明陽資本

Sunshine Capital Investments Group Limited
明陽資本投資集團有限公司

Annual Report 2010

(proposed to be renamed as China Financial International Investments Limited)
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code:721)

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Du Lin Dong *(Chairman)*
Ms. Wang Wen Xia
Mr. Pong Po Lam Paul

Non-executive Directors

Mr. Ding Xiaobin
Mr. Fung Cheuk Nang Clement
Mr. Ma Jie

Independent Non-executive Directors

Dr. Cheung Wai Bun Charles, *J. P.*
Professor Zhang Yong
Mr. Zeng Xianggao

AUDIT COMMITTEE

Dr. Cheung Wai Bun Charles, *J. P.* *(Chairman)*
Professor Zhang Yong
Mr. Zeng Xianggao

REMUNERATION COMMITTEE

Ms. Wang Wen Xia *(Chairman)*
Dr. Cheung Wai Bun Charles, *J. P.*
Professor Zhang Yong

AUTHORISED REPRESENTATIVES

Ms. Wang Wen Xia
Mr. Pong Po Lam Paul

COMPANY SECRETARY

Mr. Li Chi Chung

AUDITOR

CCIF CPA Limited

INVESTMENT MANAGER

Atlantis Investment Management
(Hong Kong) 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 6305, 63/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

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Sunshine Capital Investments Group Limited (formerly known as Prime Investments Holdings Limited) (the "**Company**"), I am pleased to present the audited results of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2010 (the "**Year**").

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.

BUSINESS REVIEW

This financial year had been a very challenging year as the pace of global economic recovery was still weak. However, with outstanding investment strategy and hard work, total comprehensive income for the Year attributable to the shareholders amounted to HK$27,630,884 from HK$17,696,342 in last year, representing a 56% increase compared to that of last year. The total basic earnings per share were HK1.11 cents (2009: HK0.712 cents).

Turnover recognized by the Group during the Year was the sale proceeds and dividend income from listed investments of HK$151,477,477 as compared to HK$106,092,682 last year, representing a 43% increase. After taking into account of dividend income and net realized gain on disposal of listed securities, the Group recorded revenue of HK$19,178,193 as compared to a loss of HK$6,746,365 in last year, representing an increase of 384% over the last year. The other revenue and income which comprised of interest income and other income was HK$2,163,214 (2009: HK$1,505,255). General and administrative expenses increased from HK$11,183,245 reported last year to HK$16,176,768 this Year being in line with the increase in operating activities of the Group.

Listed Investments

The Group recorded a fair value gain on financial assets at fair value through profit or loss of HK$26,500,492 (2009: HK$33,479,129). The main grounds were analyzed as follows:

Despite the macroeconomic environment did still not recovered and augmented by the challenges of the European debt crisis, with active proactive investment strategy adopted by the management, the Group recorded a respectable unrealised gain of HK$9,407,796 on fair value on listed trading securities (2009: HK$13,505,362).

Moreover, the Company converted part of 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) during the Year. As a result, the Company recorded a substantial gain of HK$14,468,931 on conversion of Convertible Bonds (2009: HK$6,666,666). The Company recorded an unrealised gain of HK$2,623,765 on change in fair value of Convertible Bonds (2009: an unrealised gain of HK$13,307,101).

Unlisted Investments

During the Year, the Group acquired 25% equity interest in 贛縣長鑫礦業有限責任公司 (transliterated as Gan County Changxin Mining Company Limited, the "**Changxin Mining**"), an unlisted metal mining company in the People's Republic of China (the "**PRC**"), at cost of RMB14,000,000. Changxin Mining contains several mines with rich reserves of precious metal ores, including vanadium, wolfram zinc, copper and so on. As the increasing global demand for different kinds of metal, the Directors consider that this investment develops a new investment with significant growth potential and reflects the diversification investment of the Group.

In January 2010, the Company changed its name from "Prime Investments Holdings Limited" to "Sunshine Capital Investments Group Limited" and adopted the new Chinese name "明陽資本投資集團有限公司". As the Company's investments are mainly in the PRC and Hong Kong, it is necessary for the Company to have a Chinese name to represent its business nature.

FUTURE PROSPECT

Looking ahead, the global economy remains volatile and uncertain. Most developed economies are still lacking momentum in their recovery, particularly with the sovereign debt crisis in Europe brought back fears of a double dip recession. It is expected that USA will carry out further quantitative easing monetary policy to stimulate the economic. However, such issues are unlikely to cast major impacts on the PRC economy, which is supported by the strong domestic markets and rapid urbanization. As a whole, the driving force behind the global economic recovery has been moving eastward and the PRC is playing a significant role in driving growth and leading the world out of recession.

In July 2010, the Group made an investment of RMB11,397,000 to acquire a 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, the "**Jiangxi 933**"). Jiangxi 933 owns 90% of the total equity interest of 北京九三三軟件股份有限公司 (transliterated as Beijing 933 Software Share Company Limited, the "**Beijing 933**"). Both Jiangxi 933 and Beijing 933 are principally engaged in the provision of information system. Beijing 933 participates information system construction in many PRC Government departments. Beijing 933 is also the service provider for the PRC Ministry of Finance government procurement related management software. Jiangxi 933 and Beijing 933 devote to become the first class electronic commerce providers in the PRC.

The Group will continue to adopt and maintain a prudent but proactive investment approach. On the one hand, the Group keeps closely on monitoring the performance of the investment portfolios and is confident that the investment portfolios will deliver results and add value to the shareholders of the Company (the "**Shareholders**"). On the other hand, the Group considers the PRC to be a very important market and has already deployed resources including the establishment of a representative office in Shenzhen in July 2010, actively exploring business opportunities in the PRC. The Directors believe that there are promising business opportunities for the Group to grasp in this important market. With clear development strategies and excellent management team, the Group is well equipped to capture investment opportunities for future growth and better return for Shareholders, and has strong confidence in its long term prospects.

As the Company proposes to expand its investment scope internationally, the Company proposes to change 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" pursuant to the announcement of the Company dated 8 September 2010 and a new logo is designed to turn a new leaf for the Group. Approvals have been obtained from the Shareholders and will be obtained from the Registrar of Companies in Bermuda and the new name can be used after the approval from the Registrar of Companies in Bermuda and the Companies Registry of Hong Kong.

MAJOR ACQUISITIONS AND DISPOSALS

Details of the Group's acquisitions and disposals during the Year are set out in notes 17 and 18 to the financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group had cash and bank balance of HK$34,778,781 (30 June 2009: HK$63,037,330). All of the cash and bank balance were placed in Hong Kong dollar deposits with banks in Hong Kong. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 30 June 2010 was approximately 3,071% (30 June 2009: 47,901%), gearing ratio (calculated as the long term loan to the total shareholders' equity) of the Group as at 30 June 2010 was zero (30 June 2009: zero). The Group maintained a strong working capital position during the Year.

The Group had shareholders' funds of HK$303,687,580 at 30 June 2010 compared to HK$285,969,772 at 30 June 2009, representing an increase of 6% over the last year.

The Group did not have any bank borrowing nor significant capital commitment as at 30 June 2010 (30 June 2009: Nil).

CAPITAL STRUCTURE

The Company issued 1,300,000 shares with par value of HK$0.01 each at an exercise price of HK$0.05 per share upon the exercise of the share options during the Year.

On 15 October 2009, the Company proposed to implement share premium reduction which would involve a reduction of the entire amount standing to the credit of the share premium account of the Company to nil. The credit arising from the share premium reduction would be credited to the contributed surplus account of the Company. The resolution was duly passed as special resolution at the annual general meeting of the Company held on 8 December 2009. The share premium reduction was taken effect on 9 December 2009.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group has no significant exposures to fluctuations in foreign exchange rates and, therefore, did not employ any financial instruments to hedge such exposures.

INVESTMENT PORTFOLIO

The Group's investment portfolio comprised of listed investments and unlisted investments. As at 30 June 2010, the Group held listed investments, at market value, of HK$258,628,038 (2009: HK$169,808,268). As at 30 June 2010, the Group's unlisted investments, valued at cost less impairment, totaling HK$15,911,675 (2009: Nil).

CHARGES ON THE GROUP'S ASSET AND CONTINGENT LIABILITIES

As at 30 June 2010, there were no charges on the Group's asset and the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2010, the Group had 11 employees. The total staff cost of the Group for the Year was HK$8,855,663 (2009: HK$5,360,231). 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.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to all of our business partners, Shareholders, Directors and staff for their hard work and contributions during the Year.

On behalf of the Board

Du Lin Dong
Chairman

Hong Kong, 26 October 2010

EXECUTIVE DIRECTORS

Mr. Du Lin Dong, aged 42, chairman of the Board who holds a bachelor degree in International Trade from Lanzhou University in the PRC. Mr. Du 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 20 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.

Ms. Wang Wen Xia, aged 50, holds a master degree in finance from Dongbei University of Finance and Economics. Ms. Wang currently holds senior management positions in various unlisted companies incorporated in the PRC. Ms. Wang is also a vice chairman and executive director of China Water Property Group Limited (Stock code: 2349) which shares are listed on the Main Board of the Stock Exchange. Ms. Wang has active experience at the management level in structured finance for nearly 21 years, including investment, merger and acquisition, and asset management services. She also has management experience spanning various industries including real estate, mining, mineral processing, import and export etc. Ms. Wang is also the director of various subsidiaries of the Company.

Mr. Pong Po Lam Paul, aged 54, 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 President of The Institute of Financial Planners of Hong Kong, Executive Committee member of The Hong Kong Institute of Financial Analysts and Professional Commentators Ltd, China Sub-committee member of the Hong Kong Investment Funds Association, Chairman of Investment and Fund Management Services of CEPA Business Opportunities Development Alliance, 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 Neijiang City, Sichuan Province.

NON-EXECUTIVE DIRECTORS

Mr. Ding Xiaobin, aged 41, 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 is ever chronologically worked for business enterprises in fields of banking, futures, clothes, import & export and investments. Currently as the managing director of Guangdong Poly Investment Limited, he is mainly in charge of directly investment consultant for projects in lines of 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.

Mr. Fung Cheuk Nang Clement, aged 34, has gained extensive management experience in development and manufacturing of consumer products for a number of years. Mr. Fung is also the director of a number of established privately-owned manufacturing companies in Hong Kong and the PRC. His knowledge and expertise in manufacturing industry may be beneficial to the Company in research and development area. He was an executive director of ZMAY Holdings Limtied (Stock code: 8085), a company listed on the Growth Enterprise Market of the Stock Exchange from July 2005 to October 2007.

Mr. Ma Jie, aged 47, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Cheung Wai Bun Charles, JP, aged 74. Dr. Cheung possesses the appropriate financial management expertise as required by the Listing Rules, including experience in internal controls reviewing or analysing 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, an independent non-executive director and chairman of Remuneration Committee of Grand TG Gold Holdings Limited (listed on Hong Kong GEM Board) (stock code: 8299), an independent non-executive director and director of Audit Committee of Zhuhai Commercial Bank Limited and advisor of Twin Wealth Group, Hong Kong. Dr. Cheung is also a Council Member of the Hong Kong Institute of Directors. 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. On 30 August 2010, Dr. Cheung received 3 awards namely (1) Outstanding Management Award for the Year 2010 of The Chartered Management Association, (2) Outstanding Director Award for the Year 2010 of The Chartered Association of Directors (3) Outstanding CEO Award for the Year 2010 of The Asia Pacific CEO Association in Hong Kong.

Professor Zhang Yong, aged 54, a Ph.D, is a professor and supervisor of Ph.D. students. He has been honored the academic titles of National Expert of Great Contribution, Celebrated Expert of Embryo Engineering, founder of Animal Clone Base of China. Meanwhile he is the founder of the Academic Institute of Biological Engineering of Northwest Sci-Tech University of Agriculture and Forestry and Yangling Keyan Biological Engineering Ltd. As Chairman of Yang Ling Keyuan Clone Science & Technological Company Ltd, Professor Zhang is also titled as member of the Technology Committee belonging to National Agriculture Department, invited member of Government's Decision-making Consultation Committee of Shan Xi province, resident syndic of Academic Committee of Agriculture Biology Technology. Professor Zhang is professionally skilled with breeding, marketing and technology information for poultry industry. He is also good at, from microcosmic and macrocosmic point of view, mastering the developing and the stratagem and tactics for hitech poultry corporations.

Mr. Zeng Xianggao, aged 52, 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 China 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 mainland China. 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. He was an independent director of China State Shipbuilding Co. Limited (formerly known as Hudong Heavy Machinery Company Limited), a company listed on the Shanghai Stock Exchange, from May 2002 to July 2007.

The Directors present the audited financial statements of the Company and the Group for the year ended 30 June 2010.

PRINCIPAL ACTIVITIES

During the Year, the Group has been 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 17 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 statement of comprehensive income on page 22.

Interim dividend of HK0.5 cents per ordinary share was paid by the Company during the Year (2009: Nil) and the Board does not recommend the payment of a final dividend for the year ended 30 June 2010 (2009: 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 68 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 25 and note 30 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 16 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 28 and 29 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 of the Company during the Year were:

Executive Directors:

Mr. Du Lin Dong *(Chairman)* *(appointed as chairman and executive Director on 23 June 2010)*
Ms. Wang Wen Xia *(resigned as chairman on 23 June 2010)*
Mr. Pong Po Lam Paul

Non-executive Directors:

Dr. Chan Po Fun Peter *(retired on 8 December 2009)*
Mr. Ding Xiaobin
Mr. Fung Cheuk Nang Clement
Mr. Ma Jie

Independent Non-executive Directors:

Dr. Cheung Wai Bun Charles
Professor Zhang Yong
Mr. Zeng Xianggao

In accordance with Bye-law 87(2), Mr. Du Lin Dong shall retire from office at the annual general meeting; and in accordance with Bye-laws 88(1) and 88(2), Mr. Ma Jie, Mr. Fung Cheuk Nang Clement, Professor Zhang Yong and Mr. Zeng Xianggao shall retire from office by rotation at the annual general meeting. Being eligible, each of Mr. Du Lin Dong, Mr. Ma Jie, Mr. Fung Cheuk Nang Clement, Professor Zhang Yong and Mr. Zeng Xianggao 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 of the Company, 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 of the Company are set out on pages 6 to 7 of the 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 Company for a period of three years from the date of the agreement at an annual remuneration of HK$3,000,000 and an annual fee of HK$120,000 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.

Ms. Wang Wen Xia entered into a service agreement with the Company on 15 January 2008, pursuant to which Ms. Wang 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$1,300,000. Under the service agreement, either party needs to give not less than 12 months' written notice to the other party in case of early termination of the appointment.

As at 30 June 2010, 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' INTERESTS IN CONTRACTS

Except for the related party and connected transactions which are disclosed below and in notes 5 and 33 to the financial statements, 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 movement in the Company's share options under the Scheme during the Year:

Name or category of participant	Number of share options: At 1 July 2009	Granted during the Year	Exercised during the Year	Lapsed during the Year	At 30 June 2010	Exercise Year	Exercise Price	Date of grant
Directors								
Wang Wen Xia	18,400,000	–	–	–	18,400,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	6,430,000	–	–	–	6,430,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	24,830,000	–	–	24,830,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	24,830,000	24,830,000	–	–	49,660,000			
Pong Po Lam Paul	1,200,000	–	–	–	1,200,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	500,000	–	500,000	–	–	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	1,000,000	–	–	1,000,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	1,700,000	1,000,000	500,000	–	2,200,000			
Ding Xiaobin	500,000	–	–	–	500,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	300,000	–	–	–	300,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	500,000	–	–	500,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	800,000	500,000	–	–	1,300,000			
Cheung Wai Bun Charles	1,300,000	–	–	–	1,300,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	800,000	–	800,000	–	–	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	2,600,000	–	–	2,600,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	2,100,000	2,600,000	800,000	–	3,900,000			
Zhang Yong	300,000	–	–	–	300,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	300,000	–	–	–	300,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	500,000	–	–	500,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	600,000	500,000	–	–	1,100,000			
Ma Jie	8,000,000	–	–	–	8,000,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	2,000,000	–	–	–	2,000,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	10,000,000	–	–	10,000,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	10,000,000	10,000,000	–	–	20,000,000			
Chan Po Fun Peter *(retired on 8 December 2009)*	300,000	–	–	300,000	–	17/2/2009-16/11/2013	HK$0.05	17/11/2008
Fung Cheuk Nang Clement	500,000	–	–	–	500,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	500,000	–	–	500,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	500,000	500,000	–	–	1,000,000			
Zeng Xianggao	500,000	–	–	–	500,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	500,000	–	–	500,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	500,000	500,000	–	–	1,000,000			
Qualified allotees in aggregate	3,000,000	–	–	–	3,000,000	23/1/2008-22/1/2011	HK$0.16	23/1/2008
	500,000	–	–	–	500,000	17/2/2009-16/11/2013	HK$0.05	17/11/2008
	–	13,500,000	–	–	13,500,000	18/3/2010-17/12/2014	HK$0.13	18/12/2009
	3,500,000	13,500,000	–	–	17,000,000			
	44,830,000	53,930,000	1,300,000	300,000	97,160,000			

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

As at 30 June 2010, 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	*Note*	Capacity and nature of interest	Long position	Approximately percentage of shareholdings in the Company
Fung Cheuk Nang Clement		Beneficial Owner	190,909,092	7.68%
Du Lin Dong	1	Corporation	26,700,000	1.07%
Righfirst Holdings Limited	1	Beneficial Owner	26,700,000	1.07%
Cheung Wai Bun Charles		Beneficial Owner	800,000	0.03%

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 26,700,000 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 shareholdings in the Company
Wang Wen Xia	Beneficial Owner	49,660,000	2.00%
Pong Po Lam Paul	Beneficial Owner	2,200,000	0.09%
Ding Xiaobin	Beneficial Owner	1,300,000	0.05%
Cheung Wai Bun Charles	Beneficial Owner	3,900,000	0.16%
Zhang Yong	Beneficial Owner	1,100,000	0.04%
Ma Jie	Beneficial Owner	20,000,000	0.80%
Fung Cheuk Nang Clement	Beneficial Owner	1,000,000	0.04%
Zeng Xianggao	Beneficial Owner	1,000,000	0.04%

Save as disclosed above, as at 30 June 2010, 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Apart from as disclosed under the heading "Directors' and chief executive's interests and short positions in shares and underlying shares" 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 or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or its subsidiary a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

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

As at 30 June 2010, so far as is known to 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 shareholders in the ordinary shares of the Company

Name of Shareholders	*Notes*	Capacity and nature of interest	Long position	Approximately percentage of shareholdings in the Company
Duan Chuan Liang	1	Corporation and Beneficial Owner	637,808,050	25.66%
Asset Full Resources Limited	1	Beneficial Owner	591,058,050	23.78%
Tam Wo Quan	2	Corporation	150,000,000	6.04%
Upkeep Properties Limited	2	Beneficial Owner	150,000,000	6.04%

Notes:

1. The entire issued share capital of Asset Full Resources Limited, is beneficially owned by Mr. Duan Chuan Liang. Mr. Duan is deemed to be interested in 591,058,050 Shares under the SFO.

2. The entire issued share capital of Upkeep Properties Limited is beneficially owned by Mr. Tam Wo Quan. Mr. Tam is deemed to be interested in 150,000,000 Shares under the SFO.

Save as disclosed above, as at 30 June 2010, 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 member of the Group.

RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Investment Management Agreement with Pegasus Fund Managers Limited

Pursuant to an investment management agreement dated 21 February 2006 between the Company and Pegasus Fund Managers Limited ("**Pegasus**"), and subsequently amended on 6 August 2007, whereby Pegasus had agreed to provide investment management services to the Company for a period of three years commencing from 1 August 2006. Pegasus was entitled to a management fee from the Company calculated at the following rates:

(1) 2.5% per annum of the net asset value of the Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days, subject to a monthly minimum fee of HK$41,667; and

(2) 10% of the surplus in net asset value of the Group over a financial year or period, which the surplus in the net asset value should be greater than HK$30,000,000.

Mr. Pong Po Lam, Paul, an executive Director of the Company, has a 91.57% equity interest in Pegasus and is one of the directors of Pegasus. 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.

The investment management agreement was expired on 31 July 2009.

(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. 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 quarter; 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.

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.

(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 terminated by either the Company or the custodian 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 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 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$225,900 (2009: HK$287,126).

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)*

(c) Custodian agreement *(Continued)*

In accordance with the requirements of the waiver granted by the Stock Exchange, the independent non-executive Directors of the Company confirm that:

(1) the above transactions have been entered into in the ordinary and usual course of business of the Company and are conducted in accordance with the terms of the Investment Management Agreements and the Custodian Agreement;

(2) the above transactions have been entered into on normal commercial terms and on an arm's length basis; and

(3) the above transactions have been entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned.

Details of related party transactions of the Group are set out in notes 5 and 33 to the financial statements.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in note 9 to the financial statements.

CORPORATE GOVERNANCE

The Company's principle corporate governance practices are set out in the Corporate Governance Report on pages 15 to 19 of the 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.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on 11 October 2010, the English name of the Company will be changed 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".

Approvals have been obtained from the Shareholders and will be obtained from Registrar of Companies in Bermuda and the new name can be used after the approval from the Registrar of Companies in Bermuda and the Companies Registry of Hong Kong. As the registration procedures are under processing, further announcement will be made by the Company in relation to the effective date of the change of Company name.

EVENTS AFTER THE PERIOD END

Details of significant events subsequent to the balance sheet date are set out in Note 35 to the financial statement.

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 October 2010

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 deviations 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 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 the 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 the exercising of independent judgment.

The Board of the Company comprised the following Directors:

Executive Directors:

Mr. Du Lin Dong (*Chairman*)	*(appointed as chairman and executive Director on 23 June 2010)*
Ms. Wang Wen Xia	*(resigned as chairman on 23 June 2010)*
Mr. Pong Po Lam Paul	

Non-executive Directors:

Dr. Chan Po Fun Peter	*(retired as non-executive Director on 8 December 2009)*
Mr. Ding Xiaobin	
Mr. Fung Cheuk Nang Clement	
Mr. Ma Jie	

Independent Non-executive Directors:

Dr. Cheung Wai Bun Charles
Professor Zhang Yong
Mr. Zeng Xianggao

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, 14 Board meetings were held and the attendance of individual Directors was as follows:

Name of Directors	**Number of meetings** *Attended/Total*
Mr. Du Lin Dong *(appointed as chairman and executive Director on 23 June 2010)*	0/0
Ms. Wang Wen Xia *(resigned as chairman on 23 June 2010)*	12/14
Mr. Pong Po Lam Paul	7/14
Dr. Chan Po Fun Peter *(retired as non-executive Director on 8 December 2009)*	4/9
Mr. Ding Xiaobin	2/14
Mr. Fung Cheuk Nang Clement	3/14
Mr. Ma Jie	14/14
Dr. Cheung Wai Bun Charles	9/14
Professor Zhang Yong	3/14
Mr. Zeng Xianggao	4/14

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the Code Provision A.2.1 of the Code, the roles of chairman and chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Ms. Wang Wen Xia who possesses the leadership skills to manage the Board and extensive knowledge in the business of the Group, has held the positions of both chairman and CEO since 28 February 2008 upon her appointment as chairman elected by the Board. During her appointment, Ms. Wang makes brilliant achievements. Ms. Wang resigned the position of chairman on 23 June 2010 while Mr. Du Lin Dong was appointed as chairman on 23 June 2010. As a result, the role of the chairman and CEO are segregated and are not exercised by the same individual.

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, Ms. Wang Wen Xia 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.

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.

AUDIT COMMITTEE *(Continued)*

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

Members	**Number of meetings** *Attended/Total*
Dr. Cheung Wai Bun Charles *(Chairman)*	2/2
Professor Zhang Yong	2/2
Mr. Zeng Xianggao	2/2

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

- considering and approval of the 2010 audit fees and audit work;
- reviewing and discussing with external auditor over the financial reporting of the Company;
- review of the interim report and the interim results announcement for the six months ended 31 December 2009;
- review of the audited financial statements and final results announcement for the year ended 30 June 2009; and
- review of 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 to 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 3 meetings during the Year. The attendance of individual members of the Remuneration Committee is as follows:

Members	**Number of meetings** *Attended/Total*
Ms. Wang Wen Xia *(Chairman)*	3/3
Dr. Cheung Wai Bun Charles	3/3
Professor Zhang Yong	3/3

REMUNERATION COMMITTEE *(Continued)*

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

- review of the remuneration policy for the Directors;
- review and approval of the remuneration package of each Director including benefit in kind, pension right, bonus payment and compensation payable; and
- review and approval of 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	200,000
– 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 the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. The Audit Committee was established for conducting a review of 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 management throughout the Company maintains and monitors the internal control system on an ongoing basis.

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 20 to 21.

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

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

We have audited the consolidated financial statements of Sunshine Capital Investments Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 67, which comprise the consolidated and Company statements of financial position as at 30 June 2010, and 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 2010 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 October 2010

Leung Chun Wa
Practising Certificate Number P04963

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 HK$	2009 HK$
Turnover	7	**151,477,477**	106,092,682
Revenue	8	**19,178,193**	(6,746,365)
Other revenue and income	8	**2,163,214**	1,505,255
Fair value gain on financial assets at fair value through profit or loss	20	**26,500,492**	33,479,129
Gain on disposal and dissolution of subsidiaries	34	**–**	2,604,574
Impairment loss on available-for-sale financial assets		**–**	(2,050,000)
Administrative expenses		**(16,176,768)**	(11,183,245)
Share of results of an associate		**(4,225)**	–
Profit before income tax	9	**31,660,906**	17,609,348
Income tax	12	**(4,030,022)**	86,994
Profit attributable to equity shareholders of the Company	13	**27,630,884**	17,696,342
Earnings per share			
Basic	15(a)	**1.11 cents**	0.712 cents
Diluted	15(b)	**1.10 cents**	0.711 cents

The notes on pages 27 to 67 form an integral part of these financial statements.

As at 30 June 2010

	Notes	2010 HK$	2009 HK$
Non-current assets			
Property, plant and equipment	16	**74,834**	142,464
Interest in an associate	18	**285,775**	–
Available-for-sale financial assets	19	**15,911,675**	–
		16,272,284	142,464
Current assets			
Financial assets at fair value through profit or loss	20	**258,628,038**	169,808,268
Amount due from a shareholder	22	**19,110**	19,110
Prepayments, deposits and other receivables	23	**3,661,619**	53,560,555
Cash and cash equivalents	24	**34,778,781**	63,037,330
		297,087,548	286,425,263
Current liabilities			
Other payables and accruals	25	**5,031,599**	353,047
Amount due to a related company	26	**610,631**	244,908
Current taxation	27	**4,030,022**	–
		9,672,252	597,955
Net current assets		**287,415,296**	285,827,308
Net assets		**303,687,580**	285,969,772
Capital and reserves			
Share capital	28	**24,851,340**	24,838,340
Reserves	30	**278,836,240**	261,131,432
Total equity		**303,687,580**	285,969,772
Net asset value per share	31	**12.2 cents**	11.5 cents

Du Lin Dong
Director

Ma Jie
Director

The notes on pages 27 to 67 form an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2010

	Notes	2010 HK$	2009 HK$
Non-current assets			
Property, plant and equipment	16	**74,834**	142,464
Investments in subsidiaries	17	**11,381,829**	45,001,913
Interest in an associate	18	**290,000**	–
		11,746,663	45,144,377
Current assets			
Financial assets at fair value through profit or loss	20	**258,628,038**	169,808,268
Amounts due from subsidiaries	17	**114,601**	100,809
Amount due from a shareholder	22	**19,110**	19,110
Prepayments, deposits and other receivables	23	**3,661,619**	1,927,952
Cash and cash equivalents	24	**34,756,953**	63,025,352
		297,180,321	234,881,491
Current liabilities			
Other payables and accruals	25	**486,144**	353,047
Amounts due to subsidiaries	17	**8,261,479**	–
Amount due to a related company	26	**610,631**	244,908
Current taxation	27	**4,030,022**	–
		13,388,276	597,955
Net current assets		**283,792,045**	234,283,536
Net assets		**295,538,708**	279,427,913
Capital and reserves			
Share capital	28	**24,851,340**	24,838,340
Reserves	30	**270,687,368**	254,589,573
Total equity		**295,538,708**	279,427,913

Du Lin Dong
Director

Ma Jie
Director

The notes on pages 27 to 67 form an integral part of these financial statements.

For the year ended 30 June 2010

	Share capital *HK$*	Share premium account *HK$*	Contributed surplus *HK$*	Capital reserve *HK$*	Share option reserve *HK$*	Exchange reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 July 2008	24,835,340	291,388,175	–	2,765,838	1,580,471	2,879,637	(52,512,850)	270,936,611
Equity settled share-based transactions	–	–	–	–	201,456	–	–	201,456
Lapse of share options	–	–	–	–	(14,368)	–	14,368	–
Issue of new shares upon exercise of share options *(note 28(a))*	3,000	16,862	–	–	(4,862)	–	–	15,000
Release upon disposal and dissolution of subsidiaries *(note 34(c))*	–	–	–	–	–	(2,879,637)	–	(2,879,637)
Profit for the year	–	–	–	–	–	–	17,696,342	17,696,342
At 30 June 2009 and 1 July 2009	24,838,340	291,405,037	–	2,765,838	1,762,697	–	(34,802,140)	285,969,772
Share premium reduction *(note 30(b))*	–	(291,405,037)	291,405,037	–	–	–	–	–
Interim dividend paid	–	–	(12,425,670)	–	–	–	–	(12,425,670)
Equity settled share-based transactions	–	–	–	–	2,447,594	–	–	2,447,594
Lapse of share options	–	–	–	–	(4,862)	–	4,862	–
Issue of new shares upon exercise of share options *(note 28(a))*	13,000	73,069	–	–	(21,069)	–	–	65,000
Profit for the year	–	–	–	–	–	–	27,630,884	27,630,884
At 30 June 2010	24,851,340	73,069	278,979,367	2,765,838	4,184,360	–	(7,166,394)	303,687,580

The notes on pages 27 to 67 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 HK$	2009 HK$
Operating activities			
Profit before taxation		**31,660,906**	17,609,348
Adjustments for:			
Share of results of an associate		**4,225**	–
Interest income		**(2,163,200)**	(1,505,243)
Dividend income		**(5,143,717)**	(1,363,831)
Depreciation		**74,116**	72,856
Realised (gains)/losses on disposal of financial assets at fair value through profit or loss		**(14,043,476)**	14,791,862
Unrealised gain on financial assets at fair value through profit or loss		**(26,500,492)**	(33,479,129)
Gain on disposal of available-for-sales financial assets		**–**	(6,681,666)
Gain on disposal and dissolution of subsidiaries	34(c)	**–**	(2,604,574)
Impairment of available-for-sale financial assets		**–**	2,050,000
Equity settled share-option expenses		**2,447,594**	201,456
Operating cash flows before movements in working capital		**(13,664,044)**	(10,908,921)
Decrease/(increase) in prepayments, deposits and other receivables		**1,298,471**	(499,839)
Increase/(decrease) in other payables and accruals		**133,097**	(225,773)
Increase in amount due to a related company		**365,723**	201,559
Change in financial assets at fair value through profit or loss		**(48,275,802)**	(94,921,111)
Cash used in operations		**(60,142,555)**	(106,354,085)
Interest income		**2,041,556**	902,978
Dividend income		**2,233,223**	1,363,831
Net cash used in operating activities		**(55,867,776)**	(104,087,276)
Investing activities			
Purchase of available-for-sale financial assets		**(11,366,220)**	–
Investment in an associate		**(290,000)**	–
Proceeds from disposal of available-for-sale financial assets		**26,632,603**	11,570,968
Purchase of property, plant and equipment		**(6,486)**	(3,410)
Deposit refunded/(paid) for acquisition of an investment		**25,000,000**	(25,000,000)
Net cash inflow from disposal of subsidiaries	34(c)	**–**	16
Net cash generated from/(used in) investing activities		**39,969,897**	(13,432,426)
Cash flows from financing activities			
Proceeds from issue of new shares, net		**65,000**	15,000
Interim dividend paid		**(12,425,670)**	–
Net cash (used in)/generated from financing activities		**(12,360,670)**	15,000
Decrease in cash and cash equivalents		**(28,258,549)**	(117,504,702)
Cash and cash equivalents at beginning of the year		**63,037,330**	180,817,111
Effect of foreign exchange rate changes		**–**	(275,079)
Cash and cash equivalents at end of the year		**34,778,781**	63,037,330
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**34,778,781**	63,037,330

The notes on pages 27 to 67 form an integral part of these financial statements.

1. GENERAL INFORMATION

Sunshine Capital Investments Group 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 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 6305, 63 floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Pursuant to a special resolution of the Company's shareholders passed on 8 December 2009, the name of the Company was changed from Prime Investments Holdings Limited to Sunshine Capital Investments Group Limited. On 8 September 2010, the Company proposed to change the name of the Company from Sunshine Capital Investments Group Limited to China Financial International Investments Limited, subject to the passing of a special resolution by the shareholders to approve the change of name and the Registrar of Companies in Bermuda approving the use of new name by the Company as referred to in note 35 (c) to the financial statements.

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 Hong Kong dollars ("HK$"), 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 October 2010.

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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(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.

HKAS 1 (revised 2007)	Presentation of financial statements
HKFRS 3 (revised 2008)	Business combinations
HKFRS 5 (amendments)	Non-current assets held for sale and discontinued operations-plan to sell the controlling interest in a subsidiary
HKFRS 7 (amendments)	Financial instruments: Disclosures-improving disclosures about financial instruments
HKFRS 8	Operating segments
HKAS 23 (revised 2007)	Borrowing costs
HKFRSs (amendments)	Improvements to HKFRSs issued in 2008
HKFRS 2 (amendments)	Share-base payments-vesting conditions and cancellations
HKAS 27 (amendments)	Consolidated and separate financial statements
HKAS 39 (amendments)	Financial instruments: Recognition and measurement-eligible hedged items
HK(IFRIC) - Int 15	Agreements for the construction of real estate
HK(IFRIC) - Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) - Int 17	Distribution of non-cash assets to owners
HK(IFRIC) - Int 18	Transfers of assets from customers

The improvements to HKFRSs 2008, amendments to HKAS 23, HKAS 39, HKFRS 2, HKFRS 5, HKFRS 7 and HKFRS 8 and interpretations HK(IFRIC) Int 15, HK(IFRIC) Int 16 and HK(IFRIC) Int 18 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group or they are not relevant to the Group's and the Company's operations. The other developments resulted in changes in accounting policy and the impact of the remainder of these developments is as follows:

– As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. The change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

– As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 3(b) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

– The impact of the majority of the revisions to HKFRS 3, HKAS 27 and HK(IFRIC) Int 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination, such as finder's fees, legal fees, due diligence fees, and other professional fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

- If the Group holds interests in the acquiree immediately prior to obtaining control, these standards will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

- Contingent consideration will be measured at fair value at the acquisition date. Any subsequent changes in the measurement of that contingent consideration will be recognised in profit or loss, unless they arise from obtaining additional information about facts and circumstances that existed at the acquisition dates within 12 months from the date of acquisition (in which case they will be recognised as an adjustment to the cost of the business combination). Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably. All subsequent changes in the measurement of contingent consideration and from its settlement were previously recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

- If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

- In addition to the Group's existing policy of measuring non-controlling interests (previously known as the "minority interests") in the acquisition at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure then non-controlling interests at fair values.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

- HK(IFRIC) Int 17 requires distributions of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group measured such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) Int 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

- As a result of the amendments to HKAS 27, as from 1 July 2009 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

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 2009:

HKFRSs (amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAK 39, HKFRS 5 and HKFRS 8 as part of improvements to HKFRSs 2009[1]
HKFRSs (amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (revised)	Related party disclosures[5]
HKAS 32 (amendment)	Classification of rights issues[3]
HKFRS 1 (amendment)	Additional exemptions for first-time adopters[1]
HKFRS 1 (amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[4]
HKFRS 2 (amendment)	Group cash-settled share-based payment transactions[1]
HKFRS 9	Financial instruments[6]
HK(IFRIC) – Int 14 (amendment)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments[4]

1 Effective for annual periods beginning on or after 1 January 2010
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for transfers on or after 1 January 2011
6 Effective for transfers on or after 1 January 2013

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation

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

(d) Basis of preparation of the financial statements

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.

(e) Subsidiaries

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.

In the Company's statement of financial position, an investment in a subsidiary is sated at cost less impairment losses (see note 2 (h)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Associates

An associate is an entity in which the Group and the 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. The investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. The Group's share of the post-acquisition, post-tax results of the investee and any impairment losses for the year, the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income are recognised in the consolidated statement of comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Associates *(Continued)*

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 investee. For this purpose, the Group's interest in the associate 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 investee, 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, investment in an associate is stated at cost less impairment losses (see note 2 (h)(ii)).

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2 (h)(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 item and are recognised in profit or loss on the date or 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	$33^1/_3$%

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.

(h) Impairment of assets

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

Investments in debt and equity securities (other than investments in subsidiaries (see note 2(h)(ii)) and other 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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

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

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

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

– 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 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.

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset that previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase fair value can be objectively related to an event occurring after the impairment loss was resognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

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)*

(h) 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 the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– Property, plant and equipment; and

– Investments in subsidiaries

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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) 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 an impairment loss 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 the profit or loss in the year in which the reversals are recognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) 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 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(r)(ii) and (iii).

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(h)(i)).

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 (h) (i)).

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 fair value 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 policy set out in note 2(r)(ii) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with policy set out in note 2(r)(iii). When these investments are derecognised or impaired (see note 2(h)(i)), 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)*

(j) Derivative financial instruments

Derivate 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.

(k) 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.

(l) 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, 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)*

(l) 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.

(m) 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) 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 pension plan obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(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).

(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.

(o) 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 period 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 in 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(p) 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.

(q) 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, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

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 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.

(r) 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) 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 close member of the family of any individual 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.

(t) 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 2010, the Group mainly operated in Hong Kong and the majority of the Group's transactions and balances as at 30 June 2010 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.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(ii) Interest rate risk

Interest income from bank deposits contributed less than 1% (2009: approximately 5.2 %) of the Group's profit for the year ended 30 June 2010. 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.

(iii) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities, debt element of convertible bonds and conversion options embedded in convertible bonds which are stated at fair value. Other than the unquoted investments in convertible bonds as detailed in note 21, convertible into listed shares of the issuer, all of these investments are listed. 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$25,863,000 (2009: HK$16,981,000).

(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.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk

Liquidity risk is the risk that the Group and the Company are unable to meet their payment obligations associated with their 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.

(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.

At 30 June 2010, the financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Group and Company			
	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Financial assets at fair value through profit or loss				
– Trading securities	244,568,018	–	–	244,568,018
– Convertible bonds	–	14,060,020	–	14,060,020
	244,568,018	14,060,020	–	258,628,038

There have been no significant transfers between Level 1 and 2 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Fair values *(Continued)*

(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 2010 and 2009.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical 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. In the absence of such information, the fair value is determined by an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainties in estimates used by management in the assumptions. Should the estimates including share prices, risk free rates, volatility and the relevant parameters of the valuation model be changed, there would be material changes in the fair value of certain financial instruments without quoted prices. The valuation methodologies adopted by the Group is discussed in note 3(b).

(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) Income taxes

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.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) 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.

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

(e) 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 29 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.

(f) Depreciation

The Group depreciates the property, plant and equipment in accordance with the accounting policy stated in note 2(g). 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.

5. INVESTMENT MANAGEMENT FEE

(a) Pursuant to an investment management agreement dated 21 February 2006 and subsequently amended on 6 August 2007, Pegasus Fund Managers Limited ("Pegasus"), whereby Pegasus had agreed to provide investment management services to the Company for a period of three years effective from 1 August 2006. Pegasus was entitled to a management fee from the Company calculated at the following rates:

(i) 2.5% per annum of the net asset value of the Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days, subject to a monthly minimum fee of HK$41,667.

(ii) 10% of the surplus in net asset value of the Group over a financial year or period, which the surplus in the net asset value should be greater than HK$30,000,000.

The investment management agreement was expired on 31 July 2009, management fee paid to Pegasus for the year ended 30 June 2010 amounted to HK$51,075 (2009: HK$500,000).

(b) On 18 April 2008, an investment management agreement was entered into by 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 effective from 13 May 2008. Altantis is entitled to a management fee from the Company calculated at the following rates:

– 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 quarter; and

– a performance-related fee of 10% 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 2010 amounted to HK$2,215,696 (2009: HK$631,293).

6. SEGMENT INFORMATION

No analysis of the Group's turnover and contribution to operating profit for the current and prior year set out by principal activities and geographical markets is provided as the Group has only one single business segment, investment holding and all the consolidated turnover and the consolidated results of the Group are attributable to the markets in Hong Kong.

The chief operating decision-maker has been indentified as the chairman and director of the Company and he assesses the performance of the business based on the review of the consolidated statement of comprehensive income and consolidated statement of financial position.

7. TURNOVER

	Group	
	2010	2009
	HK$	*HK$*
Sale proceeds from sale of financial assets at fair value through profit or loss- listed securities	**146,342,760**	104,728,851
Dividend income from listed securities	**5,134,717**	1,363,831
	151,477,477	106,092,682

8. REVENUE, OTHER REVENUE AND INCOME

	Group	
	2010	2009
	HK$	*HK$*
Revenue		
Dividend income from listed securities	**5,134,717**	1,363,831
Gain/(loss) on disposal of listed securities	**14,043,476**	(14,791,862)
Gain on disposal of available-for-sale financial assets	**–**	6,681,666
	19,178,193	(6,746,365)
Other revenue and income		
Bank interest income	**4,217**	920,993
Interest income from convertible bonds	**495,046**	584,250
Other interest income *(note)*	**1,663,938**	–
Sundry income	**13**	12
	2,163,214	1,505,255

Note:

Other interest income represents interest on deposit of HK$25,000,000 paid and refunded on a terminated investment as referred to note 23(a).

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Group	
	2010	2009
	HK$	*HK$*
Auditor's remuneration		
– audit services	**200,000**	200,000
– non-audit services	**80,000**	195,000
Custodian fees	**225,900**	287,126
Depreciation *(note 16)*	**74,116**	72,856
Investment management fees *(note 5)*	**2,266,771**	1,131,293
Operating leases charges in respect of properties	**865,080**	873,880
Equity settled share-based payment expenses to consultants *(note 29)*	**594,539**	9,725
Staff costs		
Salaries, wages and bonuses	**6,954,608**	5,120,500
Contributions to retirement benefits schemes	**48,000**	48,000
Equity settled share-based payment expenses *(note 29)*	**1,853,055**	191,731
	8,855,663	5,360,231

10. 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 2010 and 2009 is set out below:

	Directors' fees	Salaries and benefits in kind	Bonuses	Retirement scheme contributions	Sub-total	Share-based payments	2010
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors							
Du Lin Dong (appointed on 23 June 2010)	2,667	66,667	–	–	69,334	–	69,334
Wang Wen Xia	217,667	1,695,317	2,250,000	12,000	4,174,984	1,126,901	5,301,885
Pong Po Lam Paul	60,000	–	150,000	–	210,000	45,385	255,385
Non-executive directors							
Fung Cheuk Nang Clement	60,000	–	80,000	–	140,000	22,692	162,692
Chan Po Fun Peter (retired on 8 December 2009)	26,290	–	–	–	26,290	–	26,290
Ding Xiaobin	60,000	–	80,000	–	140,000	22,692	162,692
Ma Jie	60,000	480,000	350,000	12,000	902,000	453,847	1,355,847
Independent non-executive directors							
Cheung Wai Bun Charles	100,000	–	180,000	–	280,000	118,000	398,000
Zhang Yong	60,000	–	80,000	–	140,000	22,692	162,692
Zeng Xiangao	60,000	–	80,000	–	140,000	22,692	162,692
	706,624	2,241,984	3,250,000	24,000	6,222,608	1,834,901	8,057,509

10. DIRECTORS' REMUNERATION *(Continued)*

	Directors' fees HK$	Salaries and benefits in kind HK$	Bonuses HK$	Retirement scheme contributions HK$	Sub-total HK$	Share-based payments HK$	2009 HK$
Executive directors							
Wang Wen Xia	260,000	1,554,500	1,300,000	12,000	3,126,500	104,212	3,230,712
Pong Po Lam Paul	60,000	–	20,000	–	80,000	8,104	88,104
Non-executive directors							
Fung Cheuk Nang Clement	60,000	–	20,000	–	80,000	8,104	88,104
Chan Po Fun Peter	60,000	–	20,000	–	80,000	4,862	84,862
Ding Xiaobin	60,000	–	20,000	–	80,000	4,862	84,862
Ma Jie	60,000	480,000	150,000	12,000	702,000	32,414	734,414
Independent non-executive directors							
Cheung Wai Bun Charles	100,000	–	50,000	–	150,000	12,966	162,966
Zhang Yong	60,000	–	20,000	–	80,000	4,862	84,862
Zeng Xiangao	60,000	–	20,000	–	80,000	8,104	88,104
	780,000	2,034,500	1,620,000	24,000	4,458,500	188,490	4,646,990

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

Details of the share options granted to the directors of the Company are set out in note 29 to the financial statements.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2009: three) are directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other two (2009: two) individuals are as follows:

	2010 ***HK$***	2009 *HK$*
Salaries and benefits in kind	**676,000**	656,000
Bonuses	**80,000**	30,000
Retirement scheme contributions	**24,000**	24,000
Share-based payments	**18,154**	3,241
	798,154	713,241

The emoluments of the two (2009: two) individuals with the highest emoluments in 2010 and 2009 fell within the band of Nil to HK$1,000,000.

During the years ended 30 June 2010 and 2009, 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.

12. INCOME TAX

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

	2010 HK$	2009 HK$
Current tax-Hong Kong Profits Tax		
– Provision for the year	**4,030,022**	–
Current tax- PRC income tax		
– Provision for the year	**–**	–
– Over-provision in respect of prior year	**–**	(86,994)
	4,030,022	(86,994)

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax was provided in 2009 since the assessable profit was wholly absorbed by tax loss brought forward.

The provision for the PRC income tax for the Group's subsidiary in the PRC is based on a statutory rate of 25% (2009: 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 is made in the financial statements, as the Group did not have any income which is subject to the PRC income tax.

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

	2010 HK$	2009 HK$
Profit before income tax	**31,660,906**	17,609,348
Tax at Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**5,224,049**	2,919,896
Tax effect of non-deductible expenses	**633,446**	3,113,429
Tax effect of non-taxable income	**(1,121,925)**	(4,562,445)
Tax effect of temporary differences not recognised	**9,175**	9,510
Tax effect of utilization of unused tax losses	**(724,116)**	(2,178,158)
Tax effect of unused tax losses not recognised	**9,393**	697,768
Over-provision in respect of prior year	**–**	(86,994)
Actual tax expense/(credit)	**4,030,022**	(86,994)

13. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$26,023,871 (2009: HK$11,190,600) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

	2010 HK$	2009 HK$
Interim dividend – HK0.50 cents per ordinary share	**12,425,670**	–

At a meeting held on 26 March 2010, the Board proposed an interim dividend of HK$12,425,670, representing HK0.50 cents per ordinary share. During the year ended 30 June 2010, dividends of HK$12,425,670 were paid. The Board does not recommend the payment of a final dividend for the year ended 30 June 2010 (2009: nil).

15. 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$27,630,884 (2009: HK$17,696,342) and the weighted average number of 2,483,839,503 (2009: 2,483,552,934) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010 *Number of shares*	2009 *Number of shares*
Issued ordinary shares	**2,483,834,030**	2,483,534,030
Effect of exercise of share options	**5,473**	18,904
Weighted average number of ordinary shares	**2,483,839,503**	2,483,552,934

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$27,630,884 (2009: HK$17,696,342) and the weighted average number of 2,510,416,961 (2009: 2,489,723,125) ordinary shares adjusted by the potential dilutive effect caused by the share options granted under the share option scheme of the Company (note 29).

Weighted average number of ordinary shares (diluted)

	2010 *Number of shares*	2009 *Number of shares*
Weighted average number of ordinary shares	**2,483,839,503**	2,483,552,934
Effect of deemed issue of shares under the Company's share option scheme for nil consideration *(note 29)*	**26,577,458**	6,170,191
Weighted average number of ordinary shares (diluted)	**2,510,416,961**	2,489,723,125

16. PROPERTY, PLANT AND EQUIPMENT

Group and Company

	Furniture and fixtures HK$	Office equipment HK$	Total HK$
Cost			
At 1 July 2008	226,185	69,079	295,264
Additions	2,000	1,410	3,410
At 30 June 2009 and 1 July 2009	228,185	70,489	298,674
Additions	–	6,486	6,486
At 30 June 2010	228,185	76,975	305,160
Accumulated depreciation			
At 1 July 2008	51,580	31,774	83,354
Charge for the year	57,046	15,810	72,856
At 30 June 2009 and 1 July 2009	108,626	47,584	156,210
Charge for the year	57,046	17,070	74,116
At 30 June 2010	165,672	64,654	230,326
Net book value			
At 30 June 2010	62,513	12,321	74,834
At 30 June 2009	119,559	22,905	142,464

17. SUBSIDIARIES

	Company 2010 HK$	2009 HK$
Unlisted investments, at cost	**15,609**	7,817
Amounts due from subsidiaries *(note a)*	**11,366,220**	44,994,096
Investments in subsidiaries	**11,381,829**	45,001,913
Amounts due from subsidiaries *(note b)*	**114,601**	100,809
Amounts due to subsidiaries *(note b)*	**(8,261,479)**	–

Notes:

(a) The amounts due are unsecured and interest free and will not be demanded for repayment and, 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.

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Details of the subsidiaries at 30 June 2010 are as follows:

Name	Place of incorporation and operations	Issued 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
Globe Capital Resources Investment Limited	BVI/Hong Kong	1,000 ordinary shares at US$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

18. INTEREST IN AN ASSOCIATE

	Group		Company	
	2010 HK$	2009 HK$	**2010 HK$**	2009 HK$
Unlisted shares, at cost	**–**	–	**290,000**	–
Share of net assets	**285,775**	–	**–**	–

Details of the associate at 30 June 2010 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Particular of issued/paid up capital	Group's effective interest	Principal activities
China Financial International Investments & Managements Limited	Incorporated	Hong Kong	1,000,000 ordinary shares of HK$1 each	29%	Dormant

Summary financial information of the Group's associate:

	Group	
	2010 HK$	2009 HK$
Assets	**985,430**	–
Liabilities	**–**	–
Revenue	**–**	–
Loss after tax	**14,570**	–

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

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2010	2009
	HK$	*HK$*
Unlisted investment, at cost	**15,911,675**	–

As at 30 June 2010, the Group held the following available-for-sale financial assets:

Name	Place of incorporation	Principal activities	Effective interest attributable to the Group	
			2010	2009
Gan County Changxin Mining Company Limited ("Changxin Mining") *(note)*	PRC	Exploitation of metal mines	**25%**	–

Note:

The Company, through a subsidiary, Globe Capital Resources Investment Limited, holds 25% equity interest in Changxin Mining, an unlisted company in the PRC, at cost of RMB14,000,000 (equivalent to approximately HK$15,911,675). Changxin Mining is not regarded as an associate of the Group because the Group has the voting power less than 20% in directors' meeting of Changxin Mining under arrangements with other shareholders of Changxin Mining. 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 Changxin Mining and hence the investment in Changxin Mining was accounted for as available-for-sale financial assets for the year ended 30 June 2010.

The unlisted equity investment is measured at cost because the directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that its fair value cannot be measured reliably. At 30 July 2010, the directors of the Company considered that there is no diminution in the value of this investment.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group and Company	
	Note	**2010**	2009
		HK$	*HK$*
Market value of listed securities, Hong Kong		**244,568,018**	130,563,167
Investments in debt securities	*21*		
– debt element of convertible bonds		**10,163,326**	9,743,618
– conversion options embedded in convertible bonds		**3,896,694**	29,501,483
		258,628,038	169,808,268

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 date of the reporting period.

Fair value gain of HK$26,500,492 (2009: gain of HK$33,479,129) has been recognised in the consolidated statement of comprehensive income.

Particulars of the major components of the investment portfolio as at 30 June 2010, in terms of carrying value of the respective individual investment, are as follows:

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 (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 2010, the Group held 744,562,216 shares (2009:75,556,666 shares) in China Property, representing 6.08% (2009: 7.22%) 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 2010, the unaudited loss attributable to equity holders of China Property was HK$48 million (2009: HK$64 million). As at 30 June 2010, the unaudited consolidated net assets of China Property were approximately HK$749 million (2009: HK$289 million). As at 30 June 2010, the market value of the Group's investment in the shares of China Property was approximately HK$94 million (2009: HK$22 million).

As further detailed in note 21 below, at 30 June 2010, the Group also held 3% unsecured coupon convertible bonds issued by China Property with an aggregate principal amount of HK$10.5 million with maturity on 28 November 2010. If all these convertible bonds were converted into shares of China Property at its effective conversion price at the date of approval for the financial statements on 26 October 2010, the Group would increase its shareholdings in China Property by 88,235,294 shares. At the date of approval of the financial statements, the Group holds 832,797,510 shares in China Property, which represent 6.8% in the issued share capital of China Property.

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

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 2010, the Group held 30,094,000 shares (2009: 25,094,000 shares) in China Water, representing 2.20% (2009: 2.00%) in the issued share capital in China Water. Dividends of HK$1,327,650 were received during the year. Based on the annual report of China Water at 31 March 2010, the audited consolidated profit attributable to equity holders of China Water was HK$302 million (2009: HK$115 million). As at 31 March 2010, the audited consolidated net assets of China Water were approximately HK$3,827 million (2009: HK$2,688 million). As at 30 June 2010, the market value of the Group's investment in the shares of China Water was approximately HK$75 million (2009: HK$49 million).

China Cosco Holdings ("China Cosco")

China Cosco was incorporated in the PRC and its shares are listed on the main board of the Stock Exchange (stock code: 1919). China Cosco's business includes the provision a range of container shipping, dry bulk shipping, container terminal, container leasing and logistic services all over the world.

As at 30 June 2010, the Group held 1,948,000 shares (2009: 1,903,000 shares) in China Cosco, representing less than 0.1% (2009: less than 0.1 %) in the issued share capital in China Cosco. No dividend was received during the year. Based on the interim report of China Cosco at 30 June 2010, the unaudited profit attributable to equity holders in China Cosco was RMB3,446 million (2009: loss of 4,602 million). As at 30 June 2010, the unaudited consolidated net assets of China Cosco were approximately RMB58,330 million (2009: RMB52,585 million). As at 30 June 2010, the market value of the Group's investment in the shares of China Cosco was approximately HK$16 million (2009: HK$16 million).

HSBC Holdings plc ("HSBC")

HSBC was incorporated in England and its shares are listed on the main board of the Stock Exchange (stock code: 005). The principal activities of the HSBC comprise the provision of banking services and foreign currency deposits, loans, payment and settlement services, and the provision of related services by its overseas establishments as approved by the respective local regulators.

As at 30 June 2010, the Group held 514,796 shares (2009: 250,000 shares), representing less than 0.001% (2009: less than 0.001%) in the issued share capital of HSBC. Dividends of HK$701,555 were received during the year. Based on the interim report of HSBC at 30 June 2010, the unaudited consolidated profit attributable to equity holders in HSBC was US$6,763 million (2009: US$3,347 million). As at 30 June 2010, the unaudited consolidated net assets of HSBC were US$143,323 million (2009: US$125,298 million). As at 30 June 2010, the market value of the Group's investment in the shares of HSBC was approximately HK$37 million (2009: HK$16 million).

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

China Minsheng Banking Corp., Ltd ("Minsheng")

Minsheng is a national joint-stock commercial bank established in the PRC and its shares are listed on the main board of the Stock Exchange (stock code: 1988). The principal activities of Minsheng comprise the provision of retail and corporate banking, leasing and fund management services in the PRC.

As at 30 June 2010, the Group held 1,744,550 shares, representing less than 0.001% in the issued share capital of Minsheng. Dividends of HK$96,973 were accrued as at 30 June 2010. Based on the interim report of Minsheng at 30 June 2010, the unaudited consolidated profit attributable to equity holders in Minsheng was RMB8,866 million. As at 30 June 2010, the unaudited consolidated net assets of Minsheng were RMB96,984 million. As at 30 June 2010, the market value of the Group's investment in the shares of Minsheng was approximately HK$12 million.

21. INVESTMENT IN DEBT SECURITIES

Group and Company

(a) The Group held 3% unsecured convertible bonds issued by China Property with a principal amount of HK$25,000,000, which are due on 13 November 2017 ("2017 Convertible Bonds") and are convertible into fully paid ordinary shares of China Property with a par value of HK$0.01 each at an initial conversion price of HK$0.15, the conversion price was subsequently adjusted from HK$0.15 to HK$0.045 effective from 15 October 2009 upon completion of the open offer of China Property. The Group can exercise the conversion at anytime until the maturity date.

    During the year ended 30 June 2010, the Group converted the remaining aggregate principal amount of HK$15,000,000 with cost of HK$18,000,000 into 255,555,555 shares in China Property at the conversion price of HK$0.15 and HK$0.045 respectively, total gain on conversion of approximately HK$14,469,000 was included in the fair value gain on financial assets at fair value through profit or loss for the year ended 30 June 2010.

(b) On 18 June 2009, the Group acquired from Evolution Master Fund Ltd. SPC, Segregated Portfolio M, an independent third party, for the 3% unsecured convertible bonds issued by China Property with a face value of HK$10,500,000, which bear coupon interest rate of 3% per annum, at cost of HK$7,938,000. The Convertible bonds due on 28 November 2010 ("2010 Convertible Bonds") are convertible into fully paid ordinary shares of China Property with a par value of HK$0.01 each at an initial conversion price of HK$1.43, and was reset to HK$0.119 on 1 April 2010. The Group can exercise the conversion at anytime until the maturity date.

    The 2010 Convertible Bonds are separated into two components: the debt element and the conversion options element. The Group has classified the debt element and the conversion options element of the 2010 Convertible Bonds as financial assets at fair value through profit or loss under current assets. The fair value of the debt element and conversion options element as at 30 June 2010 are determined by the directors of the Company with reference to the valuation performed by BMI Appraisals Limited, an independent firm of professional valuers.

21. INVESTMENT IN DEBT SECURITIES *(Continued)*

(c) The carrying value of the debt element and conversion options element of 2017 Convertible Bonds and 2010 Convertible Bonds for the year are as follows:

2017 Convertible Bonds

	Nominal value HK$	Debt element HK$	Conversion options element HK$	Total HK$
Net carrying amounts at 1 July 2009	15,000,000	2,525,324	25,283,522	27,808,846
Conversion during the year	(15,000,000)	(2,525,324)	(25,283,522)	(27,808,846)
Net carrying amounts at 30 June 2010	–	–	–	–

2010 Convertible Bonds

	Nominal value HK$	Debt element HK$	Conversion options element HK$	Total HK$
Net carrying amounts at 1 July 2009	10,500,000	7,218,294	4,217,961	11,436,255
Change in fair value:				
– Credited to income statement	–	2,945,032	(321,267)	2,623,765
Net carrying amounts at 30 June 2010	10,500,000	10,163,326	3,896,694	14,060,020

The fair value of the debt element of the 2010 convertible bonds was calculated based on the present value of contractual stream of future cash flows discounted at the required yield, which was determined with reference to bond issuers of similar credit rating and remaining time to maturity.

The fair value of the conversion options element of 2010 Convertible Bonds was calculated using the Binomial Option Pricing Model with the major inputs used in the model as follows:

China Property

	2010	2009
Conversion price	**HK$0.119**	HK$1.43
Stock price	**HK$0.126**	HK$0.147
Expected volatility	**45.84%**	98.37%
Risk free rate	**62%**	0.36%
Time to maturity (year)	**0.41**	1.41
Expected dividend yield	**0%**	0%

22. AMOUNT DUE FROM A SHAREHOLDER

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Prepayments	**145,000**	145,000	**145,000**	145,000
Deposits	**343,374**	334,974	**343,374**	334,974
Dividend receivables	**527,507**	770,722	**527,507**	770,722
Bonus shares receivable	**2,382,987**	–	**2,382,987**	–
Convertible bonds interest receivables	**121,644**	602,625	**121,644**	602,625
Deposit paid on proposed investment *(note a)*	**–**	25,000,000	**–**	–
Other receivables *(note b)*	**141,107**	26,707,234	**141,107**	74,631
	3,661,619	53,560,555	**3,661,619**	1,927,952

Notes:

(a) Deposit of HK$25,000,000 was paid by the Group in relation to the proposed acquisition of 25% equity interest in 新余水務置業有限公司, which is a company established in the PRC and principally engaged in property development in the PRC. The completion of the proposed acquisition was subject to the fulfillment of certain conditions including due diligence reviews. The proposed acquisition was subsequently cancelled as certain conditions including the due diligence reviews were not completed. The deposit was fully refunded to the Group during the year ended 30 June 2010.

(b) Included in other receivables were HK$26,632,603 in 2009 represented the unsettled balance from the disposal of available-for-sale financial assets. The balance was subsequently received on 7 July 2009.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Cash and bank balances	**34,778,781**	63,037,330	**34,756,953**	63,025,352

The bank balances of the Group and the Company carried at prevailing market interest rates ranging from 0.10% to 0.12% (2009: 0.03% to 0.05%) per annum.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Accruals	**486,144**	268,000	**486,144**	268,000
Other payables *(note)*	**4,545,455**	85,047	**–**	85,047
	5,031,599	353,047	**486,144**	353,047

Note:

Other payables represented the outstanding balance on the acquisition of available-for-sale financial assets as detailed in note 19.

26. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company, Altantis Investment Management (Hong Kong) Limited, is unsecured, interest free and repayable on demand.

27. INCOME TAX IN THE STATEMENT OF STATEMENT OF FINANCIAL POSITION

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

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Provision for Hong Kong Profits Tax	**4,030,022**	–	**4,030,022**	–

(b) Deferred taxation

At the end of the reporting period, the Group and the Company has no significant unrecognised deferred tax liabilities.

28. SHARE CAPITAL

		2010		2009	
	Note	**Number of shares**	***HK$***	Number of shares	*HK$*
Authorised:					
Ordinary shares of HK$0.01 each		**30,000,000,000**	**300,000,000**	30,000,000,000	300,000,000
Issued and fully paid:					
As at 1 July					
Ordinary shares of HK$0.01 each		**2,483,834,030**	**24,838,340**	2,483,534,030	24,835,340
Issue of new shares upon exercise of share options	*(a)*	**1,300,000**	**13,000**	300,000	3,000
As at 30 June					
Ordinary shares of HK$0.01 each		**2,485,134,030**	**24,851,340**	2,483,834,030	24,838,340

(a) Issue of new shares upon exercise of share options

During the years ended 30 June 2010 and 2009, share options to subscribe for 1,300,000 shares and 300,000 were exercised, of which HK$13,000 and HK$3,000 were credited to share capital and the balance of HK$73,069 and HK$16,862 were credited to the share premium account respectively.

All the new ordinary shares issued during the years ended 30 June 2010 and 2009 rank pari passu in all respects with the then existing ordinary shares of the Company.

29. SHARE OPTIONS

Under the share option schemes adopted by the Company on 15 January 2008 (the "Scheme"), options were granted to certain directors, employees 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 a share.

29. 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 2010 and 2009 are as follows:

	Exercise price per option HK$	Date of grant	Exercise period	Number of share options: Outstanding As at 1/7/2008	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30/6/2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 30/6/2010
Directors												
Wang Wen Xia	0.16	23.1.2008	23.1.2008-23.1.2011	18,400,000	–	–	–	18,400,000	–	–	–	18,400,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	6,430,000	–	–	6,430,000	–	–	–	6,430,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	24,830,000	–	–	24,830,000
Pong Po Lam	0.16	23.1.2008	23.1.2008-23.1.2011	1,200,000	–	–	–	1,200,000	–	–	–	1,200,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	500,000	–	–	500,000	–	(500,000)	–	–
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	1,000,000	–	–	1,000,000
Ding Xiaobin	0.16	23.1.2008	23.1.2008-23.1.2011	500,000	–	–	–	500,000	–	–	–	500,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	300,000	–	–	300,000	–	–	–	300,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	500,000	–	–	500,000
Ma Jie	0.16	23.1.2008	23.1.2008-23.1.2011	8,000,000	–	–	–	8,000,000	–	–	–	8,000,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	2,000,000	–	–	2,000,000	–	–	–	2,000,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	10,000,000	–	–	10,000,000
Cheung Wai Bun	0.16	23.1.2008	23.1.2008-23.1.2011	1,300,000	–	–	–	1,300,000	–	–	–	1,300,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	800,000	–	–	800,000	–	(800,000)	–	–
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	2,600,000	–	–	2,600,000
Zhang Yong	0.16	23.1.2008	23.1.2008-23.1.2011	300,000	–	–	–	300,000	–	–	–	300,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	300,000	–	–	300,000	–	–	–	300,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	500,000	–	–	500,000
Gu Qiu Rong	0.16	23.1.2008	23.1.2008-23.1.2011	300,000	–	–	(300,000)	–	–	–	–	–
Chan Po Fun	0.05	17.11.2008	17.2.2009-17.11.2013	–	300,000	–	–	300,000	–	–	(300,000)	–
Fung Cheuk Nang	0.05	17.11.2008	17.2.2009-17.11.2013	–	500,000	–	–	500,000	–	–	–	500,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	500,000	–	–	500,000
Zeng Xianggao	0.05	17.11.2008	17.2.2009-17.11.2013	–	500,000	–	–	500,000	–	–	–	500,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	500,000	–	–	500,000
Others	0.16	23.1.2008	23.1.2008-23.1.2011	3,000,000	–	–	–	3,000,000	–	–	–	3,000,000
	0.05	17.11.2008	17.2.2009-17.11.2013	–	800,000	(300,000)	–	500,000	–	–	–	500,000
	0.13	18.12.2009	18.3.2010-17.12.2014	–	–	–	–	–	13,500,000	–	–	13,500,000
				33,000,000	12,430,000	(300,000)	(300,000)	44,830,000	53,930,000	(1,300,000)	(300,000)	97,160,000

29. SHARE OPTIONS *(Continued)*

(d) On 18 December 2009, a total of 53,930,000 share options were granted. The closing price of the shares of the Company immediately before the date of grant was HK$0.127.

(e) The estimated fair value of the 53,930,000 share options granted during the year ended 30 June 2010 was HK$2,447,594 which was calculated using the Black-Scholes-Merton Option Pricing Model (the "Model") as at the date of the grant of the share options. The followings are the inputs to the Model:

	2010	2009
Share price:	**HK$0.127**	HK$0.049
Exercise price:	**HK$0.130**	HK$0.050
Expected volatility:	**82.18%**	73.83%
Expected dividend yield:	**0%**	0%
Risk free rate:	**1.71%**	1.465%
Expected life of the share options:	**5 years**	4.3 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$2,447,594 for the year ended 30 June 2010 (2009: HK$201,456) 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.

30. RESERVES

Group

	Share premium account HK$	Contributed surplus HK$	Capital reserve HK$	Share option reserve HK$	Exchange reserve HK$	Accumulated losses HK$	Total HK$
At 1 July 2008	291,388,175	–	2,765,838	1,580,471	2,879,637	(52,512,850)	246,101,271
Equity settled share-based transactions	–	–	–	201,456	–	–	201,456
Lapse of share options	–	–	–	(14,368)	–	14,368	–
Issue of new shares upon exercise of share options *(note 28 (a))*	16,862	–	–	(4,862)	–	–	12,000
Release upon disposal and dissolution of subsidiaries *(note 34 (c))*	–	–	–	–	(2,879,637)	–	(2,879,637)
Profit for the year	–	–	–	–	–	17,696,342	17,696,342
At 30 June 2009 and 1 July 2009	291,405,037	–	2,765,838	1,762,697	–	(34,802,140)	261,131,432
Share premium reduction *(note 30 (b))*	(291,405,037)	291,405,037	–	–	–	–	–
Interim dividend paid	–	(12,425,670)	–	–	–	–	(12,425,670)
Equity settled share-based transactions	–	–	–	2,447,594	–	–	2,447,594
Lapse of share options	–	–	–	(4,862)	–	4,862	–
Issue of new shares upon exercise of share options *(note 28 (a))*	73,069	–	–	(21,069)	–	–	52,000
Profit for the year	–	–	–	–	–	27,630,884	27,630,884
At 30 June 2010	73,069	278,979,367	2,765,838	4,184,360	–	(7,166,394)	278,836,240

30. RESERVES *(Continued)*

Company

	Share premium account HK$	Contributed surplus HK$	Capital reserve HK$	Share option reserve HK$	Accumulated losses HK$	Total HK$
At 1 July 2008	291,388,175	–	2,765,838	1,580,471	(52,548,967)	243,185,517
Equity settled share-based transactions	–	–	–	201,456	–	201,456
Lapse of share options	–	–	–	(14,368)	14,368	–
Issue of new shares upon exercise of share options *(note 28 (a))*	16,862	–	–	(4,862)	–	12,000
Profit for the year	–	–	–	–	11,190,600	11,190,600
At 30 June 2009 and 1 July 2009	291,405,037	–	2,765,838	1,762,697	(41,343,999)	254,589,573
Share premium reduction *(note 30 (b))*	(291,405,037)	291,405,037	–	–	–	–
Interim dividend paid	–	(12,425,670)	–	–	–	(12,425,670)
Equity settled share-based transactions	–	–	–	2,447,594	–	2,447,594
Lapse of share options	–	–	–	(4,862)	4,862	–
Issue of new shares upon exercise of share options *(note 28 (a))*	73,069	–	–	(21,069)	–	52,000
Profit for the year	–	–	–	–	26,023,871	26,023,871
At 30 June 2010	73,069	278,979,367	2,765,838	4,184,360	(15,315,266)	270,687,368

30. RESERVES *(Continued)*

(a) Share premium

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

(b) 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.

(c) Capital reserve

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

(d) Share option reserve

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

(e) 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 (q).

(f) Distributability of reserves

The Company's reserves available for distribution to its equity shareholders comprise share premium, contributed surplus and accumulated losses in aggregate amounted to HK$263,737,170 (2009: HK$250,061,038). 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.

(g) 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.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder 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 economics conditions.

30. RESERVES *(Continued)*

(g) Capital management *(Continued)*

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.

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Debts				
– Other payables and accruals	**5,031,599**	353,047	**486,144**	353,047
– Amounts due to subsidiaries	**–**	–	**8,261,479**	–
– Amount due to a related company	**610,631**	244,908	**610,631**	244,908
Total debts	**5,642,230**	597,955	**9,358,254**	597,955
Less: Cash and cash equivalents	**(34,778,781)**	(63,037,330)	**(34,756,953)**	(63,025,352)
Net cash position	**(29,136,551)**	(62,439,375)	**(25,398,699)**	(62,427,397)
Total equity	**303,687,580**	285,969,772	**295,538,708**	279,427,913

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

31. 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$303,687,580 (2009: HK$285,969,772) and 2,485,134,030 (2009: 2,483,834,030) ordinary shares in issue as at 30 June 2010.

32. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2010 not provided for in the financial statements were as follows:

	Group	
	2010	2009
	HK$	*HK$*
Contracted for – investment in available-for-sale financial assets	**4,545,455**	–

At 30 June 2010, the Company had no significant capital commitments.

(b) At 30 June 2010, the Group and the Company had total future outstanding minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group and Company	
	2010	2009
	HK$	*HK$*
Within one year	**1,287,600**	1,363,080
In the second to fifth years, inclusive	**1,248,330**	496,635
	2,535,930	1,859,715

33. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in notes 22 and 26 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 10 is as follows:

	2010	2009
	HK$	*HK$*
Salaries and allowances	**5,122,318**	3,804,500
Retirement scheme contributions	**24,000**	24,000
Share-based payments	**1,580,748**	136,627
	6,727,066	3,965,127

Total remuneration is included in staff cost in note 9.

(b) Transactions with related parties

		2010	2009
	Notes	***HK$***	*HK$*
Investment management fee paid/payable to Pegasus	*(i)*	**51,075**	500,000
Investment management fee paid/payable to Altantis	*(ii)*	**2,215,696**	631,293
Legal advisory fees paid/payable	*(iii)*	**248,400**	208,927

(i) Pursuant to an investment management agreement dated 21 February 2006 and subsequently amended on 6 August 2007, Pegasus Fund Managers Limited ("Pegasus"), whereby Pegasus had agreed to provide investment management services to the Company for a period of three years effective from 1 August 2006. Pegasus was entitled to a management fee from the Company calculated at the following rates:

– 2.5% per annum of the net asset value of the Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days, subject to a monthly minimum fee of HK$41,667; and

– 10% of the surplus in net asset value of the Group over a financial year or period, which the surplus in the net asset value should be greater than HK$30,000,000.

Mr. Pong Po Lam, an executive director of the Company, has 92% equity interest in Pegasus. The investment management agreement was expired on 30 July 2009.

(ii) On 18 April 2008, management agreement was entered into by 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 effective from 13 May 2008. Altantis is entitled to a management fee from the Company calculated at the following rates:

– 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 quarter; and

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

(iii) 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.

34. DISPOSAL AND DISSOLUTION OF SUBSIDIARIES

(a) On 21 June 2009, the Group disposed entire interest in Sun Talent Investment Co., Ltd and Market Place Investment Co., Ltd, both with zero net assets at date of disposal, to an independent third party for a cash consideration of HK$16.

(b) During the year ended 30 June 2009, Double Lucky Investment Company and Glorision Limited were de-registered.

(c) Jiangxi Jianghe Water Affairs Co., Ltd, a subsidiary established in 2008 in the PRC for proposed investments, was dissolved upon the abolition of the proposed investments during the year ended 30 June 2009. At the date of dissolution, this subsidiary only holds cash at bank of RMB34,960,000, which represented the capital contributed in the prior year. All the capital contribution to this subsidiary was fully recovered, after deduction of the expenses of dissolution.

	2009
	HK$
Exchange reserve released upon dissolution	2,879,637
Dissolution expenses	(275,079)
	2,604,558
Net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries *(note a)*	16
Gain on disposal and dissolution of subsidiaries	2,604,574

35. EVENTS AFTER THE REPORTING PERIOD END

(a) On 12 July 2010, Globe Capital Resources Investment Limited, a wholly-owned subsidiary of the Company, entered into the agreement with Jiangxi 933 Technology Development Company Limited ("Jiangxi 933"), a company established in the PRC and principally engaged in the provision of information system, in relation to the acquisition of 29% equity interest in Jiangxi 933 at a consideration of RMB11,397,000.

(b) On 13 July 2010, 24,830,000 share options of the Company were granted to Mr. Du Lin Dong, the chairman and executive director of the Company, at an exercise price of HK$0.135 per share.

(c) On 8 September 2010, the Company proposed to change the name of the Company 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". Approvals have been obtained from the shareholders and will be obtained from the Registrar of Companies in Bermuda and the new name can be used after the approval from the Registrar of Companies in Bermuda and the Companies Registry of Hong Kong.

36. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, certain comparative figures have been adjusted to conform to current year's presentation.

RESULTS

	Year ended 30 June				
	2010	2009	2008	2007	2006
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	**151,477,477**	106,092,682	86,236,688	–	–
Profit/(loss) before taxation	**31,660,906**	17,609,348	(14,411,037)	(3,528,391)	(6,557,134)
Taxation	**(4,030,022)**	86,994	(86,994)	–	–
Net profit/(loss) for the year attributable to equity holders	**27,630,884**	17,696,342	(14,498,031)	(3,528,391)	(6,557,134)

	As at 30 June				
	2010	2009	2008	2007	2006
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Total Assets	**313,359,832**	286,567,727	271,645,774	66,479,854	6,979,139
Total Liabilities	**(9,672,252)**	(597,955)	(709,163)	(7,888,743)	(9,621,437)
Total equity	**303,687,580**	285,969,772	270,936,611	58,591,111	(2,642,298)