中國東方文化集團有限公司
China Oriental Culture Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

The board (the "Board") of directors (the "Directors") of China Oriental Culture Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010, together with the comparative audited figures for 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	NOTES	**2010** *RMB*	2009 *RMB*
Continuing operations			
Turnover	*3*	**32,397,529**	31,334,168
Revenue	*3*	**15,227,973**	13,324,741
Cost of sales and services		**(48,445,781)**	(12,900,260)
Gross (loss) profit		**(33,217,808)**	424,481
Other income	*4*	**373,544**	1,002,491
Selling and marketing expenses		**(199,371)**	(25,314)
Administrative expenses		**(40,321,997)**	(38,791,833)
Finance costs	*5*	**(23,487,162)**	(16,134)
Gain on disposal of subsidiaries		**8,453**	8,508
(Loss) gain on disposal of financial assets at fair value through profit or loss		**(14,968,809)**	8,978,620
Increase in fair value of financial assets at fair value through profit or loss		**6,007,231**	17,583,331
Share of result of an associate		**90,176**	1,556,650
Loss before tax		**(105,715,743)**	(9,279,200)
Income tax expense	*6*	**–**	(1,533,466)
Loss for the year from continuing operations		**(105,715,743)**	(10,812,666)

	NOTES	2010 RMB	2009 RMB
Discontinued operations			
Profit for the year from discontinued operations		**425,106**	1,579,967
Loss for the year	*7*	**(105,290,637)**	(9,232,699)
Exchange differences arising on translation and other comprehensive income (expenses) for the year		**3,372,182**	(629,736)
Total comprehensive expenses for the year		**(101,918,455)**	(9,862,435)
Loss for the year attributable to:			
Owners of the Company			
Loss for the year from continuing operations		**(105,575,430)**	(10,812,666)
Profit for the year from discontinued operations		**425,106**	1,579,967
		(105,150,324)	(9,232,699)
Non-controlling interests			
Loss for the year from continuing operations		**(140,313)**	–
Profit for the year from discontinued operations		**–**	–
		(140,313)	–
		(105,290,637)	(9,232,699)
Total comprehensive expenses attributable to:			
Owners of the Company		**(101,778,142)**	(9,862,435)
Non-controlling interests		**(140,313)**	–
		(101,918,455)	(9,862,435)
Loss per share	*9*		
Basic and diluted (RMB cents)			
From continuing and discontinued operations		**(8.503)**	(2.240)
From continuing operations		**(8.537)**	(2.623)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	NOTES	**2010** *RMB*	2009 *RMB* *(Restated)*
Non-current assets			
Property, plant and equipment		**9,890,927**	3,918,267
Investment properties		**–**	7,393,231
Intangible asset	*10*	**646,303,857**	–
Interest in an associate		**1,589,809**	1,556,650
Deposit paid for acquisition of investment		**–**	21,098,400
Deposit paid for acquisition of an intangible asset		**10,108,598**	–
Prepayment for a mobile media project		**5,000,000**	–
Available-for-sale investment		**1,693,800**	–
		674,586,991	33,966,548
Current assets			
Amount due from an associate		**23,527,106**	20,259,260
Trade and other receivables	*11*	**22,888,439**	8,409,251
Financial assets at fair value through profit or loss		**21,960,286**	35,944,421
Restricted bank balances		**41,748**	10,190
Bank balances and cash		**41,657,214**	84,962,454
		110,074,793	149,585,576
Current liabilities			
Trade and other payables	*12*	**19,583,637**	12,369,650
Amount due to a shareholder		**5,976,776**	–
Tax payable		**40,686**	1,533,466
		25,601,099	13,903,116
Net current assets		**84,473,694**	135,682,460
Total assets less current liabilities		**759,060,685**	169,649,008
Capital and reserves			
Share capital		**142,125,763**	47,748,941
Reserves		**542,990,166**	121,900,067
Equity attributable to owners of the Company		**685,115,929**	169,649,008
Non-controlling interests		**815,520**	–
Total equity		**685,931,449**	169,649,008
Non-current liabilities			
Convertible loan notes	*13*	**73,129,236**	–
		759,060,685	169,649,008

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Suites 1205-1207, 12th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong. The directors do not consider any company to be the ultimate holding company of the Company.

The functional currency and presentation currency of the Company is Hong Kong Dollar ("HK$"). The functional currencies for its certain subsidiaries are Renminbi ("RMB").

As the Group mainly operates in the People's Republic of China (the "PRC"), the directors of the Company consider that it is appropriate to present the consolidated financial statements in RMB.

The Company is an investment holding and securities trading company.

Pursuant to a special resolution passed at the extraordinary general meeting held on 12 November 2010, the name of the Company was changed from ZZNode Technologies Company Limited to China Oriental Culture Group Limited and 中國東方文化集團有限公司 was adopted as new Chinese name of the Company. The certificate of incorporation on change of name certifying the change of name of the Company was issued by the Registrar of Companies in the Cayman Islands and the name change took effect on 12 November 2010.

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendments)	Additional Exemptions from First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK-Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-Cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

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

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

Amendments to HKAS 1 Presentation of Financial Statements
(as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

In line with the amendments to HKAS 1, the Group has classified the liability component of convertible notes issued in the current year as non-current based on when cash settlement may be required to be made. This amendment has had no effect on the amounts reported in prior years because the Group has not previously issued instruments of this nature. As at 31 December 2010, the liability component of the convertible loan notes with the carrying amount of approximately RMB73,129,236 has been presented as non-current liabilities.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations
(as part of Improvements to HKFRSs issued in 2009)

The amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations issued in 2009, as part of the Improvements to HKFRSs clarifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It states that disclosure requirements of other HKFRSs do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs have specific disclosure requirement in respect of such asset (or disposal groups); or the disclosures relate to the measurement of an individual asset or assets, as part of a disposal group which follows other HKFRSs and the information is not disclosed elsewhere in the financial statements.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

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

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

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

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

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

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

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

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 will not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

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

3. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover for the year from continuing operations is as follows:

	2010	2009
	RMB	*RMB*
Sales of third party software and hardware	**13,800,082**	2,669,491
Maintenance, training and other services	**1,427,891**	10,655,250
Gross proceeds from trading of financial assets at fair value through profit or loss	**17,169,556**	18,009,427
	32,397,529	31,334,168

The Group's operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

1. Sales of self-developed software – provision of self-developed operational supporting system (OSS) software.

2. Sales of third party software and hardware – provision of third party operational supporting system (OSS) software and hardware.

3. Maintenance, training and other services – provision of mobile communication network optimisation services.

4. Advertising media – provision of advertising services in respect of placing advertisements on the outdoor billboards and LED screens of the Group to advertisers and advertising agencies.

5. Securities trading – trading of financial assets at fair value through profit or loss.

An operating segment regarding the properties investments was discontinued in the current year. For the year ended 31 December 2010, there is a new reportable segment regarding advertising media after acquisition of a subsidiary.

Segment turnover and results

The following is an analysis of the Group's turnover and results from continuing operations by reportable segment.

For the year ended 31 December 2010

Continuing operations

	Sales of self-developed software *RMB*	**Sales of third party software and hardware** *RMB*	**Maintenance, training and other services** *RMB*	**Advertising media** *RMB*	**Securities trading** *RMB*	**Total** *RMB*
TURNOVER						
External sales	**–**	**13,800,082**	**1,427,891**	**–**	**17,169,556**	**32,397,529**
Segment profit (loss)	**–**	**249,485**	**548,699**	**(39,694,432)**	**(8,961,578)**	**(47,857,826)**
Unallocated corporate expenses						**(34,842,928)**
Unallocated other income						**381,997**
Share of result of an associate						**90,176**
Finance costs						**(23,487,162)**
Loss before tax (continuing operations)						**(105,715,743)**

For the year ended 31 December 2009

Continuing operations

	Sales of self-developed software *RMB*	Sales of third party software and hardware *RMB*	Maintenance, training and other services *RMB*	Advertising media *RMB*	Securities trading *RMB*	Total *RMB*
TURNOVER						
External sales	–	2,669,491	10,655,250	–	18,009,427	31,334,168
Segment profit	–	210,440	374,096	–	26,561,951	27,146,487
Unallocated corporate expenses						(38,817,147)
Unallocated other income						850,944
Share of result of an associate						1,556,650
Finance costs						(16,134)
Loss before tax (continuing operations)						(9,279,200)

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emolument, value-added tax refunded income, interest income, share of result of an associate, finance costs and loss/gain on disposal of subsidiaries loss on disposal of property, plant and equipment and depreciation of certain property, plant and equipment. This is the measure reported to the chief operating decision maker, board of directors of the Company, for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

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

	2010	2009
	RMB	*RMB*
Segment assets		
Continuing operations		
Sales of self-developed software	**–**	–
Sales of third party software and hardware	**11,247,575**	–
Maintenance, training and other services	**2,441,374**	6,507,243
Advertising media	**666,805,603**	–
Securities trading	**21,960,286**	35,944,421
Total segment assets	**702,454,838**	42,451,664
Assets relating to discontinued operation	**–**	7,393,231
Unallocated corporate assets	**81,711,946**	133,707,229
Consolidated assets	**784,166,784**	183,552,124
Segment liabilities		
Continuing operations		
Sales of self-developed software	**–**	–
Sales of third party software and hardware	**6,081,883**	–
Maintenance, training and other services	**–**	4,744,924
Advertising media	**–**	–
Securities trading	**–**	–
Total segment liabilities	**6,081,883**	4,744,924
Unallocated corporate liabilities	**92,648,452**	9,158,192
Consolidated liabilities	**98,730,335**	13,903,116

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

- All assets are allocated to reportable segments other than certain property, plant and equipment, interest in an associate, deposit paid for acquisition of investment, amount due from an associate, prepayments, deposits and other receivables and bank balances and cash; and

- All liabilities are allocated to reportable segments other than accrued charges and other payables, amount due to a shareholder, tax payable and convertible loan notes.

Other segment information

For the year ended 31 December 2010

Continuing operations

	Sales of self-developed software *RMB*	Sales of third party software and hardware *RMB*	Maintenance, training and other services *RMB*	Advertising media *RMB*	Securities trading *RMB*	Unallocated *RMB*	Consolidated *RMB*
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non current assets	–	–	–	**701,292,749**	–	–	**701,292,749**
Depreciation and amortisation	–	–	–	**34,485,002**	–	–	**34,485,002**
Impairment loss recognised in trade receivables	–	–	**1,979,610**	–	–	–	**1,979,610**
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	–	**14,968,809**	–	**14,968,809**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:							
Additions to non current assets	–	–	–	–	–	**185,112**	**185,112**
Interest in an associate	–	–	–	–	**1,589,809**	–	**1,589,809**
Share of result of an associate	–	–	–	–	**90,176**	–	**90,176**
Depreciation	–	–	–	–	–	**808,013**	**808,013**
Interest income	–	–	–	–	–	**354,965**	**354,965**
Interest expense	–	–	–	–	–	**23,487,162**	**23,487,162**
Loss on disposal of property, plant and equipment	–	–	–	–	–	**12,815**	**12,815**
Gain on disposal of subsidiaries	–	–	–	–	–	**8,453**	**8,453**

Other segment information

For the year ended 31 December 2009

Continuing operations

	Sales of self-developed software *RMB*	Sales of third party software and hardware *RMB*	Maintenance, training and other services *RMB*	Advertising media *RMB*	Securities trading *RMB*	Unallocated *RMB*	Consolidated *RMB*
Amounts included in the measure of segment profit or loss or segment assets:							
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	–	(8,978,620)	–	(8,978,620)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:							
Additions to non current assets	–	–	–	–	–	3,587,107	3,587,107
Interest in an associate	–	–	–	–	1,556,650	–	1,556,650
Share of result of an associate	–	–	–	–	1,556,650	–	1,556,650
Depreciation	–	–	–	–	–	329,671	329,671
Interest income	–	–	–	–	–	383,650	383,650
Interest expense	–	–	–	–	–	16,134	16,134
Dividend income	–	–	–	–	3,516	–	3,516
Loss on disposal of property, plant and equipment	–	–	–	–	–	357,547	357,547
Gain on disposal of subsidiaries	–	–	–	–	–	8,508	8,508

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's turnover from continuing operations from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Non-current assets		Turnover from external customers	
	31/12/2010	31/12/2009	**31/12/2010**	31/12/2009
	RMB	*RMB*	***RMB***	*RMB*
Hong Kong	**4,497,780**	11,027,953	**17,169,556**	18,009,427
PRC	**666,805,602**	283,545	**15,227,973**	13,324,741
	671,303,382	11,311,498	**32,397,529**	31,334,168

Note: Non-current assets excluded those relating to discontinued operations and excluded interest in an associate, deposit paid for acquisition of investment and available-for-sale investment.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2010	2009
	RMB	*RMB*
Customer A[1]	**6,536,386**	N/A[2]
Customer B[1]	**3,668,376**	N/A[2]
Customer C[1]	**2,474,817**	N/A[2]

1 Revenue from sales of third party software and hardware.
2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2010	2009
	RMB	*RMB*
Continuing operations		
Value-added tax refund income	**–**	160,055
Dividend income	**–**	3,516
Interest income	**354,965**	383,650
Others	**18,579**	455,270
	373,544	1,002,491

5. FINANCE COSTS

	2010	2009
	RMB	*RMB*
Continuing operations:		
Interest on:		
Bank overdrafts	**2**	7
Loan from a related company	**–**	16,127
Effective interest expenses on convertible loan notes	**23,487,160**	–
	23,487,162	16,134

6. INCOME TAX EXPENSE

	2010	2009
	RMB	*RMB*
Continuing operations		
Taxation comprises:		
Hong Kong Profits Tax	**–**	1,533,466

The statutory tax rate for ZZNode (Shanghai) is 22% (2009: 20%). However, it received preferential tax treatment as explained below:

ZZNode (Shanghai) is recognised as an advanced technology and software enterprise according to the Shanghai State Tax Notices 滬國税浦政 [2002] No. 70 of (Circular of the Ministry of Finance, the State Administration of Taxation and General Administration of Customs on the Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries)《關於鼓勵軟件產業和集成電路產業發展有關税收政策問題的通知》approved by the State Tax Bureau and Local Tax Bureau of Pudong New District of Shanghai Municipality.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The Group's certain subsidiaries in the PRC was reduced from 33% to 25% progressively from 1 January 2008.

No provision for PRC Enterprise Income Tax was made for in the consolidated financial statements for year ended 31 December 2010 as there was no estimated assessable profit derived from the PRC.

No PRC Enterprise Income Tax is payable on the profit for the year ended 31 December 2009 since assessable profit is wholly absorbed by tax losses brought forward. Tax losses carried forward amount to approximately RMB4,597,887 (2009: RMB7,288,507).

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2009. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2010 as the Group does not have any assessable profit subject to Hong Kong Profits Tax for the year.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2010	2009
	RMB	*RMB*
Continuing operations		
Directors' emoluments	**5,370,940**	22,054,892
Other staff costs	**4,696,837**	1,196,157
Share based payment expenses	**9,399,611**	–
Retirement benefits scheme contributions excluding directors' emoluments	**256,284**	323,676
Total staff costs	**19,723,672**	23,574,725
Depreciation of property, plant and equipment	**1,277,023**	329,671
Amortisation of intangible asset	**34,015,992**	–
Total depreciation and amortisation	**35,293,015**	329,671
Auditor's remuneration	**474,264**	379,771
Cost of inventories recognised as an expense	**13,550,596**	2,459,051
Impairment loss recognised in trade receivables	**1,979,610**	–
Loss on disposal of property, plant and equipment		
– included in administrative expense	**12,815**	350,178
– included in costs of sales and services	**–**	7,369
Net foreign exchange losses	**459,995**	47,907
Operating lease rentals in respect of rented premises	**3,987,968**	2,322,255
Accruals for litigation claims	**18,524**	1,075,000

8. DIVIDEND

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

9. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic loss per share attributable to the owners of the Company is based on the follow data:

	2010	2009
	RMB	*RMB*
Loss		
Loss for the year attributable to owners of the Company	**(105,150,324)**	(9,232,699)

Number of shares	**2010**	2009
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,236,674,605**	412,176,406

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010	2009
	RMB	*RMB*
Loss figures are calculated as follows:		
Loss for the year attributable to the owners of the Company	**(105,150,324)**	(9,232,699)
Less: profit for the year from discontinued operations	**425,106**	1,579,967
Loss for the purposes of basic loss per share from continuing operations	**(105,575,430)**	(10,812,666)

From discontinued operations

Earnings per share for the discontinued operations is RMB0.034 cent per share (2009: RMB0.383 cent per share), based on the profit for the year attributable to owners of the Company from discontinued operations of RMB425,106 (2009: RMB1,579,967) and the denominators detailed above for basic earnings per share.

For the year ended 31 December 2010, the basic and diluted loss per share are the same as the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in a decrease in loss/earnings per share from continuing and discontinued operations.

For the year ended 31 December 2009, the basic and diluted loss per share are the same as computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market prices for shares.

10. INTANGIBLE ASSET

	RMB
COST	
At 1 January 2009 and 31 December 2009	–
Acquired on acquisition of assets through acquisition of a subsidiary	680,319,849
At 31 December 2010	680,319,849
AMORTISATION	
At 1 January 2009 and 31 December 2009	–
Provided for the year	34,015,992
At 31 December 2010	34,015,992
CARRYING VALUES	
At 31 December 2010	646,303,857
At 31 December 2009	–

The intangible asset represented the exclusive right to operate outdoor advertising light-emitting diode displays business in the PRC. The exclusive right was acquired through acquisition of the entire issued share capital of Precious Luck Enterprises Limited ("Precious Luck") during the year ended 31 December 2010.

The intangible asset is amortised on a straight-line basis over its estimated useful lives of 20 years.

At 31 December 2010, the management reviewed the recoverable amount of the intangible asset with reference to the valuation issued by an independent professional valuer not connected with the Group.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
	RMB	*RMB*
Trade receivables, gross	**15,668,559**	6,507,243
Less: accumulated impairment loss	**(1,979,610)**	–
	13,688,949	6,507,243
Deposits and prepayments	**8,441,640**	1,330,952
Other receivables	**757,850**	571,056
	22,888,439	8,409,251

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables net of accumulated impairment loss presented based on the invoice date at the end of reporting period:

	2010	2009
	RMB	*RMB*
Within 90 days	**11,376,274**	5,977,643
91-180 days	**2,312,675**	529,600
	13,688,949	6,507,243

12. TRADE PAYABLES AND OTHER PAYABLES

	2010	2009
	RMB	*RMB*
Trade payables	**6,081,883**	4,744,924
Accrued charges and other payables	**13,501,754**	7,624,726
	19,583,637	12,369,650

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

	2010	2009
	RMB	*RMB*
Within 90 days	**3,900,519**	4,744,924
91-180 days	**2,181,364**	–
	6,081,883	4,744,924

The average credit period on purchases of goods ranged from 90 days to 180 days.

13. CONVERTIBLE LOAN NOTES

During the year ended 31 December 2010, pursuant to the acquisition of the entire issued share capital of Precious Luck, the Company issued zero-coupon convertible loan notes as partial settlement of the acquisition consideration. The convertible loan notes have an aggregate principal amount of HK$756,000,000 (equivalent to RMB659,262,000) and are denominated in HK$. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 1 January 2015 at a conversion price of HK$0.519 (subject to adjustments) per convertible loan notes. If the notes have not been converted, they will be redeemed on 1 January 2015 at par.

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in equity heading ("convertible bonds reserve"). The effective interest rate of the liability component is 25% per annum.

The movement of the liability component of the convertible loan notes for the year is set out below:

	2010	2009
	RMB	*RMB*
Carrying amount at the beginning of the year	**–**	–
Issue of convertible loan notes	**216,026,811**	–
Effective interest expenses *(note 5)*	**23,487,160**	–
Conversion during the year	**(160,157,143)**	–
Exchange alignment	**(6,227,592)**	–
Carrying amount at the end of the year	**73,129,236**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2010, the Group recorded a turnover of RMB32,397,529 (2009: RMB31,334,168), representing an increase of 3.4% as compared to that of last year. Of these, turnover derived from sales of third party software and hardware was increased from RMB2,669,491 in last year to RMB13,800,082, representing an increase of 417%. Turnover derived from maintenance, training and other services was RMB1,427,891 (2009: RMB10,655,250), representing a decrease of 86.6%. The Group holds financial assets at fair value through profit or loss and had a turnover and segment loss amounted to RMB17,169,556 and RMB8,961,578 respectively during the year.

Administrative expenses for the year ended 31 December 2010 was approximately RMB40,321,997 (2009: RMB38,791,833), representing an increase of 3.9% as compared to that of last year. The increase in expenses was mainly due to consultancy and professional fee related to the advertising media business.

The loss for the year attributable to owners of the Company aggregated at approximately RMB105,150,324 (2009: RMB9,232,699). The basic loss per share for the year ended 31 December 2010 was RMB8.503 cents (2009: RMB2.240 cents).

Business Review

The Group is principally engaged in i) rendering mobile communication network optimisation services, software development and system integration services to telecommunication operators in the PRC; ii) securities trading, and iii) advertising media.

Mobile Communication Network Optimisation Services, Software Development and System Integration Services

In 2010, with the development of 3G entering into the stage of business competition and the acceleration in the integration of telecom, broadcasting and internet networks, the telecommunication operators in the PRC have been gradually shaking off the shadow of the financial crisis, but at the same time they also encountered challenges from higher customer requirements in terms of network quality, business innovation and others. Many of them have increased investments in mobile communication network and broadband network. In order to keep up with these new changes, the Group has made corresponding adjustments by strengthening its development in system integration business, and has achieved stable progress.

Securities Trading

Segmental turnover and loss of the securities trading division were RMB17,169,556 and RMB8,961,578 respectively. The loss recorded was mainly due to the loss on disposal of financial assets at fair value through profit or loss for the year ended 31 December 2010.

As at 31 December 2010, the Group held the financial assets at fair value through profit or loss amounted to approximately RMB21,960,286 (2009: approximately RMB35,944,421).

Advertising Media

Outdoor Advertising Business

On 18 August 2010, the Group entered into the master agreement obtaining the exclusive operating rights of advertising media including but not limited to advertising billboards on towers, bridges and light boxes on tunnel walls and concierges, etc, located on highways in Hebei Province with 中廣國際廣告公司 ("CRTVAD"). The Group is entitled to obtain the 10-year exclusive operating rights of not less than 2,800 billboards which are located in 15 existing highways and another 5 under construction in Hebei Province by 1 January 2013 and ultimately not less than 3,973 billboards. Moreover, the Group has the pre-emptive rights to obtain the exclusive operating rights of other highways in other provinces if CRTVAD obtains any in the future. The transfer of the operating rights of 680 billboards comprising 630 existing billboards and 50 billboards to be constructed, that are or will be located on highways in the Hebei Province will be completed in the first quarter of 2011.

On 27 December 2010, the Group entered into the Agreement in relation to the granting to the Group by 北京歌華聖唐傳媒廣告有限公司 of a 5-year exclusive right for the operation of advertising media on the external walls and roofs of renowned commercial buildings, roads and highways in Beijing, the PRC.

Business Outlook

Mobile Communication Network Optimisation Services, Software Development and System Integration Services

The Group will enhance the development of network optimisation and system integration business focusing on telecommunication and information technology. Meanwhile, the Group will keep collaborating with telecom equipment manufacturers in mainland and abroad, intensifying the cooperation with emerging Internet companies and at the same time, to seek approaches on product innovation in telecom value added businesses against the new situation.

Securities Trading

The financial market in Hong Kong is expected to continue to be volatile during the first half of 2011. The Group will remain cautious in its investment approach and strategy.

Advertising Media

Outdoor LED Displays

Since 2010, the Group obtained the rights to operate outdoor mega LED displays in major cities in the PRC for the broadcasting of advertising and informatory programs on these displays. The outdoor LED displays scheduled to be broadcasted in 2011 would be situated at the South Square of the Shanghai North Railway Station in Shanghai, Langfang City (廊坊市) in Hebei Province and the Olympic Axis (奧林匹克中心區中軸大道) at the main venues of the Olympic Games (奧林匹克會主會場) in Beijing. The Group is confident that the operation of outdoor mega LED displays will generate stable income and will continue to cooperate with prestigious business partners for the exploration of new business opportunities.

Outdoor Advertising Media

With the aim to be one of the major players in the outdoor advertising media business in the PRC, the Group will speed up the pace to obtain more outdoor advertising media from 中廣國際廣告公司 ("CRTVAD"). After the completion of the transfer of the first 680 billboards in the first quarter of 2011, another lot of billboards will be transferred in the second quarter of 2011.

Besides, the Group continues to maintain the strategic partnership with 北京歌華聖唐傳媒廣告有限公司 and more adverting media in the golden area in Beijing are expected to be granted in 2011.

With the continuous growth in economy in the PRC, the advertising media industry will become considerably more promising in the foreseeable future. The Group has therefore set the goal to forge ahead into the advertising media industry in the PRC.

Other Media Business

On 11 February 2010, the Group entered into a sale and purchase agreement relating to the acquisition of 98% shareholding in 北京柯瑞環宇傳媒文化有限公司 ("Kery Media"). Kery Media is principally engaged in the business of the provision of sales, packaging and promotion of audio-visual products services, consultancy services relevant to the media industry, as well as advertising, event organising and artists' management in the PRC. Kery Media is a renowned private TV drama series production enterprise with first-class TV drama series and movie production, distribution and promotion team in the PRC. Acquisition of the Kery Media will give the Company a greater involvement in the PRC media business and provide an excellent opportunity to generate better revenues and profits.

Advance to an Entity

On 10 July 2009, Smart Century Investment Limited ("Smart Century"), a wholly-owned subsidiary of the Company, provided financial assistance in the sum of HK$20,000,000 to Apex One Enterprises Limited ("Apex One"), a 49%-owned and affiliated company of the Company. The principal activity of Apex One is securities trading. For more details, please refer to the Company's announcements dated 10 July 2009 and 13 July 2009.

At 31 December 2010, the amount due from Apex One was approximately RMB23,527,000.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flows and the bank balances.

As at 31 December 2010, the Group had bank balances and cash of approximately RMB41,657,214 as compared to the bank balances and cash of RMB84,962,454 as at 31 December 2009.

The Group's net current assets totaled approximately RMB84,474,000 as at 31 December 2010, against approximately RMB135,683,000 as at 31 December 2009. The Group's current ratio was approximately 4.3 as at 31 December 2010 as compared with 10.8 as at 31 December 2009.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was 12.6% as at 31 December 2010 (2009: 7.6%).

Capital Structure

As at 31 December 2010, the Company's issued share capital was HK$157,543,577 (approximately RMB142,125,763) and the number of its issued ordinary shares was 1,575,435,768 shares of HK$0.10 each ("Shares").

During the year, the Company had issued 3,500,000 ordinary shares and 1,111,979,768 ordinary shares by means of exercise of share options and conversion of convertible loan notes, respectively. In addition, the Company had repurchased and canceled 1,100,000 ordinary shares during the year ended 31 December 2010. Details are set out in the below section "PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES".

Material Acquisition and Disposal

On 27 April 2008, Million Gold Holdings Limited entered into a sale and purchase agreement (as amended by supplemental agreements and last supplemental agreements) to acquire 100% of Precious Luck and its subsidiaries at an aggregate consideration of HK$780 million, of which HK$24 million in cash and HK$756 million in convertible loan notes. At the extraordinary general meeting of the Company held on 16 November 2009, the resolution for approving the acquisition was passed by the shareholders of the Company. The acquisition was completed on 2 January 2010. For further details, please refer to the circular made by the Company dated 26 October 2009 and Notes 10 and 13.

On 25 June 2010, Smart Century entered into a sale and purchase agreement with an independent third party ("Purchaser") pursuant to which Smart Century agreed to sell and Purchaser agreed to acquire the entire issued share capital of Alpaco Company Limited ("Alpaco") ("Alpaco Sale Shares") and Watson China Limited ("Watson") ("Watson Sale Shares"), wholly-owned subsidiaries of Smart Century. A total cash consideration of HK$9 million, being HK$4.8 million representing the consideration for Alpaco Sales Shares and HK$4.2 million representing the consideration for Watson Sale Shares respectively. The disposal of Watson and Alpaco were completed on 18 August 2010 and 19 October 2010 respectively. Following the disposals, the business segment of properties investments was classified as discontinued operations.

Foreign Exchange Exposure

Substantially all of the business transactions of the Group are denominated in RMB and HK$. The Group adopts a conservative financial policy. As at 31 December 2010, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

Charges on Group Assets

As at 31 December 2010, the Group did not have any charges on its assets (2009: Nil).

Contingent Liabilities

As at 31 December 2010, the Group did not have any material contingent liabilities (2009: Nil).

Capital Commitment

As at 31 December 2010, the Group had outstanding capital commitment in respect of the acquisition of 100% of the issued and paid-up capital of Bold Champion International Limited of approximately HK$10,000,000 (2009: Nil).

Events after the Reporting Period

On 6 January 2011, 4,600,000 share options of the Company were granted to nine eligible participants under the share option scheme for exercise price of HK$0.85 per share. The details are set out in the announcement of the Company dated 6 January 2011.

The Company entered into a non-listed warrants ("Warrants") subscription agreement on 12 January 2011 and a supplemental agreement on 21 January 2011, pursuant to which the six subscribers ("Subscribers") have agreed to subscribe for an aggregate of 120,000,000 Warrants at the subscription price of HK$0.05 per Warrant. The Warrants entitle the Subscribers to subscribe for up to an aggregate of 120,000,000 new ordinary share(s) of HK$0.10 each in the capital of the Company ("New Share") at the exercise price of HK$0.85 per New Share for a period of 24 months commencing from the date immediately after the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share. The subscription has been completed on 16 February 2011.

On 3 March 2011, Champ Zone Limited, a wholly owned subsidiary of the Company, entered into the fourth supplemental agreement in relation to the acquisition of entire interest in Bold Champion International Limited of which Kery Media is its subsidiary. Details are set out in the announcement made by the Company dated 3 March 2011. The acquisition has been completed on 25 March 2011.

Employee Information and Remuneration Policy

As at 31 December 2010, the Group has 69 employees (2009: 58 employees) in Hong Kong and the PRC.

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. Apart from basic salary, employees are eligible to receive a discretionary bonus taking into accounts factors such as market conditions as well as corporate and individual's performance during the year.

In order to attract, retain and motivate eligible employees, including the Directors, the Company has adopted a share option scheme. The scheme enables eligible persons to obtain an ownership interest in the Company and thus motivates them to optimise their continuing contributions to the Group. As at 31 December 2010, there are 75,340,000 share options remained outstanding.

We are confident that our employees will continue to provide a firm foundation for the success of the Group and will maintain high standard of service to our clients.

Change of Company Name

The Company is planning to diversify its business in the PRC. In order to better reflect the business and to improve the Company's corporate image and identity, the name of the Company has been changed from "ZZNode Technologies Company Limited" ("直真科技有限公司" adopted for identification purpose only) to "China Oriental Culture Group Limited 中國東方文化集團有限公司" with effect from 12 November 2010.

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

During the year ended 31 December 2010, the Company repurchased a total of 1,100,000 fully-paid ordinary shares of the Company at an aggregate consideration of approximately HK$1,270,000 on the Stock Exchange. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest		Aggregate purchase price
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
June 2010	1,100,000	1.21	0.86	1,270,000

900,000 shares, 108,000 shares and 92,000 shares were repurchased on 4 June 2010, 7 June 2010 and 23 June 2010 respectively. 1,008,000 shares and 92,000 shares were cancelled on 15 June 2010 and 6 July 2010 respectively.

The issued share capital of the Company was reduced by the par value thereof. The above repurchases were effected by the Directors, pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company. Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2010, the Company has applied and complied with the code provisions in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the following deviation.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

During the year ended 31 December 2010, the Company did not have a chairman or a chief executive officer. The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill and experience be identified, the Company will make appointments to fill the posts as appropriate.

According to the code provision A.4.1 of the CG Code, all non-executive Directors should be appointed for a specific term of service.

One of the independent non-executive Directors of the Company, Mr. Chow Shiu Ki, was appointed in January 2008 and not appointed for a specific term, while the other three independent non-executive Directors namely Mr. Wu Xian, Mr. Leung Siu Kee and Mr. Zhao Yong were appointed on 1 October 2009, 22 December 2009 and 20 September 2010 respectively for a three-year term of service. All the independent non-executive Directors are appointed and subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by its Directors on terms no less exactly than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Following a specific enquiry, all Directors confirmed that they have complied with the required standards in the Model Code throughout the year ended 31 December 2010.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently consists of all four independent non-executive Directors, namely, Mr. Chow Shiu Ki, Mr. Wu Xian, Mr. Leung Siu Kee and Mr. Zhao Yong. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters.

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 December 2010 and has provided advice and comments thereon.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the Company's website at www.chinaoc.com.hk. The Annual Report 2010 of the Company will also be published on the aforesaid websites in due course.

On behalf of the Board
China Oriental Culture Group Limited
Liu Yong Fei
Executive Director

Hong Kong, 30 March 2011

As at the date of this announcement, the Board comprises Ms. Chan Shui Sheung Ivy, Ms. So Wai Lam, Mr. Liu Yong Fei, Mr. Tin Ka Pak, Mr. Chen Fu Ju and Mr. Li Qing being executive Directors, Mr. Chow Shiu Ki, Mr. Wu Xian, Mr. Leung Siu Kee and Mr. Zhao Yong being the independent non-executive Directors.