SUNWAH KINGSWAY
新華滙富

SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED
新華滙富金融控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00188)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2012

The Board of Directors of Sunwah Kingsway Capital Holdings Limited (the "Company") hereby submit the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 30 June 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2012

	Notes	**2012**	2011
		HK$	*HK$*
			Restated
Turnover	*3*		
Commission and fee income		**81,997,033**	102,438,252
Interest and dividend income		**22,940,954**	13,446,975
		104,937,987	115,885,227
Net (loss)/gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	*3*	**(50,560,431)**	65,458,053
Other income	*3*	**1,308,253**	4,680,823
		55,685,809	186,024,103
Operating expenses			
Commission expenses		**(19,630,659)**	(17,080,923)
General and administrative expenses		**(125,192,454)**	(121,360,275)
Finance costs		**(1,303,428)**	(421,030)
		(90,440,732)	47,161,875
Impairment loss for available-for-sale investments		**(20,768,354)**	–
Impairment loss for other receivable		**(3,500,000)**	–
Share of losses of associates		**(3,714,277)**	(437,670)
(Loss)/profit before tax	*4*	**(118,423,363)**	46,724,205
Income tax expense	*5*	**(762,851)**	(172,283)
(Loss)/profit for the year		**(119,186,214)**	46,551,922
Attributable to:			
Owners of the Company		**(119,172,144)**	46,573,342
Non-controlling interests		**(14,070)**	(21,420)
(Loss)/profit for the year		**(119,186,214)**	46,551,922
Basic (loss)/earnings per share	*7*	**(3.2) cents**	1.3 cents
Diluted (loss)/earnings per share	*7*	**(3.2) cents**	1.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	2012	2011
	HK$	*HK$*
(Loss)/profit for the year	**(119,186,214)**	46,551,922
Other comprehensive (expenses)/income:		
Exchange differences arising on translation of financial statements of overseas subsidiaries	**(450,142)**	(1,494,756)
Share of exchange differences arising on translation recognised by associates	**–**	30,632
Surplus on revaluation of land and buildings held for own use	**1,355,265**	7,348,004
Fair value changes on available-for-sale investments	**(22,549,653)**	1,781,299
Reclassification upon impairment of available-for-sale investments	**20,768,354**	–
Other comprehensive (expenses)/income for the year	**(876,176)**	7,665,179
Total comprehensive (expenses)/income for the year	**(120,062,390)**	54,217,101
Total comprehensive (expenses)/income attributable to:		
Owners of the Company	**(120,048,320)**	54,238,521
Non-controlling interests	**(14,070)**	(21,420)
Total comprehensive (expenses)/income for the year	**(120,062,390)**	54,217,101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	**2012**	2011
		HK$	*HK$*
Non-current assets			
Properties and equipment		**268,781,596**	32,748,874
Intangible assets		**2,331,141**	2,331,141
Interests in associates		**15,595,643**	30,709,686
Available-for-sale investments		**28,135,951**	25,645,747
Other receivable	*8*	**36,500,000**	–
Other financial assets		**7,452,241**	11,208,174
		358,796,572	102,643,622
Current assets			
Loan to an associate		**1,210,930**	–
Available-for-sale investment		**10,652,793**	27,697,261
Financial assets at fair value through profit or loss		**113,803,544**	199,134,235
Accounts, loans and other receivables	*9*	**144,782,217**	310,616,354
Cash and cash equivalents		**130,106,906**	244,755,536
		400,556,390	782,203,386
Current liabilities			
Accruals, accounts and other payables	*10*	**111,990,622**	196,769,638
Obligations under finance leases		**–**	55,569
Current taxation		**1,670,978**	1,675,607
		113,661,600	198,500,814
Net current assets		**286,894,790**	583,702,572
Total assets less current liabilities		**645,691,362**	686,346,194
Non-current liabilities			
Non-current bank loan		**103,000,000**	–
Deferred tax liabilities		**5,642,584**	252,199
		108,642,584	252,199
NET ASSETS		**537,048,778**	686,093,995
CAPITAL AND RESERVES			
Share capital		**368,104,391**	368,104,391
Reserves		**168,944,387**	317,851,435
Equity attributable to owners of the Company		**537,048,778**	685,955,826
Non-controlling interests		**–**	138,169
TOTAL EQUITY		**537,048,778**	686,093,995

NOTES

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

In the current year, the Group has applied a number of new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2011. The application of the new and revised HKFRSs has had no material impact on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[3]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transitional Disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[3]
HKFRS 13	Fair Value Measurement[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[2]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (as revised in 2011)	Employee benefits[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]

1 Effective for annual periods beginning on or after 1 January 2012
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

– 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the 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 presented 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. 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 presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that the application of HKFRS 9 in the future may have 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.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of HKFRS 13 may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

AMENDMENTS TO HKAS 1 PRESENTATION OF ITEMS OF OTHER COMPREHENSIVE INCOME

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

2 RESTATEMENT OF COMPARATIVES

In prior years, the net gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value (the "amount") was classified under turnover and segment revenue. In the current year, the directors of the Company have determined that the amount should be presented separately from turnover and segment revenue which improves the presentation of consolidated income statement and segment reporting. Accordingly, the comparatives of the consolidated income statement and segment reporting restated the turnover and segment revenue of the Group to exclude the balance of HK$65,458,053 which is excluded from the turnover and segment revenue of the Group and is presented as a separate line item.

3 SEGMENT REPORTING

Information reported to the Managing Director of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Investment in securities	:	Investment in securities for treasury and liquidity management
Structured investment	:	Investment in structured deals including listed and unlisted equities, debt securities and investment properties
Brokerage	:	Provision of securities, option, futures and commodities brokerage services, margin and other financing, and other related services
Corporate finance and capital markets	:	Provision of financial advisory services to corporate clients in connection with the Listing Rules and acting as underwriting and placing agent in the equity capital market
Asset management	:	Provision of real estate services, asset management and related advisory services to private equity funds and private clients
Others	:	Provision of management, administrative and corporate secretarial services, inter-group loan financing and inter-group office leasing

Inter-segment revenues are charged among segments at an agreed rate with reference to the rate normally charged to third party customers, the nature of services or the costs incurred.

	Investment in securities HK$	Structured investment HK$	Brokerage HK$	2012 Corporate finance and capital markets HK$	Asset management HK$	Others HK$	Consolidated HK$
Segmental income statement							
Revenue from external customers	9,175,422	532,649	60,085,205	33,723,737	723,237	697,737	104,937,987
Inter-segment revenue	17	–	724,023	–	–	22,235,088	22,959,128
Segment revenue	9,175,439	532,649	60,809,228	33,723,737	723,237	22,932,825	127,897,115
Net loss on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	(50,449,964)	–	(110,467)	–	–	–	(50,560,431)
Other income	(79,369)	–	35,164	174,670	–	1,177,788	1,308,253
Eliminations	(17)	–	(724,023)	–	–	(22,235,088)	(22,959,128)
Total income	(41,353,911)	532,649	60,009,902	33,898,407	723,237	1,875,525	55,685,809
Segment results	(47,768,203)	(21,841,568)	(26,193,661)	(530,593)	(1,142,859)	(17,232,202)	(114,709,086)
Share of losses of associates	–	(3,181,932)	(532,111)	(234)	–	–	(3,714,277)
Loss before tax							(118,423,363)
Segment assets							
Segment assets	134,679,871	38,884,924	264,325,982	11,232,034	1,085,424	299,480,772	749,689,007
Interests in associates	–	3,565,295	12,030,348	–	–	–	15,595,643
							765,284,650
Eliminations							(5,931,688)
Total assets							759,352,962
Other segmental information							
Depreciation	–	–	890,962	54,632	–	1,836,597	2,782,191
Addition to non-current assets	–	–	519,912	11,351	–	232,487,884	233,019,147
Impairment losses for accounts receivable	–	–	608	1,000,000	–	–	1,000,608
Impairment loss for available-for-sale investments	–	20,768,354	–	–	–	–	20,768,354
Impairment loss for other receivable	–	–	3,500,000	–	–	–	3,500,000
Commission expenses	–	–	10,851,074	8,779,585	–	–	19,630,659
Interest expenses	–	–	24,357	–	–	1,279,071	1,303,428
Interest income	4,345,753	10	13,210,246	458	64	22,115	17,578,646

	2011 Restated						
	Investment in securities *HK$*	Structured investment *HK$*	Brokerage *HK$*	Corporate finance and capital markets *HK$*	Asset management *HK$*	Others *HK$*	Consolidated *HK$*
Segmental income statement							
Revenue from external customers	6,140,822	1,449,233	70,786,265	36,640,823	82	868,002	115,885,227
Inter-segment revenue	392	–	2,518,062	1,912,266	–	24,202,052	28,632,772
Segment revenue	6,141,214	1,449,233	73,304,327	38,553,089	82	25,070,054	144,517,999
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	65,736,043	–	(277,990)	–	–	–	65,458,053
Other income	74,959	–	525,752	664,419	–	3,415,693	4,680,823
Eliminations	(392)	–	(2,518,062)	(1,912,266)	–	(24,202,052)	(28,632,772)
Total income	71,951,824	1,449,233	71,034,027	37,305,242	82	4,283,695	186,024,103
Segment results	60,630,528	457,115	(10,603,834)	4,421,894	(191,694)	(7,552,134)	47,161,875
Share of losses of associates	–	(251,753)	(185,917)	–	–	–	(437,670)
Profit before tax							46,724,205
Segment assets							
Segment assets	234,699,725	47,053,979	432,609,885	15,091,122	817,786	149,204,729	879,477,226
Interests in associates	–	18,147,227	12,562,459	–	–	–	30,709,686
							910,186,912
Eliminations							(25,339,904)
Total assets							884,847,008
Other segmental information							
Depreciation	–	–	892,709	93,550	281	1,688,449	2,674,989
Addition to non-current assets	–	–	999,240	–	–	106,812	1,106,052
Impairment losses/(reversal of impairment losses) for accounts receivable	–	–	1,707	(640,000)	–	(1,604,624)	(2,242,917)
Commission expenses	–	–	15,631,373	1,449,550	–	–	17,080,923
Interest expenses	7,274	440	304,443	–	–	108,873	421,030
Interest income	841,367	19	5,823,539	295	82	33,004	6,698,306

Geographical information

The Group's revenue from external customers and information about its non-current assets (excluding interests in associates, available-for-sale investments, other receivable and other financial assets) by geographical location are detailed below:

	Turnover		Non-current assets	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
		Restated		
Hong Kong	**101,440,302**	110,567,694	**237,239,174**	4,719,822
The People's Republic of China (the "PRC")	**1,956,801**	3,738,990	**33,873,563**	30,360,193
Other	**1,540,884**	1,578,543	**–**	–
	104,937,987	115,885,227	**271,112,737**	35,080,015

4 (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after crediting/(charging):

	2012	2011
	HK$	*HK$*
Net (loss)/gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value		
– equity securities	**(59,881,188)**	57,256,471
– debt securities	**(139,641)**	(742,739)
– derivatives and others	**9,460,398**	8,944,321
Dividends from		
– listed equity securities	**5,362,308**	5,299,455
– unlisted equity security	**–**	1,449,214
Interest income from		
– bank deposits	**1,500,155**	323,898
– margin and IPO financing	**10,037,194**	5,551,197
– debt securities	**4,343,151**	821,651
– loans	**1,680,000**	–
– others	**18,146**	1,560
Staff costs	**(68,900,488)**	(81,365,456)
Operating lease charges – land and buildings	**(10,483,315)**	(10,065,294)
Depreciation	**(2,782,191)**	(2,674,989)
Interest on		
– bank loans and overdrafts	**(43,111)**	(374,738)
– bank mortgage loan wholly repayable within five years	**(1,249,957)**	–
– obligations under finance leases	**(731)**	(46,109)
– others	**(9,629)**	(183)
(Impairment losses)/reversal of impairment losses for accounts receivable (net)	**(1,000,608)**	2,242,917
Exchange gain (net)	**269,419**	1,835,835

5 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year. The charge for the year to Hong Kong Profits Tax has been relieved by approximately $nil (2011: HK$365,368) as a result of tax losses brought forward from previous years.

	2012	2011
	HK$	*HK$*
Current tax – Provision for Hong Kong Profits Tax		
Tax for the year	**–**	225,283
Deferred tax		
Tax for the year	**762,851**	(53,000)
Income tax expense	**762,851**	172,283

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$421 million (2011: HK$321 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction where the entity operates in. The tax losses will not expire under current tax regulation.

6 DIVIDENDS PAID AND PAYABLE TO OWNERS OF THE COMPANY ATTRIBUTABLE TO THE YEAR

	2012	2011
	HK$	*HK$*
Interim dividend paid of 0.2 HK cent per share (2011: 0.33 HK cent per share)	**7,362,088**	12,147,445
Final dividend proposed after the end of the reporting period of 0.25 HK cent per share (2011: 0.7 HK cent per share)	**9,202,610**	25,767,307
	16,564,698	37,914,752

7 (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following:

	2012	2011
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share ((Loss)/profit for the year attributable to owners of the Company)	**HK$(119,172,144)**	HK$46,573,342
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**3,681,043,906**	3,486,880,728

Note: The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options and warrants because the exercise price of those share options and warrants was higher than the average market price of shares for 2012 and 2011.

8 OTHER RECEIVABLE

During the year ended 30 June 2011, the Group deposited an amount of HK$40,000,000 (the "Escrow Funds"), into an escrow account maintained by an international law firm in Hong Kong pursuant to the terms of an escrow agreement dated 28 March 2011. As has been widely reported, a partner of the law firm with which the funds were deposited has been arrested by the Hong Kong Police and charged with theft and forgery with respect to monies held in the law firm's escrow account.

During the year, the law firm has not returned the Escrow Funds despite the demand payment by the Group. The Group has commenced legal proceeding against the law firm and its partners for recovery of the Escrow Funds. The Group's legal counsel has reviewed the documentary evidence in respect of the escrow agreement, has analysed the legal duties and obligations of the law firm arising from the terms of the escrow agreement and has analysed the legal and professional duties and obligations of the law firm arising from the receipt of the Escrow Funds (which were client monies and held in trust). The Group's legal counsel is of the opinion that the Group has good prospects of succeeding on its claim to recover the Escrow Funds and that it is very likely that any judgement obtained would be satisfied. However, there might be a reduction in the ultimate recovery of the Escrow Funds by the amount of the service fees paid to the Group and legal fees and expenses for the lawsuit which might not be entirely recovered.

The management of the Group currently considers that the Escrow Funds excluding the fees paid to the Group and the legal fees and expenses for the lawsuit would be recovered eventually, taking into account the nature of the escrow agreement and the opinion of the Group's legal counsel as set forth above. Moreover, in the event of the Group might not recover the Escrow Funds in full, the management will take all possible courses of action in order to recover the remaining amount from the assets of the partners of the law firm if necessary.

As the timing of recovering this amount is expected to be more than twelve months, the Group has reclassified the Escrow Funds as a non-current asset, from the current assets which was presented as accounts, loans and other receivables for the year ended 30 June 2011. Therefore, the Group has discounted the Escrow Funds by using the effective interest method.

9 ACCOUNTS, LOANS AND OTHER RECEIVABLES

	Notes	**2012**	2011
		HK$	*HK$*
Accounts and loans receivables			
Amounts due from brokers and clearing houses	*(a)*	**56,034,813**	152,808,334
Amounts due from margin clients	*(b)*	**65,899,581**	65,084,880
Amounts due from cash clients	*(c)*	**14,292,207**	43,160,763
Other accounts receivable	*(d)*	**5,094,898**	9,614,044
		141,321,499	270,668,021
Less: Impairment losses		**(4,418,098)**	(3,617,490)
		136,903,401	267,050,531
Prepayments, deposits and other receivables	*(e)*	**7,878,816**	43,565,823
		144,782,217	310,616,354

Notes:

(a) Amounts due from brokers and clearing houses are required to be settled on the settlement date determined under the relevant market practices or exchange rules.

The Group maintains clients' monies arising from the ordinary course of business of dealing in options and futures contracts in trust with The SEHK Options Clearing House Limited ("SEOCH") and HKFE Clearing Corporation Limited ("HKFECC"). At 30 June 2012, the Group held HK$5,857,612 (2011: HK$5,116,250) with SEOCH and HK$14,866,860 (2011: HK$10,105,939) with HKFECC in trust for clients which were not dealt with in these consolidated financial statements.

The amount due from a broker of HK$7,161,310 was pledged as securities for the stock borrowing transactions (2011: HK$nil).

(b) Margin clients of the brokerage division are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the value of securities accepted by the Group. At 30 June 2012, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$470 million (2011: HK$588 million). The amounts due from margin clients are repayable on demand and bear interest at commercial rates.

(c) There are no credit terms granted to cash clients of the brokerage division except for re-financing of IPO subscriptions. They are required to settle their securities trading balances on the settlement date determined under the relevant market practices or exchange rules.

(d) The balance included an amount of HK$70,000 (2011: HK$nil) receivable from an associate arising from normal business transactions. The Group normally allows credit periods of up to 30 days to customers, except for certain creditworthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period.

(e) At 30 June 2011, the balance included a deposit of HK$40,000,000 placed in the escrow account of an international law firm. The balance was reclassified to non-current asset in the current year because it may take more than twelve months to recover the balance. Details on the receivable are provided in note 8 to the announcement.

The ageing analysis of accounts and loans receivables that were past due at the end of the reporting period but not impaired is as follows:

	2012	2011
	HK$	*HK$*
Within one month past due	**115,000**	2,586,500
More than one month and within three months past due	**1,323,590**	1,321,067
More than three months past due	**1,664,837**	405,343
	3,103,427	4,312,910

The ageing analysis of accounts and loans receivables net of impairment losses based on invoice/advance/trade date is as follows:

	2012	2011
	HK$	*HK$*
Current and within one month	**133,799,974**	262,737,621
More than one month and within three months	**1,373,591**	2,907,567
More than three months	**1,729,836**	1,405,343
	136,903,401	267,050,531

The movements in the allowance for impairment for the Group were as follows:

	Amounts due from margin clients	**Other accounts receivable**	**Total**
	HK$	***HK$***	***HK$***
At 1 July 2010	3,580,282	5,554,854	9,135,136
Amounts written off as uncollectible	–	(4,895,035)	(4,895,035)
Recovery of amounts written off in previous years	–	1,620,306	1,620,306
Impairment losses recognised on receivables	1,708	75,681	77,389
Impairment losses reversed	–	(2,320,306)	(2,320,306)
At 30 June 2011 and 1 July 2011	3,581,990	35,500	3,617,490
Amounts written off as uncollectible	–	(200,000)	(200,000)
Impairment losses recognised on receivables	608	1,000,000	1,000,608
At 30 June 2012	**3,582,598**	**835,500**	**4,418,098**

Impairment losses in respect of accounts, loans and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts, loans and other receivables directly.

Impairments of accounts, loans and other receivables are made in the consolidated income statement after proper review by the senior management, based on the latest status of the receivables, and the latest announced or available information about the underlying collateral held.

10 ACCRUALS, ACCOUNTS AND OTHER PAYABLES

	2012	2011
	HK$	*HK$*
Accounts payable (current and within one month)		
Amounts due to brokers and clearing houses	**6,108,793**	45,464
Clients' accounts payable (net of bank and clearing house balances in segregated clients' accounts)	**67,991,540**	162,042,152
Others	**15,009,704**	6,285,593
	89,110,037	168,373,209
Other creditors, accruals and other provision	**22,880,585**	28,396,429
	111,990,622	196,769,638

MANAGEMENT DISCUSSION AND ANALYSIS

The Market

The last fiscal year was a very challenging one for the financial services industry. The European Sovereign Debt crisis was the focus for the market but the speed of economic recovery and the launch of additional quantitative easing measures in the United States also caught the market's attention. Slow down of the PRC economy is an undisputed fact, yet the expectation of new stimulus measures from the government also excited the market at intervals. The resulting reduction in transaction volume hurts the industry most and a number of foreign players either reduced their operations or even exited the Hong Kong market. The uncertainty continues into the new fiscal year and the markets performance are highly dependent on a number of political and economic decisions coming from the EU and US governments.

The Hang Seng Index closed at 19,441 at the end of June 2012, compared with 22,398 at the end of June 2011 and 18,434 at the end of December 2011. The average monthly turnover on the Main Board and GEM Board during the year ended 30 June 2012 ("FY2012") was approximately HK$1,261 billion, as compared to HK$1,532 billion for FY2011. Funds raised from IPOs on the Main Board in FY2012 amounted to HK$114 billion, only one-fifth of the HK$568 billion raised in FY 2011.

Financial Highlights

The Group recorded a loss of HK$119 million for FY2012, as compared to a profit of HK$47 million for FY2011. Commission and fee income for our financial intermediary business decreased from HK$102 million for FY2011 to HK$82 million for FY2012 mainly due to the decrease in market activity. Commission expenses for corporate finance and capital markets increased due to higher proportion of underwriting revenue rather than advisory revenue. The interest income increased substantially due to the increase in our margin loans portfolio and investment in debt securities. Net loss on the disposal of financial assets/liabilities and the remeasurement to fair value was HK$51 million for FY2012, as compared to a gain of HK$65 million for FY2011. The loss is primarily attributed to the current difficult financial and economic conditions, brought about by the European Sovereign Debt crisis, which had a negative impact on the capital markets. General and administrative expenses were HK$125 million, increased from HK$121 million for FY2011. The increase was due to the increase in expenses for the acquisition of office property and relocation of office, together with costs associated with the recovery of the Escrow Funds. The increase was partly offset by the drop in variable staff costs, which was in line with the lower commission and fee income.

The impairment loss on available-for-sale investments came from the unrealised loss on the listed equity security and investment funds. The decline in fair value was in line with the capital market performance and was recognised in income statement instead of investments revaluation reserve as there is objective evidence that the investments are impaired.

The Group has deposited HK$40 million into an escrow account of a law firm but the law firm failed to return the deposit to the Group. The Group's legal counsel is of the opinion that the Group has good prospects of succeeding on its claim against the law firm and that it is very likely that any judgement obtained would be satisfied. However, there might be a reduction in the ultimate recovery of the Escrow Funds by the amount of the service fees paid to the Group and legal fees and expenses for the lawsuit which might not be entirely recovered.

Brokerage

Total revenue of the division was HK$60.8 million for FY2012, compared with HK$73.3 million for FY2011.

Fund raised from the IPOs on the Main Board and average daily market turnover were dragged down by the negative sentiment and unsatisfactory performance of several newly listed companies and decreased by 80% and 17% respectively in FY2012 when compared with FY2011. The fixed charges and low commissions strategy launched by the discount stockbrokers and the brokerage fee waiver promotion launched by some major retail banks also affected the performance of the division. The gross commission income decreased by 24% to HK$44.9 million in FY2012.

Benefiting from the increased demand of the Group's corporate and high net worth clients, the interest income from margin and IPO financing increased to HK$10 million, double the HK$5.6 million recognised in FY2011.

The research department hosted the Group's 3rd Annual Investors Conference in September 2012. The conference brought together listed companies and institutional investors to share the business strategies and latest development of those listed companies.

Corporate Finance and Capital Markets

Total revenue of the division was HK$33.7 million for FY2012, compared with HK$38.6 million for FY2011.

Several listing applicants put off their IPO proposals or scaled down the fundraising sizes during the year. Despite the general negative sentiments during the year, the division was able to take advantage of some windows of optimism and sponsored an IPO and was appointed the book runner for another IPO in FY2012.

The Group has substantially increased the staff resources in this division to address the demand for quality advisory services.

Asset Management

Total revenue of the division was HK$0.7 million for FY2012. After remaining dormant for some time, the Group has recruited a new fund manager and is looking for opportunities to set up small boutique funds for selected high net worth clients. The division was engaged by a fund manager to provide investment advisory service in this year.

Investment in Securities

The division had total revenue of HK$9.2 million for FY2012, compared with HK$6.1 million for FY2011. After including net loss/gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value, total negative income was HK$41.4 million for FY2012, compared with total income was HK$72 million for FY2011.

The Hang Seng Index dropped by about 13% from end of June 2011 to end of June 2012 and the share prices of many major blue chips have declined below their long term averages. As a result, the division recorded a net loss on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value of HK$50.4 million in FY2012. The division invested in several listed debt securities to diversify the investment portfolio in FY2011 and the interest income from debt securities of HK$4.3 million partially offset the trading loss on the listed securities.

The division continued to shrink its investment portfolio in Hong Kong listed shares to finance the acquisition of the office property during the year.

Structured Investment

The division had total revenue of HK$0.5 million for FY2012, compared with HK$1.4 million for FY2011.

The division recognised an impairment loss on available-for-sale investments of HK$20.8 million in profit or loss as the investments are impaired. The changes in fair value of the investments were recognised in the investments revaluation reserve in last year.

Outlook

The gradual shrinkage of market volume, despite the ample liquidity provided by various central banks, continues to affect the financial services industry. The gradual deterioration of the European Sovereign Debts crises and the concerns on the speed of recovery of the US economy led to lower interest and participation in the capital markets. It will be difficult at this stage to predict when there will be a sustainable change in the global economic environment. In the mean time, we are reviewing our cost structure and will keep ourselves lean and mean before the next boom cycle arrives. We are exploring new income streams and hope to broaden our revenue base. The Group is also reviewing different investment channels and opportunities in order to find an asset allocation that can bring a more stable investment income in the future.

Liquidity and Financial Resources

Total assets as at end of June 2012 were HK$759 million, of which approximately 53% were current in nature. Net current assets were HK$287 million, accounting for approximately 53% of the net assets of the Group as at end of June 2012.

The Group generally finances its daily operations from internal resources. The Group acquired an office property in Hong Kong at a consideration of HK$206 million in FY2012 and the acquisition was partially financed by a secured mortgage loan of HK$103 million. The term of the mortgage loan is 3 years. The Group's gearing ratio, calculated as a percentage of total borrowings over shareholder's equity, increased to 19% after the acquisition of the property.

Capital Structure

The warrants issued in Novemebr and December 2010 lapsed in the current year.

Change in Board Composition

In November 2011, Mr Michael Wai Chung Wu retired from office as an Independent Non-Executive Director at the Annual General Meeting. The Board later announced that Ms Elizabeth Law has been appointed as an Independent Non-Executive Director of the Company with effect from 21 November 2011.

Change of Company Name and Principal Place of Business

The Company changed its name from "SW Kingsway Capital Holdings Limited" to "Sunwah Kingsway Capital Holdings Limited" and adopted the chinese name "新華滙富金融控股有限公司" in September 2011. The addresses of the Hong Kong registered office and principal place of business of the Company were changed to 7/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong in June 2012.

Foreign Exchange Exposure

The Group's assets are mainly in Hong Kong and the PRC and most of the monetary assets and liabilities of the Group are denominated in HK$. As part of our investment monitoring, financial assets denominated in foreign currencies, including equity and debt investments, are monitored on a daily basis together with the changes in market value of these investments. Hedging instruments may be used as part of the overall investment strategy if deemed necessary by the investment managers. The Group purchased properties in the PRC for its own use. Because of the steady appreciation of RMB against HK$ in the past few years, the Group believes that there is no need to hedge these assets denominated in RMB. Management will monitor the situation closely and introduce suitable hedging measures if there are any adverse changes. The Group does not have other material exposure to fluctuation in exchange rates and no hedging instruments are used.

Employment, Training and Development Policies

As at 30 June 2012, the number of full time employees of the Group was 135 (2011: 130).

Remunerations and bonus are based on performance and are reviewed annually in conjunction with the annual employee performance appraisal. It also takes into consideration the results of the division to which the employee belongs and the Group as a whole.

The Group provides a full induction program and in-house training courses to all staff – particularly professionals registered with relevant regulatory bodies who must meet their mandatory continued professional training requirements.

A share option scheme is available to directors, employees and consultants of the Group.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited was amended and replaced by the Corporate Governance Code and Corporate Governance Report (the "New CG Code") effective 1 April 2012 and has been applicable to financial reports covering the period after 1 April 2012. For corporate governance purposes, the Company has adopted the Former CG Code up to 31 March 2012 and the New CG Code since 1 April 2012.

The Company has applied the principles and has complied with the code provisions of the Former CG Code during the period from 1 July 2011 to 31 March 2012 and has applied the principles and has complied with the code provisions of the New CG Code during the period from 1 April 2012 to 30 June 2012, except for a certain deviation which is summarised below:

CG Code Provision A.6.7 and I.(c)

Following the implementation of the New CG Code and with effect on 1 April 2012, New CG Code provision A.6.7 provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Additionally, New CG Code provision I.(c) provides that the Company must include in its annual report the attendance of each director, by name, at the Company's general meetings. Although the Company held two general meeting during the financial year, none of them were held after 1 April 2012 and no general meeting is scheduled before the publication of the Company's annual report. As such, the Company will not include in its annual report the attendance of each director by name at general meeting held during the financial year ended 30 June 2012.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year under review and they have all confirmed that they have complied with the required standard set out in the Model Code.

FINAL DIVIDEND

The Board of Directors has proposed, subject to the approval of shareholders at the forthcoming Annual General Meeting on Wednesday, 21 November 2012, the payment of a final dividend of 0.25 HK cent per ordinary share for the year ended 30 June 2012 to shareholders whose names appears on the Register of Members of the Company on Tuesday, 27 November 2012 and the dividend cheque for the final dividend, if approved, will be dispatched to shareholders on or about Wednesday, 12 December 2012.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed from Friday, 16 November 2012 to Wednesday, 21 November 2012, both days inclusive, during which period no transfers of shares will be effected for the purpose of determining the identity of the shareholders entitled to attend and vote at the 2012 Annual General Meeting. In order to qualify to attend and vote at the meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), for registration not later than 4:30 p.m. on Thursday, 15 November 2012.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The Register of Members of the Company will be closed on Tuesday, 27 November 2012 during which date, no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on Monday, 26 November 2012.

AUDIT COMMITTEE REVIEW

The Group's audited consolidated financial results for the year ended 30 June 2012 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board
Michael Koon Ming Choi
Chief Executive Officer

Hong Kong, 17 September 2012

As at the date of this announcement, the directors of the Company are Jonathan Koon Shum Choi as Chairman, Mary Yuk Sin Lam as Deputy-Chairman & Executive Director, Michael Koon Ming Choi as Chief Executive Officer & Executive Director, Janice Wing Kum Kwan and Lee G. Lam as Non-Executive Directors, Robert Tsai To Sze, Stanley Kam Chuen Ko and Elizabeth Law as Independent Non-Executive Directors.