and was subsequently settled on 29 July 2011.

(ii) On 29 April 2011, the new investment management agreement was entered into between the Company and the associate, China Financial International Investments & Managements Limited ("CFIIM"), whereby CFIIM has agreed to provide investment management services to the Company for a period of three years effective from 29 April 2011. CFIIM is entitled to receive a management fee calculated at the following rates:

– 0.75% per annum of the market value of the portfolio on the last business day of each calender month; and

36. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant related party transactions *(Continued)*

– a performance-related fee of 5% of the appreciation in the market value of the portfolio above a 10% hurdle rate per annum.

(iii) Pursuant to the custodian agreement dated 12 June 2007 between the Company and Bank of Communication Trustee Limited (the "custodian"), the custodian agrees to provide securities custody of the Group's securities and the settlement of the securities of the Group, the collection of dividends and other entitlements on behalf of the Group. The custodian agreement will continue in force until it is terminated by either party giving a written notice to the other party at any time.

(iv) During the current year, Michael Li & Co, a company controlled by the Company secretary, Mr. Li Chi Chung provided various legal advisory services to the Company.

At 30 June 2011, the balance due to Michael Li & Co of HK$829,000 (2010:Nil) was unsecured, interest free and repayable on demand.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Disposal of available-for-sale financial assets through disposal of 70% equity interest in a subsidiary

On 16 June 2011, the Group entered into an agreement to dispose of its 70% equity interest in Globe Capital Resources Investments Limited ("Globe Capital") to an independent third party for a cash consideration of HK$42,000,000.

	HK$'000
Total consideration satisfied by:	
Cash consideration	42,000
Fair value of 30% retained equity interest in Globe Capital	13,000
Deferred tax liability upon recognition of fair value of retained equity interest in Globe Capital	(1,300)
	53,700
Net assets disposed of:	
Available-for-sale financial assets	99,670
Cash and bank balances	3,182
Other receivables	9,000
Dividend payable	(8,581)
Other payables	(43,605)
Deferred tax liabilities	(5,966)
	53,700
Investment revaluation reserve realised and released to consolidated income statement	41,992
Gain on disposal of 70% equity interest in Globe Capital *(note 9)*	41,992
Analysis of net cash inflows:	
Cash consideration received	10,000
Cash and bank balances disposed of	(3,182)
	6,818

38. EVENTS AFTER THE REPORTING PERIOD END

(i) On 18 July 2011, the Company entered into two joint venture agreements with seven independent joint venture parties for the formation of two joint venture companies, which are proposed to be engaged in the provision of small loan and financial business in the PRC, the Company will subscribe for 30% equity interests in both joint venture companies for an aggregate cash consideration of RMB105 million.

(ii) On 1 August 2011, the Company entered into a joint venture agreement with seven independent joint venture parties for the formation of a joint venture company, which is proposed to be engaged in the provision of small loan and financial business in the PRC, the Company will subscribe for 30% equity interest in the joint venture company for a cash consideration of RMB30 million.

(iii) On 16 August 2011, the Company entered into a joint venture agreement with seven independent joint venture parties for the formation of a joint venture company, which is proposed to be engaged in the provision of small loan and financial business in the PRC, the Company will subscribe for 10% equity interest in the joint venture company for a cash consideration of RMB10 million.

Financial Summary

RESULTS

	Year ended 30 June				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**296,010**	151,477	106,093	86,237	–
Profit/(loss) before taxation	**40,267**	31,661	17,609	(14,411)	(3,528)
Taxation	**(3,342)**	(4,030)	87	(87)	–
Net profit/(loss) for the year attributable to equity holders	**36,925**	27,631	17,696	(14,498)	(3,528)

	As at 30 June				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total Assets	**821,756**	313,359	286,568	271,646	66,480
Total Liabilities	**(9,266)**	(9,672)	(598)	(709)	(7,889)
Total equity	**812,490**	303,687	285,970	270,937	58,591