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 2015

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 2015.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	Notes	**2015**	2014
		HK$	*HK$*
Turnover	*2*		
Commission and fee income		**93,355,973**	91,766,216
Interest and dividend income		**18,177,734**	14,530,201
		111,533,707	106,296,417
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	*2*	**17,440,769**	41,850,421
Net gain on disposal of available-for-sale investments	*2*	**–**	10,478,172
Other income	*2*	**1,894,934**	10,894,287
		130,869,410	169,519,297
Operating expenses			
Commission expenses		**(10,478,122)**	(13,262,806)
General and administrative expenses		**(107,434,701)**	(117,781,165)
Finance costs		**(2,116,499)**	(3,118,739)
		10,840,088	35,356,587
Gain from a bargain purchase		**–**	607,852
Fair value changes on investment properties		**1,380,361**	–
Loss on disposal of an overseas subsidiary		**–**	(2,153,744)
Impairment loss for other receivable		**(1,358,964)**	(1,439,338)
Share of profits/(losses) of associates		**766,186**	(347,968)
Profit before tax	*3*	**11,627,671**	32,023,389
Income tax credit/(expense)	*4*	**35,480**	(35,480)
Profit for the year		**11,663,151**	31,987,909
Attributable to:			
Owners of the Company		**9,086,187**	31,870,270
Non-controlling interests		**211,953**	31,760
Holders of non-controlling interests in consolidated investment fund		**2,365,011**	85,879
Profit for the year		**11,663,151**	31,987,909
Basic earnings per share	*6*	**0.19 cent**	0.85 cent
Diluted earnings per share	*6*	**0.19 cent**	0.85 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	2015	2014
	HK$	*HK$*
Profit for the year	**11,663,151**	31,987,909
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)	**24,464,767**	16,275,426
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of overseas subsidiaries	**8,285**	164,233
Fair value changes on available-for-sale investments	**962,501**	4,520,855
Reclassification upon disposal of available-for-sale investments	**–**	(10,478,172)
Reclassification upon disposal of an overseas subsidiary	**–**	2,153,744
	970,786	(3,639,340)
Other comprehensive income for the year	**25,435,553**	12,636,086
Total comprehensive income for the year	**37,098,704**	44,623,995
Total comprehensive income attributable to:		
Owners of the Company	**34,521,740**	44,506,356
Non-controlling interests	**211,953**	31,760
Holders of non-controlling interests in consolidated investment fund	**2,365,011**	85,879
Total comprehensive income for the year	**37,098,704**	44,623,995

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	**2015**	2014
		HK$	*HK$*
Non-current assets			
Investment properties		**64,900,000**	–
Properties and equipment		**343,545,064**	326,224,268
Intangible assets		**2,051,141**	2,051,141
Interests in associates		**16,325,102**	15,558,916
Available-for-sale investments		**39,967,090**	7,995,389
Other receivable	*7*	**32,641,698**	32,690,662
Other financial assets		**11,357,015**	7,650,148
		510,787,110	392,170,524
Current assets			
Loan to an associate		**1,218,130**	1,319,580
Financial assets at fair value through profit or loss		**157,216,758**	164,795,188
Accounts, loans and other receivables	*8*	**284,791,446**	153,246,368
Cash and cash equivalents		**369,514,912**	239,103,210
		812,741,246	558,464,346
Current liabilities			
Financial liabilities at fair value through profit or loss		**1,940,000**	1,530,000
Net assets attributable to holders of non-controlling interests in consolidated investment fund		**17,445,517**	15,080,506
Accruals, accounts and other payables	*9*	**234,555,116**	100,983,968
Bank loans		**95,000,000**	82,400,000
Current taxation		**1,450,324**	1,450,324
		350,390,957	201,444,798
Net current assets		**462,350,289**	357,019,548
Total assets less current liabilities		**973,137,399**	749,190,072
Non-current liabilities			
Deferred tax liabilities		**19,936,962**	15,871,710
NET ASSETS		**953,200,437**	733,318,362
CAPITAL AND RESERVES			
Share capital		**523,130,488**	460,130,488
Reserves		**429,565,704**	272,895,582
Equity attributable to owners of the Company		**952,696,192**	733,026,070
Non-controlling interests		**504,245**	292,292
TOTAL EQUITY		**953,200,437**	733,318,362

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 HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
HK(IFRIC)-INT 21	Levies
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

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.

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

Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Directors of the Company anticipate that the application of all 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, options, funds, 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.

	2015						
	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	6,078,954	609,180	57,433,122	46,453,580	8,087	950,784	111,533,707
Inter-segment revenue	2,508	–	1,903,790	7,497,000	2,607,338	20,139,619	32,150,255
Segment revenue	6,081,462	609,180	59,336,912	53,950,580	2,615,425	21,090,403	143,683,962
Net gain on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value	5,811,626	11,551,689	77,454	–	–	–	17,440,769
Other income	8,100	–	263,009	173,610	–	1,450,215	1,894,934
Eliminations	(2,508)	–	(1,903,790)	(7,497,000)	(2,607,338)	(20,139,619)	(32,150,255)
Total income	11,898,680	12,160,869	57,773,585	46,627,190	8,087	2,400,999	130,869,410
Segment results	4,355,874	6,726,872	(2,371,299)	11,366,823	48,591	(9,265,376)	10,861,485
Share of profits of associates	–	283,527	482,659	–	–	–	766,186
Profit before tax							11,627,671
Segment assets							
Segment assets	205,211,647	167,363,033	456,401,584	10,068,973	5,611,965	520,900,561	1,365,557,763
Interests in associates	–	3,085,604	13,239,498	–	–	–	16,325,102
							1,381,882,865
Eliminations							(58,354,509)
Total assets							1,323,528,356
Other segmental information							
Depreciation	–	–	532,795	2,959	–	11,029,967	11,565,721
Addition to non-current assets	–	–	345,880	–	–	12,000	357,880
Impairment losses for accounts receivable (net)	–	–	–	120,484	–	30,381	150,865
Impairment loss for other receivable	–	–	1,358,964	–	–	–	1,358,964
Commission expenses	–	12,656	10,465,466	–	–	–	10,478,122
Interest expenses	–	–	224,873	–	–	1,891,626	2,116,499
Interest income	4,002,064	3,017	11,216,961	497	8,086	264,055	15,494,680

	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

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, available-for-sale investments, other receivable and other financial assets), based on the location of assets.

	Turnover		Non-current assets	
	2015	2014	**2015**	2014
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**101,821,756**	100,927,881	**366,194,258**	287,101,449
The People's Republic of China (the "PRC")	**4,267,074**	1,512,664	**44,301,947**	41,173,960
Other	**5,444,877**	3,855,872	**–**	–
	111,533,707	106,296,417	**410,496,205**	328,275,409

Information about major customers

Included in revenues arising from corporate finance and capital markets division of HK$47.5 million for 2014 were revenues of approximately HK$11.9 million which arose from underwriting and placing commission and corporate finance fee received from the Group's largest customer. No major customers are noted in current year.

3 PROFIT BEFORE TAX

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

	2015	2014
	HK$	*HK$*
Net gain/(loss) on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value		
– equity securities	**15,647,581**	37,257,391
– debt securities	**(2,458,060)**	677,027
– derivatives	**4,251,248**	3,916,003
Dividend from listed equity securities	**2,683,054**	2,629,724
Interest income from		
– bank deposits	**1,587,855**	616,974
– margin and IPO financing	**3,508,256**	3,346,620
– debt securities	**3,792,441**	3,293,722
– loans	**5,264,421**	3,304,868
– others	**1,341,707**	1,338,293
Staff costs	**(64,161,015)**	(67,664,623)
Operating lease charges – land and buildings	**(2,699,656)**	(2,707,324)
Depreciation	**(11,565,721)**	(11,129,757)
Interest on		
– bank loans wholly repayable within one month and overdrafts	**(232,336)**	(587,104)
– bank secured loans wholly repayable within five years	**(750,075)**	–
– bank mortgage loan wholly repayable within five years	**(1,120,405)**	(2,437,660)
– others	**(13,683)**	(93,975)
Impairment losses for accounts receivable (net)	**(150,865)**	(9,050,907)

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$2,323,582 (2014: HK$6,697,523) as a result of tax losses brought forward from previous years of HK$14,082,319 (2014: HK$40,591,053).

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%.

	2015	2014
	HK$	*HK$*
Deferred tax		
Tax (credit)/expense for the year	**(35,480)**	35,480

As at 30 June 2015, the Group has unused estimated tax losses of approximately HK$396 million (2014: HK$406 million). A deferred tax asset of HK$1,975,132 (2014: HK$1,657,509) has been recognised in respect of tax losses of approximately HK$12 million (2014: approximately HK$10 million). The Group has not recognised deferred tax asset in respect of the remaining tax losses of approximately HK$384 million (2014: HK$396 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

	2015	2014
	HK$	*HK$*
Interim dividend paid of 0.2 HK cent per share (2014: 0.2 HK cent per share)	**9,202,610**	7,362,088
Final dividend proposed after the end of the reporting period of 0.3 HK cent per share (2014: 0.3 HK cent per share)	**16,563,915**	13,803,915
	25,766,525	21,166,003

6 EARNINGS PER SHARE

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

	2015	2014
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
Earnings for the year attributable to owners of the Company	**HK$9,086,187**	HK$31,870,270
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**4,684,154,197**	3,756,439,106

Note: The computation of diluted earnings 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. All share options lapsed during the last year.

7 OTHER RECEIVABLE

During the year ended 30 June 2011, the Group deposited an amount of $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	**2015**	2014
		HK$	*HK$*
Accounts and loans receivables			
Amounts due from brokers and clearing houses	*(a)*	**50,423,930**	66,355,628
Amounts due from margin clients	*(b)*	**31,578,875**	28,096,091
Amounts due from cash clients	*(c)*	**175,806,025**	35,660,411
Fixed-rate loans receivable	*(d)*	**16,500,000**	16,000,000
Other accounts receivable	*(e)*	**2,668,922**	15,774,871
		276,977,752	161,887,001
Less: Impairment losses		**(1,687,768)**	(13,687,266)
		275,289,984	148,199,735
Prepayments, deposits and other receivables		**9,501,462**	5,046,633
		284,791,446	153,246,368

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 2015, the Group held HK$9,350,800 (2014: HK$4,240,892) with SEOCH and HK$10,775,610 (2014: HK$5,804,585) with HKFECC in trust for clients which were not dealt with in these consolidated financial statements.

The amount due from a broker of HK$2,788,500 (2014: HK$3,955,835) 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 2015, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$147 million (2014: HK$113 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/the GEM Board of HKEX.

(e) The balance included an amount of HK$NIL (2014: HK$65,000) 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:

	2015	2014
	HK$	*HK$*
Within one month past due	**190,000**	290,000
More than one month and within three months past due	**1,505,000**	1,200,000
More than three months past due	**763,505**	641,515
	2,458,505	2,131,515

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

	2015	2014
	HK$	*HK$*
Current and within one month	**272,831,479**	146,068,220
More than one month and within three months	**1,445,000**	1,490,000
More than three months	**1,013,505**	641,515
	275,289,984	148,199,735

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

	Amounts due from margin clients	**Amounts due from cash clients**	**Fixed-rate loans receivable**	**Other accounts receivable**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 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 and 1 July 2014	3,478,850	1,418,622	6,800,000	1,989,794	13,687,266
Impairment losses recognised on receivables	–	–	–	150,865	150,865
Amounts written off as uncollectible	(3,330,188)	–	(6,800,000)	(2,020,175)	(12,150,363)
At 30 June 2015	148,662	1,418,622	–	120,484	1,687,768

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

	2015	2014
	HK$	*HK$*
Accounts payable (current and within one month)		
Amounts due to brokers and clearing houses	**121,681,723**	15,078,339
Clients' accounts payable (net of bank and clearing house balances in segregated clients' accounts)	**82,420,965**	51,804,001
Others	**2,666,657**	8,206,545
	206,769,345	75,088,885
Other creditors, accruals and other provision	**27,785,771**	25,895,083
	234,555,116	100,983,968

The settlement terms of payable to brokers, clearing houses and securities trading clients from the ordinary course of business of broking in securities range from one to three days after the trade date of those transactions. Deposits exceed the margin requirement received from clients for their trading of commodities and futures contracts were payable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

The Market

During the first nine months of our fiscal year, the market was excited by the Shanghai Hong Kong Stock Connect program and the bull run in the PRC markets. However, sentiments gradually changed in our last fiscal quarter when there were more and more concerns that China might have a hard landing in the economy. The market volatility further increased after our financial year end and the trend continued when the People's Bank of China devalued the Renminbi by over 2% in mid August. Investors are now concerned that the slowdown in economic growth in PRC will have serious spill over effects on other major economies. Markets are now focused on the Federal Open Market Committee meeting to be held in mid September to find out whether the United States will kick start the increase in interest rate cycle. Volatility is likely to remain high in the remainder of the year.

The Hang Seng Index closed at 26,250 at the end of June 2015, compared with 23,191 at the end of June 2014 and 23,605 at the end of December 2014. The average monthly turnover on the Main Board and GEM Board during the year ended 30 June 2015 ("FY2015") surged to HK$2,059 billion, as compared to HK$1,230 billion for FY2014. Funds raised from IPOs on the Main Board and GEM Board increased from HK$208 billion for FY2014 to HK$277 billion for FY2015.

Financial Highlights

The Group recorded a profit of HK$12 million for FY2015, as compared to a profit of HK$32 million for FY2014. The profit attributable to owners of the Company was HK$9 million for FY2015, as compared to a profit of HK$32 million for FY2014. After taking into account the other comprehensive income for the year, the total comprehensive income attributable to owners of the Company was HK$35 million, as compared to HK$45 million for FY2014. The revaluation surplus recongised for the land and buildings held for own use increased by HK$8 million from HK$16 million for FY2014 to HK$24 million for FY2015. Commission and fee income from our financial intermediary business was HK$93 million for FY2015, about the same as compared to HK$92 million for FY2014. The Group recorded a net gain on the disposal of financial assets/liabilities and remeasurement to fair value of HK$17 million, as compared to HK$42 million for FY2014.

General and administrative expenses decreased by HK$11 million to HK$107 million for FY2015, as compared to HK$118 million for FY2014. The impairment loss for account receivables due from clients was insignificant in FY2015, as compared to HK$9 million for FY2014.

The increase in high net worth clients improved the performance of our retail sales team and the commission paid to the team increased by HK$3 million when compared to FY2014. No underwriting and placing commission was paid to third party in FY2015, as compared to HK$5 million paid in FY2014. As a result, the total commission paid for FY2015 decreased by HK$3 million to HK$10 million in FY2015.

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$59 million for FY2015, compared with HK$52 million for FY2014. Following the launch of Shanghai Hong Kong Stock Connect program in November 2014 and the planned launch of Shenzhen Hong Kong Stock Connect program in 2015, the average daily market turnover increased by 68% in FY2015 when compared with FY2014. However, the division still faces strong competition from banks and other financial service providers, especially some large PRC financial institutions entering into the HK market through merger and acquisition. The brokerage commission income increased by 10% to HK$44 million in FY2015. Interest income from margin, IPO and loan financing increased by 32% to HK$9 million in FY2015 as a result of the increase in loan portfolio. The Group continued to introduce new trading products to its clients and streamline its operation to improve the performance.

Corporate Finance and Capital Markets

Total revenue of the division was HK$54 million for FY2015, compared with HK$48 million for FY2014. The division recorded a net profit of HK$11 million for FY2015, compared with a net profit of HK$2 million for FY2014. The initial public offering transactions remained active in FY2015. The division completed sponsorship for the listing of two companies in FY2015. They were Deson Construction International Holdings Limited and Jete Power Holdings Limited. The demand of fundraising of listed small cap remained vibrant in FY2015. The division completed more than ten placing transactions and the placing commission doubled to HK$25 million in FY2015. Other than IPO related services, the corporate finance team acted as financial advisor for a variety of transactions for companies listed in Hong Kong and was retained as compliance advisor to a number of companies newly listed in Hong Kong. The advisory fee slightly increased by HK$2 million to HK$20 million in FY2015.

Asset Management

Total revenue of the division was HK$3 million for FY2015, compared with HK$1 million for FY2014. The performance of the investment fund managed by the division was outstanding and the net asset value per share increased by 16% in FY2015. As a result, the performance of the division improved and recorded a net profit in FY2015, as compared to a net loss in FY2014.

Investment in Securities

Total revenue of the division was HK$6 million for FY2015, compared with HK$5 million FY2014. 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$12 million for FY2015, compared with HK$47 million for FY2014. The Hang Seng Index increased by 13% in FY2015. However, several small cap shares in our investment portfolio underperformed and affected the overall performance of the division. The rising interest rate outlook in the United States affected the performance of debt securities. The interest income net of trading loss generated from debt securities was HK$1 million in FY2015, as compared to trading profit and interest income of HK$4 million in FY2014.

Structured Investment

Total revenue of the division was HK$1 million for FY2015, about the same as FY2014. In FY2014, the Group acquired the majority interest of an investment manager of the investment fund invested by the Group. The pre-acquisition unrealised gain of HK$10 million recorded for previous years was recognised as net gain on disposal of available for sales investment in FY2014. The performance of the investment fund outperformed the Hang Seng Index and recognised net gain/loss on disposal of financial assets/liabilities at fair value through profit or loss and remeasurement to fair value of HK$12 million in FY2015.

The Group purchased an investment property and a car park located at Kwun Tong in FY2015. The Group is liaising with the potential tenant and it is expected that the rental agreement will be finalised in September 2015. The Group recognised a revaluation gain of HK$1 million for the investment property in FY2015.

The Group invested in a private equity fund in April 2015 and recognised fair value gain of HK$1 million in other comprehensive income in FY2015.

Outlook

The surprise devaluation of the RMB by People's Bank of China in August brought the market volatility to recent years high. The market is still debating heatedly whether the United States Federal Reserve will increase the interest rate in any of its remaining meetings in 2015, first of which will be held in mid September. Market volume in Hong Kong has now returned to the level before the launch of the Shanghai Hong Kong Stock Connect Program. However, the PRC authorities have introduced a number of measures to calm the market. If the market volatilities come down after digesting all the latest news, there is a good chance that the volume may improve going forward, which is vital for the financial services industry. Management will continue to steer the Group with caution and aim to bring better returns to our stakeholders.

Capital Structure

In May 2015, the Company completed the placement of 630,000,000 new shares with net proceeds amounting to HK$208 million. Approximately HK$31 million was used to finance the acquisition of an investment fund. Approximately HK$64 million was used to purchase investment properties. The remainder of approximately HK$113 million is intended to finance future investment opportunities to be identified by the Group and as general working capital of the Group.

Liquidity and Financial Resources

Total assets as at end of June 2015 were HK$1,324 million, of which approximately 61% were current in nature. Net current assets were HK$462 million, accounting for approximately 49% of the net assets of the Group as at end of June 2015. The Group had a strong cash position and had cash and cash equivalents of HK$370 million as at end of June 2015 after the completion of share placing in May 2015. The cash and cash equivalents were mainly denominated in Hong Kong dollars.

The Group generally finances its daily operations from internal resources. Total borrowing of HK$95 million at the end of June 2015 represented a secured bank loan of HK$60 million for partially financing the acquisition of the Hong Kong office property and a short-term secured bank loan of HK$35 million for general working capital. The short-term bank loan of HK$35 million was repaid in July 2015 and the balance of HK$60 million is repayable within one year. The bank loans were denominated in Hong Kong dollars and charged at floating interest rate.

The Group's gearing ratio, calculated as a percentage of total borrowings over shareholder's equity, was approximately 10% at the end of June 2015. The office property with carrying value of HK$293 million was pledged as securities against bank loans 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 and debt securities denominated in RMB for proprietary trading. Taking into account all relevant macroeconomic factors and the size of assets held, 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 material 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 2015, the number of full time employees of the Group was 95 (2014: 112). 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.

Events after the reporting period

On 24 June 2015, the Company entered into a placing agreement to place 290,000,000 new shares at HK$0.35 per share to an independent third party placee ("Placee"). The issue of 290,000,000 new shares took place on 13 July 2015 pursuant to the terms and conditions of the placing agreement. The Placee was required to pay HK$101,761,566, inclusive of relevant transaction cost, as the consideration of the placing. The Placee made partial payments of HK$12.6 million on 24 July 2015, HK$5 million on 9 September 2015 and approximately HK$0.75 million on 17 September 2015 and agreed to make the payment of the remaining amount plus interest on or before 30 October 2015.

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 2015 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 Monday, 23 November 2015, the payment of a final dividend of 0.3 HK cent per ordinary share for the year ended 30 June 2015 to shareholders whose names appear on the Register of Members of the Company on Friday, 27 November 2015, if approved, the final dividend will be paid on Thursday, 10 December 2015.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed from Wednesday, 18 November 2015 to Monday, 23 November 2015, 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 2015 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 Tuesday, 17 November 2015.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The Register of Members of the Company will be closed on Friday, 27 November 2015 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 Thursday, 26 November 2015.

AUDIT COMMITTEE REVIEW

The Group's audited consolidated financial results for the year ended 30 June 2015 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 2015 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 2015, 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 2015

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.