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 2014

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 2014.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2014

	Notes	**2014**	2013
		HK$	*HK$*
Turnover	*2*		
Commission and fee income		**91,766,216**	66,027,107
Interest and dividend income		**14,530,201**	12,266,210
		106,296,417	78,293,317
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	*2*	**41,850,421**	19,188,687
Net gain on disposal of available-for-sale investments	*2*	**10,478,172**	10,111,808
Other income	*2*	**10,894,287**	5,910,855
		169,519,297	113,504,667
Operating expenses			
Commission expenses		**(13,262,806)**	(10,203,899)
General and administrative expenses		**(117,781,165)**	(100,405,252)
Finance costs		**(3,118,739)**	(2,962,548)
		35,356,587	(67,032)
Gain from a bargain purchase		**607,852**	–
Loss on disposal of an overseas subsidiary		**(2,153,744)**	–
Impairment loss for other receivable		**(1,439,338)**	(3,680,000)
Share of (losses)/profits of associates		**(347,968)**	311,241
Profit/(loss) before tax	*3*	**32,023,389**	(3,435,791)
Income tax (expense)/credit	*4*	**(35,480)**	1,107,018
Profit/(loss) for the year		**31,987,909**	(2,328,773)
Attributable to:			
Owners of the Company		**31,870,270**	(2,328,773)
Non-controlling interests		**31,760**	–
Holders of non-controlling interests in consolidated investment fund		**85,879**	–
Profit/(loss) for the year		**31,987,909**	(2,328,773)
Basic earnings/(loss) per share	*6*	**0.85 cent**	(0.06) cent
Diluted earnings/(loss) per share	*6*	**0.85 cent**	(0.06) cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014	2013
	HK$	*HK$*
Profit/(loss) for the year	**31,987,909**	(2,328,773)
Other comprehensive income/(expenses):		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of land and buildings held for own use (net of tax)	**16,275,426**	49,797,812
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of overseas subsidiaries	**164,233**	(1,408,245)
Fair value changes on available-for-sale investments	**4,520,855**	7,284,766
Reclassification upon disposal of available-for-sale investments	**(10,478,172)**	(1,327,449)
Reclassification upon disposal of an overseas subsidiary	**2,153,744**	–
	(3,639,340)	4,549,072
Other comprehensive income for the year	**12,636,086**	54,346,884
Total comprehensive income for the year	**44,623,995**	52,018,111
Total comprehensive income attributable to:		
Owners of the Company	**44,506,356**	52,018,111
Non-controlling interests	**31,760**	–
Holders of non-controlling interests in consolidated investment fund	**85,879**	–
Total comprehensive income for the year	**44,623,995**	52,018,111

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	**2014**	2013
		HK$	*HK$*
Non-current assets			
Properties and equipment		**326,224,268**	318,833,334
Intangible assets		**2,051,141**	2,331,141
Interests in associates		**15,558,916**	15,906,884
Available-for-sale investments		**7,995,389**	28,993,290
Other receivable	*7*	**32,690,662**	32,820,000
Other financial assets		**7,650,148**	9,259,465
Loan to an associate		**–**	1,181,870
		392,170,524	409,325,984
Current assets			
Loan to an associate		**1,319,580**	–
Financial assets at fair value through profit or loss		**164,795,188**	139,019,265
Accounts, loans and other receivables	*8*	**153,246,368**	189,052,080
Cash and cash equivalents		**239,103,210**	70,942,797
		558,464,346	399,014,142
Current liabilities			
Financial liabilities at fair value through profit or loss		**1,530,000**	–
Net assets attributable to holders of non-controlling interests in consolidated investment fund		**15,080,506**	–
Accruals, accounts and other payables	*9*	**100,983,968**	65,736,496
Bank loans – current portion		**82,400,000**	71,600,000
Current taxation		**1,450,324**	1,450,324
		201,444,798	138,786,820
Net current assets		**357,019,548**	260,227,322
Total assets less current liabilities		**749,190,072**	669,553,306
Non-current liabilities			
Bank loan – non-current portion		**–**	82,400,000
Deferred tax liabilities		**15,871,710**	13,293,115
		15,871,710	95,693,115
NET ASSETS		**733,318,362**	573,860,191
CAPITAL AND RESERVES			
Share capital		**460,130,488**	368,104,391
Reserves		**272,895,582**	205,755,800
Equity attributable to owners of the Company		**733,026,070**	573,860,191
Non-controlling interests		**292,292**	–
TOTAL EQUITY		**733,318,362**	573,860,191

NOTES

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle
Amendments to HKFRS 7	Disclosures-Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 7 Disclosures-Offsetting financial assets and financial liabilities

The Group has applied the amendments to HKFRS 7 "Disclosures-Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32: "Financial instruments: Presentation"; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's financial assets and financial liabilities that subject to enforceable master arrangement or similar agreement such as accounts receivable, accounts payable and deposits with clearing houses.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impacts of the application of HKFRS 10 and HKFRS 12 are set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) Int-12 "Consolidation-Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors of the Company reviewed and assessed the nature of the Group's investees in accordance with the requirements of HKFRS 10 and concluded that the application of the amendments has had no material impact on the Group's consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements in relation to the Group's interests in associates and the non-controlling interests of a non-wholly owned subsidiary.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. In addition, HKFRS 13 requires that the fair value measurement of a non-financial asset should take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[6]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2017

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, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

– All recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are 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 reporting 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.

Based on an analysis of the Group's financial instruments as at 30 June 2014, the Directors of the Company consider that the application of HKFRS 9 would affect the classification and measurement of the Group's available for sales investment but is unlikely to have material impact on the Group's other financial assets and financial liabilities.

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

2 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 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.

	2014						
	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	5,460,131	499,743	50,735,098	47,332,565	868,379	1,400,501	106,296,417
Inter-segment revenue	45	–	1,058,397	200,000	185,866	27,346,949	28,791,257
Segment revenue	5,460,176	499,743	51,793,495	47,532,565	1,054,245	28,747,450	135,087,674
Net gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	41,608,833	270,724	(29,136)	–	–	–	41,850,421
Net gain on disposal of available-for-sale investments	–	10,478,172	–	–	–	–	10,478,172
Other income	21,264	–	9,435,653	5,143	–	1,432,227	10,894,287
Eliminations	(45)	–	(1,058,397)	(200,000)	(185,866)	(27,346,949)	(28,791,257)
Total income	47,090,228	11,248,639	60,141,615	47,337,708	868,379	2,832,728	169,519,297
Segment results	41,011,395	8,683,928	(10,001,907)	1,865,777	(1,191,728)	(7,996,108)	32,371,357
Share of losses of associates	–	(177,883)	(170,085)	–	–	–	(347,968)
Profit before tax							32,023,389
Segment assets							
Segment assets	166,347,586	62,810,481	271,851,288	18,925,107	6,891,295	458,324,647	985,150,404
Interests in associates	–	2,802,077	12,756,839	–	–	–	15,558,916
							1,000,709,320
Eliminations							(50,074,450)
Total assets							950,634,870
Other segmental information							
Depreciation	–	–	596,199	3,120	–	10,530,438	11,129,757
Addition to non-current assets	–	–	67,308	–	–	680	67,988
Impairment losses for accounts receivable (net)	–	–	6,700,000	2,350,907	–	–	9,050,907
Impairment loss for other receivable	–	–	1,439,338	–	–	–	1,439,338
Commission expenses	–	78,555	7,871,531	5,312,720	–	–	13,262,806
Interest expenses	92,420	–	276,697	–	–	2,749,622	3,118,739
Interest income	3,329,574	577	8,480,712	3,828	663	85,123	11,900,477

	2013						
	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	5,572,804	2	46,138,337	25,457,817	413,670	710,687	78,293,317
Inter-segment revenue	386	–	462,661	–	–	22,189,603	22,652,650
Segment revenue	5,573,190	2	46,600,998	25,457,817	413,670	22,900,290	100,945,967
Net gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	19,312,164	–	(123,477)	–	–	–	19,188,687
Net gain on disposal of available-for-sale investments	–	10,111,808	–	–	–	–	10,111,808
Other income	103,674	–	3,099,351	26,474	–	2,681,356	5,910,855
Eliminations	(386)	–	(462,661)	–	–	(22,189,603)	(22,652,650)
Total income	24,988,642	10,111,810	49,114,211	25,484,291	413,670	3,392,043	113,504,667
Segment results	20,004,244	8,685,416	(22,322,618)	(2,859,421)	(1,652,360)	(5,602,293)	(3,747,032)
Share of (loss)/profit of associates	–	(585,336)	896,577	–	–	–	311,241
Loss before tax							(3,435,791)
Segment assets							
Segment assets	153,134,183	28,993,291	262,922,204	11,235,101	7,897,379	335,468,415	799,650,573
Interests in associates	–	2,979,960	12,926,924	–	–	–	15,906,884
							815,557,457
Eliminations							(7,217,331)
Total assets							808,340,126
Other segmental information							
Depreciation	–	–	711,252	24,756	–	9,518,332	10,254,340
Addition to non-current assets	–	–	229,567	–	–	1,597,636	1,827,203
Impairment losses for accounts receivable	–	–	248,661	605,100	–	88	853,849
Impairment loss for other receivable	–	–	3,680,000	–	–	–	3,680,000
Commission expenses	–	–	9,482,751	721,148	–	–	10,203,899
Interest expenses	30,160	–	112,598	–	–	2,819,790	2,962,548
Interest income	3,470,059	2	6,652,090	13,961	598	26,755	10,163,465

Geographical information

The following illustrates the geographical analysis of the Group's revenue from external customers, based on the country from which the transactions are executed, and information about its non-current assets (excluding interests in associates, loan to associate, available-for-sale investments, other receivable and other financial assets), based on the location of assets.

	Turnover		**Non-current assets**	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**100,927,881**	74,356,718	**287,101,449**	281,583,676
The People's Republic of China (the "PRC")	**1,512,664**	1,818,755	**41,173,960**	39,580,799
Other	**3,855,872**	2,117,844	**–**	–
	106,296,417	78,293,317	**328,275,409**	321,164,475

Information about major customers

Included in revenues arising from corporate finance and capital markets division of HK$47.5 million (2013: HK$25.5 million) are revenues of approximately HK$11.9 million (2013: HK$1.9 million) which arose from underwriting and placing commission and corporate finance fee received from the Group's largest customer.

3 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after crediting/(charging):

	2014	2013
	HK$	*HK$*
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value		
– equity securities	**37,257,391**	15,644,066
– debt securities	**677,027**	1,425,403
– derivatives	**3,916,003**	2,119,218
Dividend from listed equity securities	**2,629,724**	2,102,745
Interest income from		
– bank deposits	**616,974**	1,840,172
– margin and IPO financing	**3,346,620**	3,578,065
– debt securities	**3,293,722**	3,419,074
– loans	**3,304,868**	1,299,836
– others	**1,338,293**	26,318
Staff costs	**(67,664,623)**	(60,909,907)
Operating lease charges – land and buildings	**(2,707,324)**	(2,550,161)
Depreciation	**(11,129,757)**	(10,254,340)
Interest on		
– bank loans wholly repayable within one month and overdrafts	**(587,104)**	(148,728)
– bank mortgage loan wholly repayable within five years	**(2,437,660)**	(2,772,827)
– others	**(93,975)**	(40,993)
Impairment losses for accounts receivable (net)	**(9,050,907)**	(853,849)

4 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. The charge for the year to Hong Kong Profits Tax has been relieved by approximately HK$6,697,523 (2013: HK$4,961,464) as a result of tax losses brought forward from previous years of HK$40,591,053 (2013: HK$30,069,479).

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%.

	2014	2013
	HK$	*HK$*
Current tax – Provision for Hong Kong Profits Tax		
Over provision in prior years	**–**	(91,968)
Deferred tax		
Tax expense/(credit) for the year	**35,480**	(1,015,050)
Income tax expense/(credit)	**35,480**	(1,107,018)

As at 30 June 2014, the Group has unused estimated tax losses of approximately HK$406 million (2013: HK$425 million). A deferred tax asset of HK$1,657,509 (2013: HK$1,677,396) has been recognised in respect of tax losses of approximately HK$10 million (2013: approximately HK$10 million). The Group has not recognised deferred tax asset in respect of the remaining tax losses of approximately HK$396 million (2013: HK$415 million) due to the unpredictability of future profit streams. The tax losses from subsidiaries incorporated in Hong Kong will not expire under current tax regulation while tax losses from PRC subsidiaries are subject to expiry periods of five years from the years in which the tax losses arose under the current tax legislation.

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

	2014	2013
	HK$	*HK$*
Interim dividend paid of 0.2 HK cent per share (2013: 0.2 HK cent per share)	**7,362,088**	7,362,088
Final dividend proposed after the end of the reporting period of 0.3 HK cent per share (2013: 0.3 HK cent per share)	**13,803,915**	11,043,132
	21,166,003	18,405,220

6 EARNINGS/(LOSS) PER SHARE

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

	2014	2013
Earnings/(loss)		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share		
Earnings/(loss) for the year attributable to owners of the Company	**HK$31,870,270**	HK$(2,328,773)
		restated
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**3,756,439,106**	3,690,886,269

Note: The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for 2014 and 2013. All share options lapsed during the current year.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the years of 2014 and 2013 have been adjusted to reflect the bonus element of the open offer completed during the year ended 30 June 2014.

7 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. In August 2013, it was reported that the partner pleaded guilty to fraud and money laundering and was sentenced to jail for 12 years.

The law firm has not returned the Escrow Funds despite a demand for payment by the Group. The Group has commenced legal proceedings 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 on 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 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 discounted the Escrow Funds by using the effective interest method. Taking into account the change of estimated time of recovery, the allowance was adjusted accordingly.

8 ACCOUNTS, LOANS AND OTHER RECEIVABLES

	Notes	**2014**	2013
		HK$	*HK$*
Accounts and loans receivables			
Amounts due from brokers and clearing houses	*(a)*	**66,355,628**	39,136,528
Amounts due from margin clients	*(b)*	**28,096,091**	67,977,592
Amounts due from cash clients	*(c)*	**35,660,411**	51,273,828
Fixed-rate loans receivable	*(d)*	**16,000,000**	23,000,000
Other accounts receivable	*(e)*	**15,774,871**	7,068,759
		161,887,001	188,456,707
Less: Impairment losses		**(13,687,266)**	(4,636,359)
		148,199,735	183,820,348
Prepayments, deposits and other receivables		**5,046,633**	5,231,732
		153,246,368	189,052,080

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"). As at 30 June 2014, the Group held HK$4,240,892 (2013: HK$5,002,050) with SEOCH and HK$5,804,585 (2013: HK$8,274,237) with HKFECC in trust for clients which were not dealt with in these consolidated financial statements.

The amount due from a broker of HK$3,955,835 (2013: HK$13,370,119) was pledged as securities for the stock borrowing transactions.

(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. As at 30 June 2014, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$113 million (2013: HK$1,125 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 credit terms for loans granted by the Group's brokerage division are set by management with reference to the financial background and the value and nature of collateral pledged by the borrowers. The fixed-rate loans receivable secured by personal/ corporate guarantee and/or by marketable securities listed on the AIM Board of The London Stock Exchange.

(e) The balance included an amount of HK$65,000 (2013: HK$60,000) 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.

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

	2014	2013
	HK$	*HK$*
Within one month past due	**290,000**	1,007,693
More than one month and within three months past due	**1,200,000**	1,009,430
More than three months past due	**641,515**	1,672,342
	2,131,515	3,689,465

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

	2014	2013
	HK$	*HK$*
Current and within one month	**146,068,220**	180,130,883
More than one month and within three months	**1,490,000**	1,547,123
More than three months	**641,515**	2,142,342
	148,199,735	183,820,348

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

	Amounts due from margin clients *HK$*	**Amounts due from cash clients** *HK$*	**Fixed-rate loans receivable** *HK$*	**Other accounts receivable** *HK$*	**Total** *HK$*
At 1 July 2012	3,582,598	–	–	835,500	4,418,098
Amounts written off as uncollectible	–	–	–	(635,588)	(635,588)
Impairment losses recognised on receivables	248,661	–	–	605,188	853,849
At 30 June 2013 and 1 July 2013	3,831,259	–	–	805,100	4,636,359
Impairment losses reversed	(100,000)	–	–	–	(100,000)
Impairment losses recognised on receivables	–	1,166,213	6,800,000	1,184,694	9,150,907
Transfer	(252,409)	252,409	–	–	–
At 30 June 2014	3,478,850	1,418,622	6,800,000	1,989,794	13,687,266

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.

9 ACCRUALS, ACCOUNTS AND OTHER PAYABLES

	2014 *HK$*	2013 *HK$*
Accounts payable (current and within one month)		
Amounts due to brokers and clearing houses	**15,078,339**	23,334,919
Clients' accounts payable (net of bank and clearing house balances in segregated clients' accounts)	**51,804,001**	23,933,957
Others	**8,206,545**	2,728,383
	75,088,885	49,997,259
Other creditors, accruals and other provision	**25,895,083**	15,739,237
	100,983,968	65,736,496

MANAGEMENT DISCUSSION AND ANALYSIS

The Market

The market was full of surprises in our last fiscal year. After the reduction of quantitative easing in the United States materialised, the capital markets, including the debt and equity markets reacted positively and the equity indexes kept breaking their historical records. On the other hand, the PRC market maintained the relative tight macroeconomic policies for a longer than expected period. The devaluation of RMB in early 2014 also surprised the market. As a result, the HK and PRC markets under performed as compared to their world peers during most part of our fiscal 2014. The turning point was the announcement of the implementation of Shanghai Hong Kong Stock Connect program in March 2014. Momentum gradually picks up with Hong Kong market reaching post financial tsunami new highs in August 2014.

The Hang Seng Index closed at 23,191 at the end of June 2014, compared with 20,803 at the end of June 2013 and 23,306 at the end of December 2013. The average monthly turnover on the Main Board and GEM Board during the year ended 30 June 2014 ("FY2014") was approximately HK$1,230 billion, about the same as compared to HK$1,209 billion for FY2013. Funds raised from IPOs on the Main Board in FY2014 doubled to HK$208 billion, as compared to HK$97 billion for FY2013.

Financial Highlights

The Group recorded a profit of HK$32 million for FY2014, as compared to a loss of HK$2 million for FY2013. After taking into account of the other comprehensive income for the year, the Group achieved a total comprehensive income of HK$45 million, as compared to HK$52 million for FY2013. The revaluation surplus recognised for the land and buildings held for own use decreased by HK$34 million to HK$16 million for FY2014. Commission and fee income from our financial intermediary business increased from HK$66 million to HK$92 million for FY2014 mainly due to the completion of several sponsorship, underwriting and placing transactions and the increase in market activity in this year. The Group recorded a net gain on the disposal of financial assets/liabilities and the remeasurement to fair value of HK$42 million, as compared to HK$19 million for FY2013.

General and administrative expenses amounted to HK$118 million for FY2014, as compared to HK$100 million for FY2013. The staff costs increased by HK$7 million to HK$68 million for FY2014, which was in line with the higher commission and fee income. The impairment losses for account receivables due from clients increased by HK$8 million to HK$9 million in FY2014.

The Group voluntary wound up a subsidiary in PRC and recognised a loss on disposal of subsidiary of HK$2 million. The loss mainly related to the exchange loss accumulated in the exchange reserve in previous years. The Group reversed the same amount from the other comprehensive income and there is no impact on the total comprehensive income for the year.

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$52 million for FY2014, compared to HK$47 million for FY2013. The average daily market turnover slightly increased by 8% to HK$60 billion in FY2014 when compared with FY2013. The brokerage commission income increased by 7% to HK$40 million in FY2014, which was in line with the market performance. Interest income from loan financing increased by HK$2 million to HK$3 million in FY2014. However, the Group provided an impairment loss of HK$7 million for a loan client. The Group is negotiating with the client and the guarantor for the repayment of the outstanding loan receivable and the settlement amount has not been finalised. The Group continued to streamline its operation and overhead expenses were reduced despite of an increase in revenue.

The Group sold its membership in the Chinese Gold Silver Exchange Society to an independent third party which resulted in a net gain on disposal of HK$9 million in FY2014.

Corporate Finance and Capital Markets

Total revenue of the division was HK$48 million for FY2014, compared with HK$25 million for FY2013. The revival of the equity capital markets in FY2014 increased underwriting and placing fee income by HK$24 million to HK$29 million in FY2014. The division has completed sponsorship for the listing of four companies in FY2014. They are Yi Hua Department Store Holdings Ltd, Changgang Dunxin Enterprises Company Limited, Jia Meng Holdings Limited and New Ray Medicine International Limited. The division also completed several underwriting and placing transactions during the year. The performance of the division was affected by the impairment losses of HK$2 million provided for the account receivables due from its clients. As a result, the division recorded a net profit of HK$2 million for FY2014, compared with a net loss of HK$3 million for FY2013.

Asset Management

Total revenue of the division was HK$1 million for FY2014, while there was no material revenue recognised for FY2013. The Group acquired the majority interest of an investment management company, the investment manager of the investment fund invested by the Group, in FY2014. The division has been advising the investment fund for nearly two years with good track record achieved. The division will work with the investment fund to expand the asset under management to generate more revenue.

Investment in Securities

Total revenue of the division was HK$5 million for FY2014, compared with HK$6 million FY2013. After including net gain/loss on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value, total income was HK$47 million for FY2014, compared with HK$25 million for FY2013. The performance of the investment portfolio improved following the recovery in the HK stock market, as evidenced by the rise in Hang Seng Index. We also enjoyed the above average performance of certain stocks in our portfolio. The division continued to increase the proportion of the listed debt securities in its investment portfolio to diversify the investment risk and stabilise the investment return in FY2014.

Structured Investment

Total revenue of the division was HK$ 1 million for FY2014 while there was no revenue recognised for FY2013. After the acquisition of the investment manager as mentioned in asset management section, the interest in the investment fund was reclassified from available-for-sale investment to investment in subsidiary in accordance with the accounting standards. The pre-acquisition unrealised gain recognised in the investment revaluation reserve was transferred from other comprehensive income to income statement. The division is now looking for suitable investment opportunities to diversify the portfolio.

Outlook

The uncertainties we faced in fiscal 2014 are likely to continue in the future. The market is very excited about the opportunities that come with the Shanghai Hong Kong Stock Connect program. However, there are a lot of operational details that remain to be ironed out. The United States will likely end its debts purchase program by coming October and the market is now speculating about the timing of the first interest rate increase thereafter. On the contrary, the European Central Bank and Japan are planning to launch their own programs to boost liquidity to support their respective economies. China continues to use policy measures to fine tune its economy. Hong Kong, as a key financial center, will be affected by all these developments and the outcome will be difficult to forecast. Management will continue to steer the Group with caution and aim to bring better returns to our stakeholders.

Capital Structure

The Company completed the Open Offer and issued 920,260,976 new shares with net proceeds of HK$133 million in June 2014. The net proceeds will be used to support the Group's money lending business and asset management business and to finance future investment opportunities to be identified by the Group.

Changes in Board Composition

In January 2014, the Group sadly announced that the Deputy Chairman and Executive Director of the Company, Ms Mary Yuk Sin Lam, passed away. The Board would like to express our sincere thanks to Ms Lam for laying a solid foundation for Sunwah Kingsway over the years.

Liquidity and Financial Resources

Total assets as at end of June 2014 were HK$951 million, of which approximately 59% were current in nature. Net current assets were HK$357 million, accounting for approximately 49% of the net assets of the Group as at end of June 2014.

The Group had a strong cash position and had cash and cash equivalents of HK$239 million as at end of June 2014.

The Group generally finances its daily operations from internal resources. Total borrowing of approximately HK$82 million at the end of June 2014 represented the secured bank loan to partially finance the acquisition of office property. The bank loan is in Hong Kong dollars, charges a floating interest rate and is repayable within one year.

The Group's gearing ratio, calculated as a percentage of total borrowings over shareholder's equity, was approximately 11% at the end of June 2014.

The office property with carrying value of HK$275 million was pledged as security against bank loan granted to the Group.

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$. As part of our investment monitoring, financial assets denominated in foreign currencies, including equity and debt investments, are monitored on a daily basis together with the changes in market value of these investments. Hedging instruments may be used as part of the overall investment strategy if deemed necessary by the investment managers. The Group purchased properties in the PRC for its own use. There was steady appreciation of RMB against HK$ in the last few years, though there were evidences of increase in volatility in 2014. Taking into account all relevant macroeconomic factors, 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 2014, the number of full time employees of the Group was 112 (2013: 128).

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.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited throughout the year ended 30 June 2014 except for the deviation which is summarised below:

CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Non-Executive Directors of the Company are not all appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting (AGM) of the Company. Pursuant to the Bye-laws of the Company, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Board considers that the non-executive directors appointed without a specific term will not impair the quality of corporate governance of the Group as required by the principles set out in CG Code A.4.

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 Thursday, 20 November 2014, the payment of a final dividend of 0.3 HK cent per ordinary share for the year ended 30 June 2014 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 26 November 2014 and the dividend cheque for the final dividend, if approved, will be dispatched to shareholders on or about Thursday, 11 December 2014.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed from Monday, 17 November 2014 to Thursday, 20 November 2014, 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 2014 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 Friday, 14 November 2014.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The Register of Members of the Company will be closed on Wednesday, 26 November 2014 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 Tuesday, 25 November 2014.

AUDIT COMMITTEE REVIEW

The Group's audited consolidated financial results for the year ended 30 June 2014 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 2014 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 2014, 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, 18 September 2014

As at the date of this announcement, the directors of the Company are Jonathan Koon Shum Choi as Chairman, 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.