

**Canton Fair Import & Export
Co., Ltd.**

**Communication on
Progress 2010**

President's Oration

Ladies and gentlemen,

The acceleration of globalization and the rise of high technology have brought us leaps and bounds in the development of strategic opportunities. Canton Fair Import & Export Co., Ltd. keeps striving forward all the way. Recovering from the 2008 financial crisis, we make continuous efforts to strengthen ourselves and to meet the challenges.

Under the leadership of China Foreign Trade Center (Group) and with the full support from all the departments, Canton Fair Import & Export Co., Ltd. learns and practically implements the scientific development concept. Our staff have made concerted efforts to overcome the financial impact. Finally, we generally complete the marketing program and fulfill the annual sales budget in 2009.

Besides, globalization is the mainstream of the world development process. As a company we have shown that we try our best to keep pace with the times. We have joined the Global

Compact and fully support the principles of the Global Compact.
This decision turned out to be an important step to integrate into
the global community.

Through this annual annual report, we absorb the precious
experience of the past year and plan reasonable strategies for the
next year.

Eugene Liang

President

Canton Fair Imp.& Exp. Co., Ltd.

General Situation in 2010

Until October, Canton Fair Import & Export Co., Ltd. has received a turnover of 140 million yuan and a profit of 1.45 million yuan, respectively 77% and 48.3% of that made in the business plan. It is expected that the total revenue of this year will reach 180 million yuan with a profit of 3 million yuan, and that the business plan for this year will be generally fulfilled. The annual ROI of stockholders is estimated to be around 70%.

Business Circumstances

1. Alarming Decrease in Export Volume

The annual export volume of 2010 is expected to be 16 million US dollars, decreasing by 20% from that of the year 2008. As a result, there will be a certain decrease in the annual profit compared with last year. It is a continuous decrease following 2009, and has sounded the alarm for us. With export as our core business, we will be confronted with unprecedented challenges if our export business continues to worsen.

2. Considerable Increase in Service Trade Volume

The turnover of our service trade is expected to reach 30 million yuan, double that of 2009. As a result, the profit thereof will increase correspondingly, making quite a portion of the total profit of the company. However, due to the exhaustion of the objects of service trade, certain instability can be seen in the turnover and profit of this section.

3. Good Performance in Key Products

As we have attached great importance to the anti-risk ability of our key products, they have made a good performance in their sales and revenue, accounting for a considerable amount of the company's export profit. Take our outdoor furniture as an example. In the financial crisis, our quality outdoor furniture showed its sound advantages and made a satisfying revenue. It turns out to be the substantial backbone of the company's profit.

Implementation of the Global Compact Principles in 2009

Since Canton Fair Imp. & Exp. Co., Ltd. joined the Global Compact in 2006, we have been implementing the Global Compact principles. In this year, we focus on the principles of human rights and environment.

1. Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights.

Principle 2: Business should make that they are not complicit in human rights abuses.

Our corporation accords great importance to respect for the United Nations Universal Declaration of Human Rights. It is also a significant part of our commitment to the social responsibility. We do not discriminate against any employee for any reason, such as age, gender, disability etc. We have been doing our best to protect the rights of our employees. All along, our company guarantees all the employees a fair working environment and the employees

are paid equally for equal work.

We organize our employees to participate in human rights training programme regularly, which helps us get more information about human rights. Through this programme, we can learn systematically to respect human rights and to protect our own rights.

We carried out concrete human resource policies and procedures supporting human rights. In this year, we were seeking for foreign business managers. We advertised job vacancies on the Internet and received a number of resumes from the candidates with different age and from different places. We gave chance to all applicants to show themselves. Each resume was equally evaluated through a series of procedures, and all the primarily selected candidates were invited to our interview. Our chief executives interviewed them one by one in a friendly and respectful environment. This process ensured that the recruitment was operated fairly and objectively. Advocacy for human rights is one of the principles of our corporation.

2. Environment

Principle 8: Business should undertake initiatives to promote greater environmental responsibility.

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies.

Environmental protection is one of the important themes in the world. China lays more and more emphasis on developing environmental protection industry. Consequently, we apply environmental management measures throughout the corporation. Our strategies for the development are always based on environmental protection. We advocate environmentally friendly products and pay attention to the application of new style environmentally friendly materials.

Over the past few years, we have been trying to deal in environmentally friendly products. By doing this, we are doing our part for the environment. In 2010, about 55% of our import and export products are environmentally friendly products.

Conclusion

To sum up, the year 2010 is significant to Canton Fair Import & Export Co., Ltd. The past year has seen a considerable increase in our service trade as well as a good performance in both the sales and profit of our main products. However, there is also a continuous decrease in our export volume, which is crucial to our company. Therefore in the next year, we must work well with each other and find specific ways to solve the problems. Despite all the ups and downs, we will continue to spare no efforts in implementing the Global Compact principles in the future.