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 2021

The Board of Directors of Sunwah Kingsway Capital Holdings Limited (the "Company") hereby submit the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2021.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2021

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Revenue			
Commission and fee income		**60,982**	74,974
Interest income arising from financial assets at amortised cost		**21,081**	29,322
Interest income arising from debt securities		**1,552**	3,494
Dividend income		**3,487**	1,923
Rental income		**2,915**	3,061
	3	**90,017**	112,774
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	*4*	**87,274**	(6,884)
Other income and gain or losses	*5*	**1,694**	2,998
		178,985	108,888
Commission expenses		**(8,526)**	(6,457)
General and administrative expenses		**(106,303)**	(107,280)
Finance costs		**(2,851)**	(4,087)
Net impairment losses on financial instruments		**(18,521)**	(19,466)
Loss on disposal of a subsidiary		**–**	(104)
Fair value changes on investment properties		**(5,508)**	(8,132)
Changes on non-controlling interests in consolidated investment fund	*5*	**(2,341)**	1,047
Share of (losses)/profits of associates	*5*	**(1,015)**	532
Profit/(loss) before tax	*6*	**33,920**	(35,059)
Income tax expenses	*7*	**(2,962)**	(5,979)
Profit/(loss) for the year		**30,958**	(41,038)
Attributable to:			
Owners of the Company		**31,758**	(40,934)
Non-controlling interests		**(800)**	(104)
Profit/(loss) for the year		**30,958**	(41,038)
			(restated)
Basic and diluted earnings/(loss) per share	*9*	**4.44 HK cents**	(5.80) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	2021 *HK$'000*	2020 *HK$'000*
Profit/(loss) for the year	**30,958**	(41,038)
Other comprehensive (expense)/income:		
Item that will not be reclassified to profit or loss:		
Land and buildings held for own use		
– Deficit on revaluation	**(9,661)**	(41,520)
– Income tax effect	**2,668**	8,605
	(6,993)	(32,915)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of overseas subsidiaries	**4,704**	(1,467)
Other comprehensive expense for the year	**(2,289)**	(34,382)
Total comprehensive income/(expense) for the year	**28,669**	(75,420)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	**29,469**	(75,316)
Non-controlling interests	**(800)**	(104)
Total comprehensive income/(expense) for the year	**28,669**	(75,420)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	**2021** **_HK$'000_**	2020 *HK$'000*
Non-current assets			
Investment properties		**82,574**	88,082
Properties and equipment		**350,468**	367,765
Intangible assets		**2,489**	3,220
Goodwill		**1,149**	4,965
Interests in associates		**17,439**	18,454
Loans to and amounts due from associates		**14,257**	13,607
Loan receivables	*10*	**7,619**	14,989
Other assets		**5,033**	7,316
Financial assets at fair value through profit or loss		**74,640**	34,145
Deferred tax assets		**2,946**	2,897
		558,614	555,440
Current assets			
Financial assets at fair value through profit or loss		**246,528**	234,681
Accounts, loans and other receivables	*10*	**332,533**	411,692
Contract assets		**300**	–
Bank balances and cash – trust accounts		**668,244**	658,034
Cash and cash equivalents		**168,610**	136,266
		1,416,215	1,440,673
Current liabilities			
Financial liabilities at fair value through profit or loss		**13,107**	8,267
Net assets attributable to holders of non-controlling interests in consolidated investment fund		**11,931**	9,164
Accruals, accounts and other payables	*11*	**768,891**	883,615
Lease liabilities		**2,116**	1,579
Contract liabilities		**17,882**	17,560
Bank loan		**130,000**	60,000
Current tax liabilities		**3,199**	3,421
		947,126	983,606
Net current assets		**469,089**	457,067
Total assets less current liabilities		**1,027,703**	1,012,507
Non-current liabilities			
Deferred tax liabilities		**27,431**	30,000
Lease liabilities		**3,315**	1,271
		30,746	31,271
NET ASSETS		**996,957**	981,236
CAPITAL AND RESERVES			
Share capital	*12*	**71,945**	71,276
Reserves		**923,740**	910,163
Equity attributable to owners of the Company		**995,685**	981,439
Non-controlling interests		**1,272**	(203)
TOTAL EQUITY		**996,957**	981,236

NOTES:

1 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the Conceptual Framework for Financial Reporting 2018 and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time which are relevant to the Group:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised HKFRSs are described below:

Conceptual Framework for Financial Reporting 2018

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

Amendments to HKFRS 3 Definition of a Business

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 July 2020. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 and HKAS 8 Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective, which may be relevant to the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2[1]
Amendments to HKAS 1	Classification of liabilities as current or non-current[3, 4]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023.

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion.

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

Amendments to HKFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 July 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 July 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had interest-bearing bank borrowing denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate as at 30 June 2021. If the interest rate of this borrowing is replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of this borrowing when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to this change.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 July 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 July 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.

- HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

3 REVENUE

The principal activities of the Group are investment in securities, securities broking and margin financing, provision of financial advisory services, money lending, other securities related financial services and leasing of investment properties.

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Commission and fee income		
– securities, options, funds, futures and commodities brokerage	**28,323**	19,942
– underwriting and placements in equity capital markets	**4,542**	6,142
– corporate finance	**23,274**	44,153
– asset management	**33**	510
– miscellaneous fee income	**4,810**	4,227
	60,982	74,974
Revenue from other sources		
Interest income arising from financial assets at amortised cost		
– bank deposits	**896**	4,068
– margin and cash clients	**5,664**	4,673
– loans	**14,461**	20,421
– others	**60**	160
	21,081	29,322
Interest income arising from debt securities	**1,552**	3,494
Dividend income	**3,487**	1,923
Rental income	**2,915**	3,061
	29,035	37,800
	90,017	112,774

BROKING SERVICES

The Group provides broking services to customers on securities, options, funds, futures and commodities trading. Commission income from broking services is determined at a certain percentage of the transaction value of the trades executed and is recognised as income on the date the trades are executed. Normal settlement terms are one or two days after trade date, unless specifically agreed with counterparties.

CAPITAL MARKET SERVICES

The Group provides underwriting and placing services to customers, the revenue is recognised at a point in time. The service fee is charged when the relevant underwriting, sub-underwriting or financial products arrangement activities are completed.

CORPORATE FINANCE SERVICES

The Group provides sponsor, financial and compliance advisory services to customers. During the year, the revenue for sponsor and financial advisory services are recognised over time or at a point in time, while for compliance advisory services is recognised over time.

For sponsor services, the Group considers that all the services promised in a particular contract of being a sponsor are interdependent and interrelated and should be therefore accounted for as a single performance obligation. For the contracts that provide the Group an enforceable right to payment for performance completed to date, the sponsor fees are recognised over time by measuring the progress using the output method and estimating the percentage of completion by key tasks performed to date. For other sponsor contracts, as it is unlikely that a customer can obtain benefit before the Group completes all its services up to listing or the completion of the underlying transaction and since the contracts do not provide the Group an enforceable right to payment for performance completed up to date, the sponsor fees are recognised at a point in time upon listing or when the underlying transactions are completed. Payments are received by installments in accordance to the completion of milestones as specified in the mandate.

For certain advisory services, as the Group provides services and the customers simultaneously receives and consumes the benefit provided by the Group, the fee is recognised over time. For other advisory services of which the performance obligations are fulfilled when all the relevant duties of the Group as stated in the contract are completed, the fee is recognised at a point in time.

ASSET MANAGEMENT SERVICES

Asset management services to customers are recognised over time as the Group provides asset management services and the customers simultaneously receives and consumes the benefit provided by the Group. The asset management income is charged at a fixed percentage per annum of the asset value of the accounts under management of the Group.

MISCELLANEOUS FEE INCOME

The Group provides services in securities, futures and options trading and customer's account handling. Miscellaneous fee including handling and other services fee income, which are recognised when the transaction are executed and services are completed.

TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMERS

The Group applied the practical expedient for contracts either with original expected duration less than one year and did not disclose the aggregate amount of transaction price allocated to performance obligations of the broking, capital market, corporate finance and asset management services that are unsatisfied (or partly unsatisfied). The performance fee arising from asset management services which are constrained as at 30 June 2021 has been excluded from the transaction price and hence not disclosed. For the year ended 30 June 2021, there was no revenue recognised (2020: Nil) from performance obligations satisfied (or partially satisfied) in previous periods.

DISAGGREGATION OF REVENUE

The following illustrates the disaggregated revenue information of the Group's revenue from contracts with customers:

For the year ended 30 June 2021

Segments	Brokerage and financing	Corporate finance and capital markets	Asset management	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Type of services					
Brokerage service	28,323	–	–	–	28,323
Capital market service	–	4,542	–	–	4,542
Corporate finance service	–	23,274	–	–	23,274
Asset management service	–	–	33	–	33
Other services	3,556	–	–	1,254	4,810
Total revenue from contracts with customers	31,879	27,816	33	1,254	60,982
Geographical markets					
Hong Kong	29,049	27,816	33	1,254	58,152
The People's Republic of China (the "PRC")	3	–	–	–	3
Other countries	2,827	–	–	–	2,827
Total revenue from contracts with customers	31,879	27,816	33	1,254	60,982
Timing of revenue recognition					
Services transferred at a point in time	31,879	13,707	–	–	45,586
Services transferred over time	–	14,109	33	1,254	15,396
Total revenue from contracts with customers	31,879	27,816	33	1,254	60,982

For the year ended 30 June 2020

Segments	Brokerage and financing *HK$'000*	Corporate finance and capital markets *HK$'000*	Asset management *HK$'000*	Others *HK$'000*	Total *HK$'000*
Type of services					
Brokerage service	19,942	–	–	–	19,942
Capital market service	–	6,142	–	–	6,142
Corporate finance service	–	44,153	–	–	44,153
Asset management service	–	–	510	–	510
Other services	2,984	–	–	1,243	4,227
Total revenue from contracts with customers	22,926	50,295	510	1,243	74,974
Geographical markets					
Hong Kong	20,396	50,295	510	1,243	72,444
The People's Republic of China (the "PRC")	225	–	–	–	225
Other countries	2,305	–	–	–	2,305
Total revenue from contracts with customers	22,926	50,295	510	1,243	74,974
Timing of revenue recognition					
Services transferred at a point in time	22,926	39,367	–	–	62,293
Services transferred over time	–	10,928	510	1,243	12,681
Total revenue from contracts with customers	22,926	50,295	510	1,243	74,974

4 NET GAIN/(LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 ***HK$'000***	2020 *HK$'000*
Listed equity securities	**46,912**	8,597
Listed debt securities	**(383)**	(6,029)
Listed derivatives	**(3,501)**	(2,260)
Exchange traded funds	**461**	(614)
Unlisted debt security	**186**	(351)
Unlisted investment loan	**5,823**	(4,714)
Unlisted investment funds	**721**	1,080
Overseas unlisted equity securities	**37,055**	(2,593)
	87,274	(6,884)

5 SEGMENT REPORTING

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

Proprietary investment	:	Investment in securities for treasury and liquidity management, and structured deals including listed and unlisted equities, debt securities and investment funds
Property investment	:	Investment in properties for receiving rental income and capital appreciation
Brokerage and financing	:	Provision of securities, options, funds, futures and commodities brokerage services, margin and other financing, factoring 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 service

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that share of (losses)/profits of associates and changes on non-controlling interests in consolidated investment fund are excluded from such measurement, and the segment assets are measured consistently with the Group's total assets except that inter-company balances are excluded from such measurement. 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. Segment liabilities are not presented as they are not regularly reviewed by senior management.

	2021						
	Proprietary investment *HK$'000*	Property investment *HK$'000*	Brokerage and financing *HK$'000*	Corporate finance and capital markets *HK$'000*	Asset management *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segmental income statement							
Commission and fee income	–	–	31,879	27,816	33	1,254	60,982
Interest income arising from financial assets at amortised cost	48	650	20,366	16	1	–	21,081
Interest income arising from debt securities	1,552	–	–	–	–	–	1,552
Other income	3,487	2,915	–	–	–	–	6,402
Inter-segment revenue	–	–	1,700	–	982	28,086	30,768
Segment revenue	5,087	3,565	53,945	27,832	1,016	29,340	120,785
Net gain on financial assets and liabilities at fair value through profit or loss	87,059	–	29	–	–	186	87,274
Other income and gain or losses	102	–	(2,306)	13	–	3,885	1,694
Eliminations	–	–	(1,700)	–	(982)	(28,086)	(30,768)
	92,248	3,565	49,968	27,845	34	5,325	178,985
Segment results	67,813	(4,660)	(14,056)	(3,118)	(7,442)	(1,261)	37,276
Share of losses of associates	–	(938)	(77)	–	–	–	(1,015)
Changes on non-controlling interests in consolidated investment fund	(2,341)	–	–	–	–	–	(2,341)
Profit before tax							33,920
Segment assets							
Segment assets	375,469	98,132	1,132,802	34,690	10,240	329,017	1,980,350
Eliminations							(5,521)
Total assets							1,974,829
Other segmental information							
Depreciation	6	709	59	44	494	11,090	12,402
Addition to non-current assets*	–	–	10	–	4,449	210	4,669
Net impairment losses on financial instruments	–	–	17,501	1,020	–	–	18,521
Commission expenses	1,178	–	6,932	416	–	–	8,526
Finance costs	184	–	1,679	–	25	963	2,851

* Addition to non-current assets consists of additions to property and equipment.

	2020						
	Proprietary investment *HK$'000*	Property investment *HK$'000*	Brokerage and financing *HK$'000*	Corporate finance and capital markets *HK$'000*	Asset management *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segmental income statement							
Commission and fee income	–	–	22,926	50,295	510	1,243	74,974
Interest income arising from financial assets at amortised cost	503	304	27,446	652	–	417	29,322
Interest income arising from debt securities	3,494	–	–	–	–	–	3,494
Other income	1,923	3,061	–	–	–	–	4,984
Inter-segment revenue	5	–	1,213	–	1,035	33,404	35,657
Segment revenue	5,925	3,365	51,585	50,947	1,545	35,064	148,431
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	(6,909)	–	25	–	–	–	(6,884)
Other income and gain or losses	922	1	3,491	12	(2)	(1,426)	2,998
Eliminations	(5)	–	(1,213)	–	(1,035)	(33,404)	(35,657)
	(67)	3,366	53,888	50,959	508	234	108,888
Segment results	(23,271)	(8,487)	(17,018)	15,405	(708)	(2,559)	(36,638)
Share of profits/(losses) of associates	–	(200)	732	–	–	–	532
Changes on non-controlling interests in consolidated investment fund	1,047	–	–	–	–	–	1,047
Loss before tax							(35,059)
Segment assets							
Segment assets	321,656	104,774	1,184,072	37,273	9,347	355,869	2,012,991
Eliminations							(16,878)
Total assets							1,996,113
Other segmental information							
Depreciation	7	1,207	115	44	9	12,119	13,501
Addition to non-current assets*	–	–	7	30	5,714	4,908	10,659
Net impairment losses on financial instruments	(376)	–	19,343	506	–	(7)	19,466
Commission expenses	1,176	–	5,281	–	–	–	6,457
Finance costs	326	35	2,245	–	–	1,481	4,087

* Addition to non-current assets consists of additions to investment properties, property and equipment, intangible assets, goodwill and interests in associates.

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 loans to and amount due from associates, loan receivables, other assets, financial assets at FVTPL and deferred tax assets), based on the location of assets.

	Revenue		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**77,974**	96,437	**407,273**	434,484
PRC	**8,566**	13,317	**45,756**	45,074
Others	**3,477**	3,020	**1,090**	2,028
	90,017	112,774	**454,119**	481,586

6 PROFIT/(LOSS) BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on:		
– unsecured bank loans wholly repayable within one month and overdrafts	**9**	520
– secured bank loans wholly repayable within one year	**2,546**	1,175
– other accounts payable	**–**	1,556
– others	**189**	695
– lease liabilities	**107**	141
	2,851	4,087
(b) Net impairment losses on financial instruments:		
Accounts, loans and other receivables	**18,026**	19,518
Bank balances and cash-trust accounts	**–**	(45)
Other assets subject to ECL	**495**	(7)
	18,521	19,466

	2021	2020
	HK$'000	*HK$'000*
(c) Staff costs, including directors' remuneration:		
Salaries and other allowances	**59,424**	64,531
Less: Government grants*	**(3,562)**	(712)
	55,862	63,819
Pension costs – defined contribution plan	**1,340**	1,414
	57,202	65,233
(d) Other items:		
Depreciation	**12,402**	13,501
Lease payments not included in the measurement of lease liabilities	**620**	171
Auditors' remuneration	**3,257**	3,124
Impairment loss on goodwill	**4,293**	–
Impairment loss on intangible assets	**731**	–
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income	**–**	53
Loss on non-substantial modification of financial asset measured at amortised cost	**2,373**	–

* Government grant has been received for the Employment Support Scheme to provide time-limited financial support to employers to retain employees who may otherwise be made redundant. The government grant received has been deducted from the salaries and other allowances to which they relate. The Group is required to undertake and warrant that they will not implement redundancies during the subsidy period and spend all the wages subsidies on paying salaries to their employees.

7 INCOME TAX EXPENSES

	2021	2020
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	**2,460**	1,313
– PRC	**496**	1,474
	2,956	2,787
Overprovision in prior years	**(44)**	(109)
Deferred tax	**50**	3,301
	2,962	5,979

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current and prior years. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25%.

8 DIVIDENDS

Dividends paid and payable to owners of the Company attributable to the year

	2021	2020
	HK$'000	*HK$'000*
Interim dividend paid of 1.5 HK cents per share (2020: 2 HK cents per share (after share consolidation))	**10,792**	14,255
Final dividend proposed after the end of the reporting period of 1.5 HK cents per share (2020: 1 HK cent per share (after share consolidation))	**10,792**	7,128
	21,584	21,383

9 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:

	2021	2020
	HK$'000	*HK$'000*
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	**31,758**	(40,934)
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**715,749,698**	706,393,209

On 26 November 2020, the Company completed the share consolidation on the basis that every ten (10) issued and unissued existing shares are consolidated into one (1) consolidated share. As a result, the loss per share in last year was restated.

10 ACCOUNTS, LOANS AND OTHER RECEIVABLES

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Accounts and loan receivables			
Amounts due from brokers and clearing houses	*(a)*	**76,213**	210,700
Amounts due from margin clients	*(b)*	**28,738**	27,970
Amounts due from cash clients	*(c)*	**125,636**	46,523
Loan receivables	*(d)*	**135,225**	157,486
Other accounts receivable	*(e)*	**2,460**	2,527
		368,272	445,206
Less: Impairment allowances		**(41,812)**	(24,267)
		326,460	420,939
Less: Non-current portion		**(7,619)**	(14,989)
		318,841	405,950
Prepayments, deposits and other receivables		**15,623**	7,811
Less: Impairment allowances		**(1,931)**	(2,069)
		13,692	5,742
		332,533	411,692

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 amount due from a broker of HK$15,728,000 (2020: HK$9,920,000) was pledged as collateral 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. The amounts due from margin clients are repayable on demand and bear interest at commercial rates. As at 30 June 2021, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$79 million (2020: HK$46 million). As at 30 June 2021 and 2020, the market value of collateral held by a substantial number of our margin clients was larger than their outstanding loan balance. The Group provided additional impairment against several margin clients with value of collateral held which was below the outstanding balance of their margin loans. As a result, the Group provided accumulated impairment losses of HK$18 million (2020: HK$9 million) as at 30 June 2021. Management monitors the market value of collateral during the reviews of the adequacy of the impairment allowances. The fair value of collateral can be objectively ascertained to cover the outstanding amount of the loan balances based on quoted prices of the collateral.

(c) There are no credit terms granted to cash clients of the brokerage division except for 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) Loan receivables comprise fixed-rate loan receivables of HK$68 million (2020: HK$82 million) and factoring receivables of HK$67 million (2020: HK$75 million), and accumulated impairment allowances of HK$23 million (2020: HK$14 million) as at 30 June 2021. The credit terms for loans granted by the Group's brokerage and financing division are determined by management with reference to the financial background and the value and nature of collateral pledged by the borrowers. The loan receivables are mainly secured by personal/corporate guarantee and trade receivables. The contractual maturity date of the loan receivables is normally within one year.

(e) 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 loan receivables net of impairment losses based on invoice/advance/trade date/contractual maturity date is as follows:

	2021	2020
	HK$'000	*HK$'000*
Current and within one month	**300,421**	403,785
More than one month and within three months	**–**	137
More than three months	**26,039**	17,017
	326,460	420,939

Included in the above table, loan receivables of approximately HK$87,715,000 and HK$24,838,000 (2020: HK$139,630,000 and HK$3,522,000) were aged within one month and more than three months respectively.

The movements in the allowance for impairment losses for accounts and loan receivables of the Group were as follows:

	Amounts due from brokers and clearing houses	**Amounts due from margin clients**	**Amounts due from cash clients**	**Loan receivables**	**Other accounts receivable**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2019	5	31	18	6,589	3,072	9,715
Impairment losses recognised	1	9,322	22	7,745	506	17,596
Amounts written off as uncollectible	–	–	–	–	(3,044)	(3,044)
At 30 June 2020 and 1 July 2020	**6**	**9,353**	**40**	**14,334**	**534**	**24,267**
Impairment losses recognised	**–**	**8,512**	**6**	**8,338**	**962**	**17,818**
Amounts written off as uncollectible	**–**	**–**	**–**	**–**	**(273)**	**(273)**
At 30 June 2021	**6**	**17,865**	**46**	**22,672**	**1,223**	**41,812**

11 ACCRUALS, ACCOUNTS AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Accounts payable (on demand or within one month)		
Amounts due to brokers and clearing houses	**8,151**	36
Clients' accounts payable	**713,599**	837,413
Others	**10,151**	8,464
	731,901	845,913
Other creditors, accruals and other provisions	**36,990**	37,702
	768,891	883,615

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

12 SHARE CAPITAL AND SHARE PREMIUM

The movements in the Company's issued share capital are as follow:

	Number of shares in issue	Issued capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 July 2019	7,014,469,674	70,145	359,075	429,220
Scrip dividend issued	113,145,288	1,131	4,639	5,770
At 30 June 2020 and 1 July 2020	7,127,614,962	71,276	363,714	434,990
Share consolidation	(6,414,853,466)	–	–	–
Scrip dividend issued	6,691,372	669	2,028	2,697
At 30 June 2021	719,452,868	71,945	365,742	437,687

During the years ended 30 June 2020 and 2021, the movements in share capital were as follows:

On 23 January 2020, the Company issued 113,145,288 new shares at HK$0.051 on each issued share for the distribution of the scrip dividend declared for 2019 final dividend.

On 26 November 2020, the Company completed the share consolidation on the basis that every ten (10) issued and unissued existing shares are consolidated into one (1) consolidated share. The authorised share capital of the Company was HK$1,000,000,000 divided into 100,000,000,000 existing shares with a par value of HK$0.01 each before the share consolidation. After the share consolidation, the authorised share capital of the Company became HK$1,000,000,000 divided into 10,000,000,000 consolidated shares with a par value of HK$0.1 each. There was no changes on the amount of issued share capital.

On 19 January 2021, the Company issued 6,691,372 new shares at HK$0.403 on each consolidated issued share for the distribution of the scrip dividend declared for 2020 final dividend.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

MANAGEMENT DISCUSSION AND ANALYSIS

THE MARKET

The COVID-19 pandemic caused a sharp correction in the Hong Kong stock market in the first half year of 2020. The Hang Seng Index ("HSI") fell to a 3-years low of 21,139 in March 2020. Subsequently, the global governments implemented aggressive fiscal and monetary policies which stabilised the stock market sentiment. The announcement of the first successful vaccine testing in November 2020 stimulated market expectations for economic recovery. At the same time, the secondary listing of US-listed Chinese companies in Hong Kong creating a new upsurge in the Hong Kong IPO market. The stock market rebounded from September 2020 and the HSI reached 31,183 in February 2021. In early 2021, China launched antitrust investigations on some large internet companies and strengthened industry supervision. As a result, high-valuation technology stocks fell from their peak levels. Conversely, the performance of large financial stocks has improved, supporting the performance of the HSI. The HSI closed at 28,878 at the end of June 2021, compared with 24,427 at the end of June 2020 and 27,231 at the end of December 2020.

The average monthly aggregate turnover on the Main Board and GEM Board increased by 68% to HK$3,378 billion during the year ended 30 June 2021 ("FY2021"), as compared with HK$2,011 billion for the year ended 30 June 2020 ("FY2020"). Daily trading hit a new record above the HK$350 billion level in February 2021. Investors' strong interest in buying technology stocks was the main cause of the increase in market turnover. The technology sector accounted for 30% of the total trading in Hong Kong during the first half of 2021. Although Ant Group suspended its IPO listing in November 2020, four sizeable Chinese technology companies listed in Hong Kong and raised a total of HK$123 billion in FY2021. The fund raised from IPOs on the Main Board surged by 57% and, amounted to HK$518 billion, in FY2021, as compared with HK$330 billion in FY2020.

FINANCIAL HIGHLIGHTS

The Group recorded a profit after tax of HK$31 million for FY2021, as compared to a loss of HK$41 million for FY2020. After taking into account the other comprehensive expense for the year, the Group recorded a total comprehensive income of HK$29 million for FY2021, as compared to a total comprehensive expense of HK$75 million for FY2020. The rents of Grade-A office building in Central have been declining since March 2019. The outbreak of COVID-19 at the beginning of 2020 has exacerbated the downward trend. The Group recognised a revaluation deficit, net of tax, of HK$7 million for FY2021, as compared with HK$33 million for FY2020.

Commission and fee income from our financial intermediary business was HK$61 million for FY2021, as compared with HK$75 million for FY2020. Interest income was HK$23 million for FY2021, as compared with HK$33 million for FY2020. Bank interest income decreased by HK$3 million when compared with last year, mainly due to the current low interest rate environment. Dividend and rental income was HK$6 million for FY2021, as compared with HK$5 million for FY2020. The aggressive monetary policies adopted by most governments and the progress of global COVID-19 vaccination program have boosted the global stock markets, leading to outstanding performance in our financial investments. The Group recorded a net gain on financial assets and liabilities at fair value through profit or loss of HK$87 million for FY2021, as compared with a loss of HK$7 million for FY2020. General and administrative expenses decreased by HK$1 million, from HK$107 million for FY2020 to HK$106 million for FY2021, which was mainly caused by the decrease in variable compensation related to the decrease in fee income and receipt of government subsidy on wage payments. The decrease was offset by the impairment loss of goodwill and intangible assets of HK$5 million provided for FY2021.

BUSINESS DEVELOPMENT

On 1 December 2016, the Group entered into a joint venture agreement with several joint venture partners to establish a joint venture company in Chongqing, the PRC. Subject to final approvals of the China Securities Regulatory Commission ("CSRC"), it is contemplated that the joint venture company will become a full-licensed securities company principally engaged in the provision of regulated securities brokerage services, securities underwriting and sponsor services, proprietary trading, securities and asset management and any other business approved by the CSRC in the PRC. Pursuant to the joint venture agreement, the Group will make a capital contribution of RMB330 million into the joint venture company, representing a 22% equity interest in the joint venture company. The joint venture agreement and transaction were approved by the company's shareholders at special general meeting held in February 2017. The JV company received an acknowledged receipt for the application from the CSRC on 28 December 2018. The Group received document request lists from the CSRC through the JV company and is now providing additional and updated information. If CSRC approved the application, the Group anticipates that the transaction will be fully financed by the Group's internal resources. The Group may dispose of certain listed equity and debt securities and call back part of the loans receivable to fulfill the investment cost of the joint venture. The performance of the brokerage and financing and proprietary investment segments will most likely be affected as a result of reallocation of financial resources.

BROKERAGE AND FINANCING

Total revenue of the division was HK$54 million for FY2021, compared with HK$52 million for FY2020. The average daily turnover increased by 70% to HK$165 billion for FY2021, as compared with HK$97 billion for FY2020. As a result, our brokerage commission income increased by HK$8 million to HK$28 million for FY2021, as compared with HK$20 million for FY2020.

The gross fixed-rate loans and factoring receivables amounted to HK$135 million as at 30 June 2021, as compared with HK$157 million as at 30 June 2020. Interest income from loan financing clients decreased by HK$6 million to HK$14 million for FY2021 from HK$20 million for FY2020. The economic and business environment of China and Hong Kong was extremely difficult after the onset of the pandemic. Hong Kong's GDP declined by 6.1% in 2020 and the unemployment rate peaked at 7.2% in February 2021, the highest in 17 years. With the unfavourable economic situation and volatile stock market, the accumulated provision for expected credit loss for the margin loans, fixed-rate loans and factoring receivables as at 30 June 2021 was HK$41 million, an increase of HK$17 million when compared with HK$24 million as at 30 June 2020. During the year, additional provision of HK$9 million was made against certain margin clients with collateral held below the amount of outstanding balance of margin loans. A fixed-rate loan client and two factoring loan clients failed to settle their outstanding loan amounts on time, hence, a provision of HK$8 million was provided.

CORPORATE FINANCE AND CAPITAL MARKETS

Total revenue of the division was HK$28 million for FY2021, as compared with HK$51 million for FY2020. During the year, the Group completed the listing of Zhixin Group Holding Limited, a company which manufactures and distributes building products, on the Main Board of the Stock Exchange. However, the progress of the due diligence of other IPO projects was affected by the quarantine measures caused by the pandemic, hence, the division focused on the advisory services provided for listed companies during the year.

Capital market remained lackluster in our target client segment and the division recognised underwriting and placement fee of HK$5 million for FY2021, as compared with HK$6 million for FY2020.

ASSET MANAGEMENT

Total revenue of the division was immaterial for FY2021 and FY2020. The division is now approaching several private equity funds and high net worth clients to provide assets management services to generate more revenue. The Group acquired a PRC asset management company and recognised a goodwill of HK$5 million in FY2020. China has adopted strict quarantine measures which has materially affected operations. Since we are in the initial stage of setting up a fund, this is a huge challenge for the division. The Group reassessed the business plan and profit forecast of the company and provided an impairment loss on the goodwill of HK$4 million. The Group is also exploring marketing Vietnam focused investment funds and setting up a new boutique investment fund in Hong Kong.

PROPRIETARY INVESTMENT

Total revenue of the division was HK$5 million for FY2021, as compared with HK$6 million for FY2020. After including net gain or loss on disposal of financial assets and liabilities at fair value through profit or loss, total income for the division was HK$92 million for FY2021, as compared to an expense of HK$1 million for FY2020. During FY2021, the HSI rose by 18% and reached 28,828 at the end of June 2021. As a result, the division recognised a trading gain of HK$47 million on listed equity securities for FY2021, as compared with HK$9 million for FY2020. The Group invested in a smart mobility company that develops leading L4 autonomous driving technologies in China. The investee completed two rounds of financing in 2021, and its valuation leaped to a higher level. The Group recorded a realised and unrealised trading gain of HK$33 million for this investment. The investment portfolio received bond interest and dividend income of HK$5 million for FY2021 and FY2020. The division reduced its proportion of investment in listed debt securities and exchange traded fund portfolio under the current low yield and high default risk environment.

As at 30 June 2021, the carrying value of the unlisted investments, listed securities and listed debt securities and exchange traded fund portfolio was HK$126 million, HK$151 million and HK$44 million respectively (30 June 2020: HK$83 million, HK$128 million and HK$58 million). The largest investment of the financial assets at fair value through profit or loss was an unlisted equity security which accounted for approximately 1.7% of the Group's consolidated total assets as at 30 June 2021. The Directors considered that investments with a fair value of more than 5% of the Group's consolidated total assets as a significant investment.

PROPERTY INVESTMENTS

Total revenue of the division was HK$4 million for FY2021, as compared with HK$3 million for FY2020. The rental income received from these properties provided stable cash inflow for the division. A revaluation deficit of HK$6 million for the investment properties was recognised for FY2021, as compared with HK$8 million for FY2020. Travel restriction and strict social distancing measures adversely affected the retail property market. Our shop in Hong Kong recognised a revaluation deficit of HK$5 million for FY2021, as compared with HK$4 million for FY2020. The revaluation deficit of our office property in China was fully offset by the strong rebound of the RMB, hence, the net deficit was minimal.

To date, the division holds a shop and a carpark in Hong Kong and an office property in China. In addition, the Group has invested in two associated companies which hold commercial properties in Japan.

OUTLOOK

With the emergence of new variants of the COVID-19 virus, even with accelerated vaccination programs globally, the various pandemic related restrictions are likely to stay. Currently there is no consensus on whether Hong Kong should adopt the "zero tolerance" or "live with the virus" approach, each of which will have very different impacts on the economies' recovery processes. The ongoing dispute between the two largest economies, the US and China, will create uncertainties to the local capital market. The timing of tightening of monetary policies globally will affect liquidity and put pressure on the markets which already have very high valuations. With the travel restrictions still in force, our corporate finance teams cannot reach their normal client base in China and other countries. We will therefore focus on asset management and proprietary investments in the coming quarters.

LIQUIDITY AND FINANCIAL RESOURCES

Total assets as at the end of June 2021 were HK$1,975 million, of which approximately 72% were current in nature. Net current assets were HK$469 million, accounting for approximately 47% of the net assets of the Group as at end of June 2021. The Group had cash and cash equivalents of HK$169 million as at end of June 2021, which was mainly denominated in Hong Kong dollars.

The Group generally finances its daily operations from internal resources. Total secured borrowings of HK$130 million as at the end of June 2021 were used to finance its investment portfolio and the IPO applications of its brokerage clients. The bank loans were denominated in Hong Kong dollars and charged at floating interest rate. The Group's gearing ratio was approximately 13% as at the end of June 2021. As at 30 June 2021, the office property with carrying value of HK$330 million was pledged to a bank as security for the banking facility.

Other than the indemnity provided to the Hong Kong Securities Clearing Co. Ltd., the Group had no other material contingent liabilities as at the end of June 2021. The Company provided corporate guarantees of HK$210 million for banking facilities granted to its subsidiaries.

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. Financial instruments may be used as part of the overall investment strategy if deemed necessary by the investment managers. The Group operates a factoring business and purchased properties in the PRC. 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 2021, the number of full time employees of the Group was 95 (2020: 103). 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 2021.

SECURITIES TRANSACTIONS BY DIRECTORS

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

FINAL DIVIDEND

The Board of Directors has proposed, subject to the approval of shareholders at the forthcoming Annual General Meeting on Wednesday, 24 November 2021, the payment of a final dividend of 1.5 HK cents per ordinary share for the year ended 30 June 2021 to shareholders whose names appear on the Register of Members of the Company on Friday, 3 December 2021, if approved, the final dividend will be paid on Wednesday, 19 January 2022.

Shareholders will be given the option to receive the proposed 2021 final dividend of 1.5 HK cents per share in new shares in lieu of cash (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of proposed 2021 final dividend at the 2021 Annual General Meeting; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Arrangement will be despatched to the Shareholders together with the form of election for scrip dividend in December 2021. Dividend warrants and share certificates in respect of the proposed 2021 final dividend are expected to be despatched to the Shareholders on 19 January 2022.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Register of Members of the Company will be closed from Friday, 19 November 2021 to Wednesday, 24 November 2021, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of the shareholders entitled to attend and vote at the 2021 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 Registrar, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), for registration not later than 4:30 p.m. on Thursday, 18 November 2021.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The Register of Members of the Company will be closed from Wednesday, 1 December 2021 to Friday, 3 December 2021 (both days inclusive) during which period no transfer of shares will be effected for the purpose of determining the entitlement to the final dividend. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, 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, 30 November 2021.

AUDIT COMMITTEE REVIEW

The Group's audited consolidated financial results for the year ended 30 June 2021 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

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 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Ernst & Young 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. Ernst & Young on the preliminary announcement.

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

During the year ended 30 June 2021, 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 2021

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, Elizabeth Law and Huanfei Guan as Independent Non-Executive Directors.