TANRICH FINANCIAL HOLDINGS LIMITED
敦沛金融控股有限公司*

Stock code: 812

2011 ANNUAL REPORT

* For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. YIP Man Fan *(Chairman)*
Mr. KWOK Kam Hoi *(Deputy Chairman & Chief Executive)*
Mr. TSUNOYAMA Toru
Ms. WONG, Vicky Lai Ping

Independent Non-executive Directors
Dr. LAM, Andy Siu Wing, JP
Mr. MA, Andrew Chiu Cheung
Mr. YU King Tin

AUDIT COMMITTEE

Dr. LAM, Andy Siu Wing, JP *(Chairman)*
Mr. MA, Andrew Chiu Cheung
Mr. YU King Tin

REMUNERATION COMMITTEE

Mr. YU King Tin *(Chairman)*
Dr. LAM, Andy Siu Wing, JP
Mr. MA, Andrew Chiu Cheung
Mr. TSUNOYAMA Toru
Ms. WONG, Vicky Lai Ping

AUTHORISED REPRESENTATIVE

Mr. KWOK Kam Hoi

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 812

WEBSITE

www.tanrich-group.com

Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Yip Man Fan, aged 58, is the chairman of the Company and the founder of the Group. Dr. Yip is also a director of certain subsidiaries of the Company, namely Tanrich Financial (Management) Limited, Tanrich Investment Management Limited, Tanrich Finance Limited, Tanrich Investments Limited, Tanrich Promotion Limited and Tanrich Properties Agency Limited. Dr. Yip has been in the securities and futures broking businesses for about 30 years. He is responsible for business development, corporate strategies and policies setting of the Group. Dr. Yip was awarded a doctoral degree in commerce (Honoris Causi) from The University of West Alabama in 2007. He also received the World Outstanding Chinese Award from United World Chinese Association in 2008. Dr. Yip was the past President of Lions Club of the Peak, Hong Kong. He also received the Melvin Jones Fellow award for dedicated Humanitarian Services of Lions Clubs International Foundation.

Mr. Kwok Kam Hoi, aged 59, is the deputy chairman and chief executive of the Company. Mr. Kwok is also a director of each subsidiary of the Company. He joined the Group in October 1995. He is responsible for business development, corporate strategies and policies setting of the Group. Mr. Kwok actively contributed to the Group's restructuring and business growth. Before joining the Group, he was a vice president of J.P. Morgan & Co., Incorporated where he has worked for 16 years. Mr. Kwok is a graduate of the Chinese University of Hong Kong in business management. He is also a member of the Hong Kong Securities Institute and a member of the financial and treasury services committee of the Hong Kong General Chamber of Commerce.

Mr. Tsunoyama Toru, aged 56, is an executive director of the Company and its subsidiaries, namely Tanrich Financial (Management) Limited, Tanrich Investment Management Limited, Tanrich Finance Limited, Tanrich Investments Limited, Tanrich Promotion Limited and Tanrich Properties Agency Limited. He joined the Group in May 1991 and is an advisor on the Japanese commodity futures activities of the Group. He has over 30 years' experience in the commodity futures field. Mr. Tsunoyama is a law graduate of Kyoto Sangyo University, Japan.

Ms. Wong, Vicky Lai Ping, aged 51, is an executive director of the Company. Ms. Wong joined the Group in 1990, is the head of the Group's human resources and administration division. She is responsible for human resources and administration policies setting, and has 29 years' experience in the area. Ms. Wong is also the head of the Group's corporate communications and customer relations divisions, responsible for implementing strategies in the realms of the Group's brand communications, corporate social responsibility and customer relations. Ms. Wong has been actively enhancing the brand awareness of the Group, and has assisted the Group to obtain the internationally recognized accreditations of ISO 9001 and ISO 10002 in the area of customer services. Ms. Wong holds a master's degree in business administration from the University of Leicester, U.K.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lam, Andy Siu Wing, JP, aged 60, has been an independent non-executive director of the Company since October 2001. Dr. Lam is an American Certified Public Accountant, a Certified Fraud Examiner, a Chartered Secretary and a Chartered Marketer. He holds a master's degree in business administration from Oklahoma City University, USA and a doctoral degree from The University of Bolton, UK. Dr. Lam has more than 20 years' experience in finance, corporate administration, marketing and strategic planning. He has been appointed by Hong Kong Government as a Justice of the Peace and sits on a number of boards and committees. Dr. Lam had served as a member of the Administrative Appeals Board, Urban Services Appeals Board, Board of Review (Inland Revenue Ordinance), Action Committee Against Narcotics, Chinese Medicine Practitioners Board, an adjudicator of Immigration Tribunal, Registration of Persons Tribunal and Obscene Articles Tribunal. Currently he is a member of the Hong Kong Housing Authority, a member of Chinese Medicine Council of Hong Kong, a member of Personalized Vehicle Registration Marks Vetting Committee, a member of Appeal Board on Public Meetings and Processions, and a member of panel of assessors for the disciplinary inquiry of the Medical Council of Hong Kong. Dr. Lam has also sat on the board of several listed companies in Hong Kong, Canada and the United States of America.

Mr. Ma, Andrew Chiu Cheung, aged 69, has been an independent non-executive director of the Company since April 2005. Mr. Ma is a founder and former director of Andrew Ma DFK (CPA) Limited. He is presently a director of Mayee Management Limited. He has more than 30 years' experience in accounting, auditing and finance. He received his bachelor's degree in economics from the London School of Economics and Political Science (University of London) in England. Mr. Ma is a fellow member of The Institute of Chartered Accountants in England & Wales, The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong. He is currently also an Independent Non-executive Director of Asia Financial Holdings Limited, Beijing Properties (Holdings) Limited, C.P. Pokphand Co. Ltd., China Resources Power Holdings Company Limited, Chong Hing Bank Limited and Asian Citrus Holdings Limited.

Mr. Yu King Tin, aged 45, has been an independent non-executive director of the Company since October 2004. Mr. Yu has 20 years' experience in the areas of auditing, taxation, financial management and advisory services. Mr. Yu is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Society of Registered Financial Planner. He holds a bachelor's degree in law from the Peking University and a master's degree in corporate finance from the Hong Kong Polytechnic University. He is currently one of the senior management in the finance department of a conglomerate in Hong Kong and has worked in various organisations, being the Inland Revenue Department, international CPA firms and a listed company in Hong Kong.

SENIOR MANAGEMENT

Mr. Chan, Andy Wai Kit, aged 37, is a Managing Director of Tanrich Capital Limited ("TCL") and is responsible for the business development and operation of TCL. Mr. Chan is a graduate of the Chinese University of Hong Kong and holds a bachelor's degree of social science in economics. Mr. Chan has over 10 years' experience in the field of corporate finance and investment banking. Prior to joining Tanrich Group in August 2006, he had worked in investment banks in the area of corporate finance advisory, IPOs, restructurings and merger and acquisitions. Mr. Chan is a Responsible Officer licensed and registered with the Securities and Futures Commission ("SFC").

Mr. Chan Lee Yeung, aged 62, is a Director of Tanrich Securities Company Limited ("TSCL"), Tanrich Wealth Management Limited and Tanrich Asset Management Limited ("TAML"), and a Responsible Officer of TSCL, TAML and Tanrich Futures Limited ("TFL"). Mr. Chan has been in the securities business for 39 years. He joined the Group in July 1991.

Mr. Chen Yu Xing, aged 46, is a Director of TCL and joined the Group in 2007. Mr. Chen has more than 18 years' management experience and expertise in the information technology industry. He joined T-Systems in 2001 as a senior executive manager in Switzerland and, starting from 2004, went on to hold several important positions in the company's international business, including deputy general manager of the division Systems Integration International, engagement manager for Asia and the U.S.A., program management officer of a global post merger integration project and director of mergers and acquisitions in China. Between 1991 and 2001, Mr. Chen worked as a senior manager in several Swiss firms in the information technology industry. Mr. Chen holds a bachelor's degree of computer sciences and a degree of executive master in business administration and engineering.

Mr. Chung Wai, aged 40, is a Managing Director of TCL. Mr. Chung is responsible for the business development and operation of TCL. Mr. Chung was graduated from York University, Canada. Mr. Chung has over 16 years' experience in the field of corporate finance and investment banking. Prior to joining the Group in May 2010, he had worked for several regional investment banks in the area of financial advisories, IPOs and mergers and acquisitions. Mr. Chung is a Responsible Officer licensed and registered with the SFC.

Mr. Lam, Dennis Che Chung, aged 40, is a Director of TAML, and is responsible for establishing the asset management business for the Group. Mr. Lam possesses over 10 years' experience in the finance industry. Before joining the Group in March 2008, Mr. Lam was the Portfolio Manager at Descartes Global Asset Management Limited and was responsible for managing a USD 15 million Pan Asia multi-strategy hedge fund. Mr. Lam was also a US Equity Trader in JadeFlex Inc., Hong Kong, where he was responsible for equity long/short trades in NYSE and NASDAQ. Prior to his working experience in Hong Kong, he was a risk manager at the Bank of Nova Scotia, Canada, specializing in fixed income derivative products, such as interest rates swaps, cross currency swaps, etc. He holds a bachelor's degree in operations research & industrial engineering from Cornell University, USA.

SENIOR MANAGEMENT *(Continued)*

Ms. Lau, Elaine Yim Ling, aged 49, is the Managing Director of TFL, and is focusing on developing commodity futures business and a variety of financial services. She also invests plenty of time on training staff because she recognizes that a well trained investment consultant team is of utmost importance for the ever growing of the Company. Ms. Lau has joined Tanrich since 1990. Over these past 20 years, she spared time on learning new ideas and attained two Master Degree respectively from Newport University, USA and the University of South Australia. She is now studying a Doctoral Degree in Huaqiao University, China. She has been invited by the Hong Kong ET Business College as a guest lecturer for teaching commodity and options. Her essay or writing can always be found on the popular financial magazine or newspaper.

Ms. Li Wai Kuen, aged 51, is a Managing Director and Responsible Officer of TCL. Before joining the Group in October 2002, Ms. Li worked for the Listing Division of the Stock Exchange of Hong Kong Limited, CEF Capital Limited, Yuanta Securities (Hong Kong) Company Limited and CSC Asia Limited. Ms. Li has 20 years' experience in the field of corporate finance and holds a master's degree in business administration from York University, Canada.

Mr. Nip Yiu Chuen, aged 43, is the Head of Operations of the Group, a Director of TFL and a Responsible Officer of TSCL and TFL. He is responsible for the management and development of dealing and operations of the Company. Mr. Nip has 20 years' financial experience particularly in securities and derivatives trading and operations. Prior to joining the Group in 2008, he was the Chief Operating Officer and Responsible Officer of Nanhua Futures (Hong Kong) Co., Limited and was responsible for establishing and managing the operations departments in Hong Kong. He was a Hong Kong Futures Exchange floor trader at Vickers Ballas Hong Kong Limited.

Mr. Tse Wai Chor, aged 40, is a Director of Tanrich Properties Agency Limited ("TPAL") and is responsible for merging and acquiring properties companies and development project of TPAL. He joined the Group in May 2007 and has more than 18 years' experience and expertise in the property development and agency industry. Mr. Tse holds a bachelor's degree of business administration from Hong Kong Baptist University. He is now a candidate of a master's degree in finance of Jinan University.

Chairman's Statement

Motivated by two decades of excellence in the financial markets, Tanrich has commenced a new decade in a decidedly strong manner. During the year under review, the Group was able to achieve robust overall business growth with turnover rising by a significant 61% to HK$109.6 million *(2010: HK$68.1 million)*. Such an exceptional achievement was due to the improving performance of many of our divisions, including wealth management, brokerage and margin financing, insurance and proprietary trading. Even though financial markets around the world continued to encounter extreme volatility, owing to such factors as the European debt crisis, slow global economic growth, and earthquake in Japan, Tanrich was able to leverage 20 years of solid experience to overcome the challenges presented. Through sound judgment, we had strengthened our risk management structure and seized on opportunities that developed in the wake of the financial turmoil, turning unfavorable conditions to our advantage.

During the year under review, our focus was directed towards securities broking, expanding beyond retail customers to include corporate clients and professional investors across the region, consequently increasing the size and capability of our sales force to realize this objective. Not neglecting retail investors, we had continued to host a number of investor conferences and seminars, allowing them to obtain the latest market intelligence so that they can make informed sound investment decisions.

With growing trading activity, the turnover of Group's wealth management, brokerage and margin financing operations increased by 55.3% to HK$59.8 million compared to HK$38.5 million reported for the same period last year. In an effort to enhance our performance still further, we had instigated a number of measures during the review year, such as seeking cooperative arrangements with potential overseas businesses in the areas of insurance broking and asset management, and continuing to upgrade our system platforms in order to provide the most preferred trade and settlement services to our customers. What is more, the Group had allocated resources to recruitment, training and development programs, underpinning its commitment to the professional and personal wellbeing of staff.

We are pleased to report that good progress was made in our insurance and corporate finance businesses as well, having extended our geographical presence and thus enabling the Group to secure more transactions along with bolstering relations with our business partners.

Looking ahead, various key global financial issues such as the deepening European Sovereign Debt Crisis and worsening US debt problem could continue to unsettle the financial markets. At Tanrich, we will further strengthen our risk management efforts and take a more prudent investment approach amid global volatility.

Conversely, we anticipate opportunities emerging as a result of continual economic growth in Mainland China, as well as the Central Government's support of Hong Kong in an effort to establish the SAR as an offshore RMB center as outlined in its 12th Five-Year Plan. In line with such developments, we will be exploring new business prospects by diversifying our products to include RMB-related insurance and investment products.

Nonetheless, other opportunities are anticipated to arise via the Employee Choice Arrangement ("ECA"), which will be implemented in mid-2012. Given that the Group has been a registered MPF intermediary as of 2010, it will be able to directly capitalize on ECA-related business activity.

We expect that the synergies generated among our different business segments will lead to further growth in our Group's turnover. With a solid foundation in Hong Kong and commitment to penetrating the Mainland China market, we aim to realize our objective of becoming a *"Financial Supermarket – Regional I-Bank"*. We are confident that Tanrich will achieve still greater breakthroughs, leading to long-term value creation for our stakeholders.

At this time, I would like to express my appreciation to the board of directors for their tireless efforts over the past year. I wish to also extend my sincere gratitude to our management and staff, business partners and customers for enabling Tanrich to commence a new decade on a highly positive note.

Yip Man Fan
Chairman

Hong Kong, 27 September 2011

BUSINESS REVIEW

With the Group's commitment to strive to become a "*Financial Supermart – Regional I-Bank*" as it prepares to mark its 20th anniversary, offering one-stop comprehensive quality financial services in the region, the effort has paid off this year as overall business has demonstrated a strong improvement performance trend.

The Group recorded a surge in turnover of HK$109.6 million *(2010: HK$68.1 million)* and a turnaround in profit before tax of HK$5.7 million *(2010: loss of HK$32.7 million)*. The net assets of the Group as at 30 June 2011 increased to HK$268.8 million accordingly *(2010: HK$222.4 million)*.

Wealth management, brokerage and margin financing

During the reporting period, concerns over global economic growth and the Eurozone sovereign debt continued to cast a shadow over financial markets. Fears over the worsening debt crisis in Greece and other European countries and some disappointing US economic data unsettled investors.

While challenging times still lay ahead, the Hong Kong stock market remained active and upside factors are beginning to appear in the Asia market – growing economies in Mainland China, continued support from China's Central Government as seen in the 12th Five-Year Plan, setting up an offshore RMB centre, etc. We are pleased to see the promising growth of trade volume in the Hong Kong equity market despite the choppy global economic waters. During the financial year ended 30 June 2011, the average daily turnover of the Hong Kong stock market was HK$73.4 billion compared to HK$64.5 billion in the prior year.

The growing trading activities helped the Group to achieve a substantial increase in the business of securities brokerage and margin financing. Its wealth management team also reports a promising growth during the current financial year, with a significant contribution expected to be made by this division in the coming year(s). Segment turnover soared to HK$59.8 million *(2010: HK$38.5 million)*.

Insurance broking

During the current financial year, turnover generated from insurance broking increased substantially by 82% compared to last year to HK$20.2 million *(2010: HK$11.1 million)*. The percentage of segment loss on segment turnover was noted as 2.1% for the current financial year compared to 11.2% in the prior year, representing a significant decrease of 9.1 percentage points.

The insurance broking team has sustained its rapid pace of business development; and continued exploring suitable cooperating opportunities with overseas insurance business alliances to further diversify products offerings in order to meet the needs of a wider range of clientele.

Corporate finance

While the stock market remained active, a number of external factors had a negative impact on investor sentiment such as the devastating earthquake, tsunami and nuclear leakage in Japan and the deepening of the sovereign debt crisis in Europe.

This division managed to win IPO sponsor mandates during the reporting period. However, due to the uncertain market sentiment, two clients have withdrawn their IPO plans and another two have delayed the IPO schedule. Nevertheless, the segment loss during the current financial year decreased by 24% to HK$1.6 million *(2010: loss of HK$2.1 million)*.

BUSINESS REVIEW *(Continued)*

Asset Management

During the current financial year, the segment loss increased by 36% to HK$3.9 million *(2010: loss of HK$2.8 million)*.

Given that this division is still in the initial set-up stage with its re-activation last year, the team was making gradual progress in terms of business and product development. The team is still at the stage of exploring and identifying suitable cooperating opportunities with potential overseas clients on funds establishment and discretionary investment management services, therefore discretionary trading was reduced during the reporting period.

The Group is confident that the division will make a greater contribution moving forward, as it provides an ideal platform to generate new business that supports the Group's overall development.

Proprietary trading

The proprietary trading business achieved a turnaround for the year with turnover increasing to HK$22.7 million and recorded a profit of HK$22.1 million. The significant increase in turnover and the profit during the reporting period was attributed to the high volatility of the futures market.

Prospects

Though a number of unresolved key global financial issues cast shadows over financial markets, Hong Kong remains well-positioned as the international financial centre and core offshore RMB centre, therefore the stock market in the region should continue to meet challenges that may arise.

Within the local market, the implementation of the second phase of new trading hours to commence March 2012, and the possibility of after-hours futures trading may open up new opportunities for the Group. We'll continue to monitor the changing market environment for emerging opportunities.

In view of the growing number of Mainland investors putting money into overseas markets including Hong Kong, the Group will set up a new division at the end of September 2011. The unit will provide advisory services for supporting The Capital Investment Entrant Scheme (CIES) in order to expand its existing business as well as seize the opportunities from this growing group of customers.

Looking ahead, the Group will continue to pursue its business strategies, devoting efforts and dedicating more resources to strive to become a "*Financial Supermart - Regional I-Bank*".

Leveraging its strong foundation built over the past 20 years, the Group will continue to diversify its business, aiming to enhance the profitability and reduce the vulnerability at volatile times to achieve sustained development over the long term.

FINANCIAL REVIEW

Liquidity, financial resources and gearing ratio

As at 30 June 2011, the Group had total cash and bank balances including pledge deposits of HK$32.0 million *(2010: HK$44.9 million)*, while net current assets amounted to HK$118.5 million *(2010: HK$100.5 million)*. The current ratio as a ratio of current assets to current liabilities was 1.8 *(2010: 2.2)*.

The Group met its daily operating obligations from its internal resources. The finance costs were mainly incurred for margin financing business. To cope with the increasing demand in margin financing, the Group had bank overdrafts and short term bank borrowings of HK$110.3 million *(2010: HK$41 million)* at the end of the reporting period and resulting in gearing ratio of 41.0% *(2010: 18.4%)*. Gearing ratio represents the ratio of total borrowings to the total equity of the Group. The bank borrowings are subject to floating interest rates with reference to the costs of funds of the banks.

FINANCIAL REVIEW *(Continued)*

Banking facilities and charges on assets

As at 30 June 2011, the Group had aggregate banking facilities of HK$1.27 billion. The drawdown of certain banking facilities of HK$1.24 billion is subject to the market value of the marketable securities pledged and the margin deposits placed. The Group pledged certain investments in listed securities and other financial assets of HK$132.2 million for the facilities.

Material investments

The Group maintained its investments in 2 listed and 3 non-listed companies as disclosed in the Annual Report 2010. The Group did not make further provisions for such investments for the current financial year.

The associate of the Group, FundStreet AG ("FundSteet") has applied with the Swiss FINMA for a Swiss property fund in legal form of a SICAV to cope with the rebound in investment demand.

Unfortunately, the market did not resume as expected under the European Debt Crisis. In view of the current market condition, the management of FundStreet remained to be prudent that the related investment should be stated at its current value without further provision to be made. For the existing OTC fund, they raised new investment money in last year. Following a long period of sluggish demand from investors in Switzerland and other markets in Europe for private equity and other closed-end funds, it is also expected that the percentage of net management fee income will return to previous higher level.

Contingencies

The Group has no material contingent liabilities as at 30 June 2011.

Commitments

As at 30 June 2011, the Group had a capital commitment of approximately HK$88.7 million contracted but not provided for in the financial statements in relation to the potential acquisition of 60% issued share capital of Cheung Wan (Groups) Energy Development Limited.

The details of the transaction have been set out in the announcement of the Company dated 31 March 2011.

Exposure to fluctuations in exchange rates and related hedges

As at 30 June 2011, the Group has no material exposure to fluctuations in exchange rates.

EMPLOYEE

As at 30 June 2011, the Group had a total of 149 employees. The Group operates different remuneration schemes for account executives and other supporting staff respectively. Account executives are remunerated on the basis of on-target-earning packages comprising base pay and allowances, commission and/or bonus. All supporting and general staff are also entitled to the year-end and the performance discretionary bonuses. The Company has share option schemes under which the Company may grant options to eligible persons to subscribe for shares in the Company as a long-term incentive scheme.

The Group provides training programs for the staff to enhance their skills and knowledge in products, regulations and compliance. For the year under audit, the Group has conducted in-house training of 9 Continuous Professional Training hours for the licensed persons.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

Good corporate governance practices improve transparency of the Company, optimize the Company's performance, and help to create a corporate environment conducive to the efficient and sustainable growth. The Company strives to maintain a sound corporate governance system which could add value to the stakeholders and has complied with all the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited at the financial year end.

THE BOARD

The Board Composition

During the year, the Board comprised 7 Directors, including 4 Executive Directors and 3 Independent Non-executive Directors, namely:

Executive Directors:	Dr. Yip Man Fan *(Chairman)*
	Mr. Kwok Kam Hoi *(Deputy Chairman and Chief Executive)*
	Mr. Tsunoyama Toru
	Ms. Wong, Vicky Lai Ping
Independent Non-executive Directors:	Dr. Lam, Andy Siu Wing, JP
	Mr. Ma, Andrew Chiu Cheung
	Mr. Yu King Tin

The Board has a balance of skills and experience and details of the biography of each Director has been disclosed under the section "Directors and Senior Management" in this report. Directors were appointed for a specific term that Executive Directors were appointed for a period of 2 years and Independent Non-executive Directors were appointed for 1 year. At least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at least once every three years. The Company has arranged appropriate Directors and Officers' Insurance for their personal liability in their capacity as Directors and officers of the Company. In the current financial year, no legal actions were made against any of the Directors in relation to their duties performed for the Company.

The Board is responsible for directing the strategic objectives of the Group and overseeing the management of the business, with the ultimate goal of maximising the shareholders' value and long-term success of the Company while the day-to-day management of business and operations are delegated to the Chief Executive, respective Board committees and senior management of the Group.

Independent Non-executive Directors

To the best knowledge of the Directors, there is no any relationships among the Board members. The Company has received annual written confirmation from each Independent Non-executive Director of his independence to the Group and considers that all the Independent Non-executive Directors were acting independently throughout the financial year.

All of the Independent Non-executive Directors have appropriate professional qualifications and accounting and financial management expertise.

THE BOARD *(Continued)*

Board meetings

The Board meets regularly for discussing and determining the strategies of the Group, setting directions and monitoring the performance of the Group. Notice of not less than 14 days are given to all directors in writing for all regular meetings. Each Director can access to the advices and services of the Company Secretary and is invited to include any matters in the agenda of the regular meetings. Agenda and materials for discussion in the meetings are circulated to all Directors at least 3 days prior to the date of the meetings.

Directors, who have declared to have a conflict of interest in the proposed transactions or issues to be discussed, would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Senior Management may be invited to attend the meetings to make presentations and answer the Board's enquiries. All draft and finalised minutes of each meeting are circulated to all Directors for comment within reasonable time after the meeting has been held.

During the year, there were 4 regular board meetings held and the attendance of each Director is listed under the heading "ATTENDANCE SUMMARY" below on a named basis.

CHAIRMAN AND CHIEF EXECUTIVE

The position of the Chairman and Chief Executive of the Company are currently held by Dr. Yip Man Fan ("Dr. Yip") and Mr. Kwok Kam Hoi ("Mr. Kwok") respectively. The roles of Chairman and Chief Executive are segregated and there are no any relationships between Dr. Yip and Mr. Kwok. The duties of the Chairman and the Chief Executive are clearly established in writing. The Chairman provides leadership for the Board and ensures that there is clear division of responsibilities at the board level. The Chief Executive is responsible for overseeing the day-to-day management of the Company, supervising the businesses of the Group and ensuring that Board committees work smoothly and effectively. All Executive Directors including Mr. Kwok, without the Chairman's presence, meet with the department heads regularly to discuss and determine the business and operational issues.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix 10 (the "Model Code") to the Listing Rules at any time during the year. The Company has made specific enquiry with each Director and was confirmed that all Directors have complied with the required standard set out in the Model Code throughout the financial year. Employees and consultants who are privy to price sensitive information are required to follow the Model Code.

NOMINATION OF DIRECTORS

The Company does not have a nomination committee. The Board is responsible for all matters relating to the appointment of Directors, either to fill a casual vacancy or as an addition to the existing Board. The Board keeps reviewing the existing size and efficiency of the Board and identifies individuals suitably qualified in terms of expertise, knowledge and experience to become members of the Board when appropriate. The Board considers and deals with these matters in meeting and not by way of circulation of written resolutions. Any Director so appointed shall hold office only until the next annual general meeting and shall then be re-elected at that meeting in accordance with the Bye-laws of the Company.

During the year, the Board has reviewed the necessity to set up a nomination committee and concluded not to establish such at the current moment but will continue reviewing the need to establish a nomination committee regularly.

BOARD COMMITTEES

The Board has established different Board committees and has delegated to these committees various responsibilities set out in their respective terms of reference. All committees have been provided with sufficient resources to discharge their respective duties and all committee members may seek external professional advices, if necessary, at the costs of the Group.

Executive Committee

The Executive Committee comprises all Executive Directors. It is responsible for establishing, implementation and monitoring the Company's strategic plans and operations of all business units of the Company to achieve the long-term and short-term business goals of the Group. The Executive Committee meets from time to time as and when required and is accountable to the Board for the performance of all businesses. Minutes of all meetings of the Executive Committee were circulated among the Board and the businesses resolved in the Executive Committee meetings would be put forward and ratified at the next regular Board meeting.

The Executive Committee held 11 meetings during the year and the attendance of each member is listed under the heading "ATTENDANCE SUMMARY" below on a named basis.

Audit Committee

The Audit Committee comprises 3 Independent Non-executive Directors, namely Dr. Lam, Andy Siu Wing, JP, who acts as the chairman of the Audit Committee, Mr. Ma, Andrew Chiu Cheung and Mr. Yu King Tin.

The Board adopted terms of reference of the Audit Committee setting out its role and responsibilities. The duties of the Audit Committee include, inter alias, monitoring the integrity of financial statements and the accounting policies and practices, making recommendation to the Board on the appointment, re-appointment and removal of external auditors, reviewing the Company's financial controls, internal controls and risk management systems. All members of the Audit Committee are qualified accountants with extensive experience in financial management. The Audit Committee meets at least twice a year to discuss and review the internal control, the financial information and relevant matters. The proceedings of the Audit Committee meetings are the same as the Board meetings.

During the year, the Audit Committee has reviewed the audit/review planning memorandums and the results for the financial year ended 30 June 2010 and the interim period for the year ended 30 June 2011. The Audit Committee has also reviewed and followed up the findings and recommendations of the internal controls and management letter points made by our Internal Audit Department and the external auditor respectively.

Despite the removal of the requirement of a qualified accountant, a team of qualified accountants are maintained to ensure accuracy and timeliness of the financial reporting. The Audit Committee has reviewed the resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget at their meeting on 27 September 2011, and was satisfied with their adequacy and effectiveness.

The Audit Committee held 4 meetings during the year and the attendance of each member is listed under the heading "Attendance Summary" below on a named basis.

BOARD COMMITTEES *(Continued)*

Remuneration Committee

The Remuneration Committee comprised all the 3 Independent Non-executive Directors, namely Mr. Yu King Tin, who acts as the chairman, Dr. Lam, Andy Siu Wing, JP and Mr. Ma, Andrew Chiu Cheung, and two Executive Directors, namely Mr. Tsunoyama Toru and Ms. Wong, Vicky Lai Ping.

The responsibilities and authorities of the Remuneration Committee is clearly stated in its terms of reference, including but not limited to recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and the senior management and review and approval of the compensation package to the Executive Directors and the senior management. The Board together with the Remuneration Committee monitor the performance of the Executive Directors and the senior management. Such division of responsibilities ensures a balance of power. The Remuneration Committee shall meet at least once a year.

The Remuneration Committee has reviewed and approved the performance bonus policy to the Executive Directors and reviewed the remuneration package of all Directors and the senior management. Details of remuneration of each Director are disclosed in note 6 to the financial statements.

The Remuneration Committee held 3 meetings in the year and the attendance of each member is listed under the heading "Attendance Summary" below on a named basis.

Risk Control Committee ("RCC")

RCC comprises certain Executive Directors and the Financial Controller. RCC is responsible for establishing and reviewing credit policies and procedures to minimise the systematic and non-systematic credit and financial risks of the Group. RCC is also responsible for assess the risk of investments of non-daily businesses. RCC meets from time to time as and when necessary to make recommendations to the Board.

ATTENDANCE SUMMARY

The following table shows the attendance of each individual member of the Board and the board committees at the regular Board meetings, the respective board committee meetings and the annual general meeting held on 9 November 2010 ("2010 AGM") held during the financial year:

	Attendance/Number of meetings held				
Name of members of the Board/ the Board Committees	**Board meeting**	**Audit Committee meeting**	**Executive Committee meeting**	**Remuneration Committee meeting**	**2010 AGM**
Executive Directors:					
Dr. Yip Man Fan *(Chairman)*	4/4	N/A	11/11	N/A	1/1
Mr. Kwok Kam Hoi *(Deputy Chairman and Chief Executive)*	4/4	N/A	11/11	N/A	1/1
Mr. Tsunoyama Toru	4/4	N/A	11/11	3/3	1/1
Ms. Wong, Vicky Lai Ping	4/4	N/A	11/11	3/3	1/1
Independent Non-executive Directors:					
Dr. Lam, Andy Siu Wing, JP	4/4	4/4	N/A	3/3	1/1
Mr. Ma, Andrew Chiu Cheung	4/4	4/4	N/A	3/3	1/1
Mr. Yu, King Tin	3/4	3/4	N/A	3/3	1/1

CORPORATE COMMUNICATIONS

The Group has been devoted to maintaining effective communications with its Shareholders and the general public with an aim to improve the transparency of the Group and to provide them with channels to appraise the position of the Group. During the year, 2010 AGM was held and the notice of 2010 AGM was given to the Shareholders at least 20 clear business days before the meeting. The Chairman of the Board, the chairmen of the audit and remuneration committees and other all members of the Board were all present at 2010 AGM to answer the questions from Shareholders. Each substantially separate issue was dealt with in a separate resolution so that the Shareholders were able to apprehend the matter easily.

In addition, the senior management conducted luncheons with the media regularly. During the luncheons, our senior management would discuss with the media on the developments of the Group rendering the Shareholders and the general public have a better understanding of the businesses of the Group. The Group is endeavour to have interactive communications with the Shareholders.

SOCIAL RESPONSIBILITY

The Group has tried its best to perform its good corporate responsibility to contribute to society, and spared no effort, in community, education and environmental protection, for a positive impact on Hong Kong society. The Group's efforts have been recognized and rewarded by the society. This year is the fourth consecutive year in which the Group was awarded the "Caring Company" by the Hong Kong Council of Social Service and the second consecutive year in which the Group was awarded the "Heart to Heart Company" by the Hong Kong Federation of Youth Groups, in recognition of the Group's spirits of selfless dedication, caring and contribution to the community.

In the aspect of community, in addition to participating in Walk For Millions public service activities every year, raising funds for the Community Chest, the Group is more enthusiastic to participate in our voluntary work to service the community, and visited the elderly center together with students during the Spring Festival, showed our care and warmth to the elders.

In the aspect of education, the Group committed to invest more resources for cultivating future pillars of society and sponsored an orientation camp for the students at the Open University of Hong Kong this year to make the students to quickly adapt and put into campus life; the Group also sponsored the 2rd Shenzhen-Hong Kong-Macao-Taiwan University Students Creative Plan Championship, and provided financial training to the students from such four places, schooling comprehensive financial knowledge.

In the aspect of environmental protection, the Group became a member of the World Wide Fund for Nature in 2011, marking the Group's environmental work a step forward again. Moreover, the Group participated in tree planting activities in country areas with a group of secondary school students at the beginning of this year, encouraging support for environmental protection. Looking ahead, the Group will continue to implement environmental protection measures and environmental education, to create low-carbon living environment, and establish a sustainable society.

INTERNAL CONTROL

The Internal Audit Department ("IA") accompanying with the Legal & Compliance Department ("L&C"), are responsible to an adequate internal control system to facilitate effective and efficient operations, to protect the Group's assets and to ensure the accuracy and reliability of the financial information that the Company employs in its business or releases to the public. The Company conducts regular reviews of the effectiveness of the Group's internal controls. The scope of these reviews includes, amongst others, finance, operations, regulation compliance and risk management.

An Internal Audit Report and a Compliance Review Report were reviewed and considered by the Audit Committee on 27 September 2011. The compliance review covered the areas of regulatory compliance, internal control of operations and financial resources maintenance of the 6 major businesses of the Group, namely securities broking and margin financing, futures broking, wealth management, asset management, insurance agency and corporate finance services. The scope of internal audit covered the review of policies and procedures of internal functions, including accounting and financial, human resources and administration, corporate communications, customer relations, research and product development and legal and compliance, and the compliance of the respective procedures. No material exceptions have been noted and IA and L&C shall keep monitoring the follow up work of the minor deviations as stated in the Internal Audit Report and the Compliance Review Report.

REVIEW OF 2011 FINANCIAL STATEMENTS AND EXTERNAL AUDITOR

The Board acknowledges the responsibility for preparing the accounts which gives a true and fair view, appropriate accounting policies are selected and applied consistently and judgment and estimates were made prudently and reasonably on a going concern basis. It is the responsibility of the external auditor to form an independent opinion to be reported to Shareholders.

The Audit Committee has reviewed the financial statements for the year ended 30 June 2011 together with the auditor, Mazars CPA Limited ("Mazars").

The re-appointment of Mazars as the external auditor of the Group was approved by Shareholders at the 2010 AGM. The remuneration for audit service for the year ended 30 June 2011 was HK$920,000 respectively. Save as herein disclosed, no services have been rendered by Mazars other than the statutory audits during the financial year.

By order of the Board
Kwok Kam Hoi
Deputy Chairman and Chief Executive

Hong Kong, 27 September 2011

The Directors submit their report together with the audited financial statements of the Company and its subsidiaries for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 12 to the financial statements.

An analysis of the Group's performance for the year by business segment is set out in note 3 to the financial statements. The activities of the Group are mainly carried out in Hong Kong.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 30.

The Directors do not recommend the payment of a final dividend *(2010: Nil)*.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 31 to 32 and note 28 to the financial statements respectively.

As at 30 June 2011, the reserves of the Company available for distribution to Shareholders amounted to HK$53,791,000 *(2010: HK$66,989,000)*.

DONATIONS

During the year, the Group did not make any charitable and other donations *(2010:HK$6,000)*.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 10 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 26 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 96.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year ended 30 June 2011.

Directors' Report

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors:	Dr. Yip Man Fan *(Chairman)* Mr. Kwok Kam Hoi *(Deputy Chairman and Chief Executive)* Mr. Tsunoyama Toru Ms. Wong, Vicky Lai Ping
Independent Non-executive Directors:	Dr. Lam, Andy Siu Wing, JP Mr. Ma, Andrew Chiu Cheung Mr. Yu King Tin

In accordance with Bye-law 87 of the Company, Dr. Yip Man Fan, Mr. Tsunoyama Toru and Mr. Yu King Tin will, retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting ("AGM").

DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into or is proposing to enter into a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management are set out in the section "Directors and Senior Management" of this report.

CONNECTED TRANSACTIONS

During the year ended 30 June 2011, the Group had continuing connected transactions as defined under the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") but are exempted from all the reporting, announcement and independent shareholders' approval requirements under Chapter 14A.33(3)(b) of the Listing Rules. Details of these transactions are set out in note 30 to the financial statements.

RELATED PARTY TRANSACTIONS

The Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these transactions are set out in note 30 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as those disclosed under "CONNECTED TRANSACTIONS" and "RELATED PARTY TRANSACTIONS" above, no contracts of significance in relation to the Group's businesses to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2011, the interests of the Directors, the Chief Executive and their respective associates in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules were as follows:

Interests in long positions in the shares and underlying shares of the Company

Name of Directors	Number of ordinary shares held Personal interests	 Family interests	 Other interests	Number of underlying shares *(Note 3)*	Total
Dr. Yip Man Fan	57,484,000	30,000,000 *(Note 1)*	480,000,000 *(Note 2)*	–	567,484,000
Mr. Kwok Kam Hoi	16,000,000	–	–	8,000,000	24,000,000
Mr. Tsunoyama Toru	140,200,000	–	–	–	140,200,000
Ms. Wong, Vicky Lai Ping	7,780,000	–	–	–	7,780,000
Dr. Lam, Andy Siu Wing, JP	2,152,000	–	–	–	2,152,000
Mr. Ma, Andrew Chiu Cheung	2,152,000	–	–	–	2,152,000
Mr. Yu King Tin	2,142,000	–	–	–	2,142,000 *(Note 4)*

Notes:

1. Shares are held by Ms. Tang Yuk Lan, the spouse of Dr. Yip Man Fan.

2. Shares are held by discretionary trusts of which Dr. Yip Man Fan and members of his family are beneficiaries.

3. This interest represents the interests in the underlying shares in respect of share options granted by the Company to the Director of the Company as beneficial owner.

4. 50,000 Shares were sold by Mr. Yu King Tin on 30 September 2011.

Save as disclosed above, as at 30 June 2011, none of the Directors, the Chief Executives or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the "Share Option Schemes" below and in note 27 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouse or children under the age of 18 to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

Pre-Listing Share Option Scheme ("Pre-Listing Scheme")

The Pre-Listing Scheme was adopted on 7 January 2002. The summary of the Pre-Listing Scheme is as follows:

1. The purpose of the Pre-Listing Scheme is to enable the Company to grant share options to eligible persons as an incentive or reward for their contributions to the Group.

2. The participants of the Pre-Listing Scheme include any employee, executive or non-executive director or bona fide consultant of the Company or any of its subsidiaries.

3. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each participant in any 12-month period up to the date of the latest grant shall not exceed 1% of the issued share capital of the Company in issue, unless shareholders' approval has been obtained in general meeting.

4. Share options may be exercised in accordance with the terms of the Pre-Listing Scheme at any time during a period commencing one year from the date of grant of the option and expiring on the earlier of the last day of (i) a ten year period from the date of grant of the option or (ii) ten years from the adoption date.

5. A non-refundable consideration of HK$1 for the grant of each lot of options is required to be paid by each grantee upon acceptance of the option.

6. The subscription price of the shares shall be determined by the Board of Directors, but shall not be less than the higher of (i) the closing price of each share as stated in the Stock Exchange daily quotation sheet on the date of grant of the option; and (ii) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option.

7. The Pre-Listing Scheme will expire on the last day of ten years from the adoption date.

8. The total number of shares issueable upon exercise of the outstanding options is 8,000,000, which represents 0.68% of the existing issued share capital of the Company as at the year end date.

SHARE OPTION SCHEMES *(Continued)*

Pre-Listing Share Option Scheme ("Pre-Listing Scheme") *(Continued)*

Details of the share options outstanding as at 30 June 2011 which have been granted under the Pre-Listing Scheme are as follows:

	Number of shares issuable under the options						Closing price per share immediately before the grant date	Weighted average closing price per share immediately before the exercise date
	As at 01/07/2010	Exercised during the year	As at 30/06/2011	Subscription price	Grant date	Exercise Period		
	('000)	*('000)*	*('000)*	*HK$*			*HK$*	*HK$*
Directors:								
Mr. Kwok Kam Hoi	8,000	–	8,000	0.1800	22/02/2002	22/02/2003–07/01/2012	0.163	–
Mr. Tsunoyama Toru	3,440	(3,440)	0	0.1800	22/02/2002	22/02/2003–07/01/2012	0.163	0.900
Ms. Wong, Vicky Lai Ping	1,200	(1,200)	0	0.1800	22/02/2002	22/02/2003–07/01/2012	0.163	0.950
	2,000	(2,000)	0	0.1625	03/07/2006	03/07/2007–07/01/2012	0.163	0.950
	14,640	**(6,640)**	**8,000**					

Note: No share options were granted, cancelled or lapsed during the year.

SHARE OPTION SCHEMES *(Continued)*

Post-Listing Share Option Scheme ("Post-Listing Scheme")

The Post-Listing Scheme was adopted on 30 January 2004. The summary of the Post-Listing Scheme is as below:

1. The purposes of the Post-Listing Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, business associates and advisors and to promote the success of the Group.

2. The participants of the Post-Listing Scheme include all employees, executive or non-executive directors, consultants, business associates and advisors of the Company or any of its subsidiaries.

3. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each participant in any 12-month period up to the date of the latest grant shall not exceed 1% of the issued share capital of the Company in issue, unless shareholders' approval has been obtained in general meeting.

4. Share options may be exercised in accordance with the terms of the Post-Listing Scheme at any time during a period not less than one year and not more than ten years from the date of grant of the relevant option.

5. No consideration for the grant of an option is required to be paid upon acceptance of the option.

6. The exercise price for the shares shall be determined by the Board of Directors, but shall not be less than the highest of (i) the closing price of each share as stated in the Stock Exchange daily quotation sheet on the date of grant of the option; (ii) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares.

7. The Post-Listing Scheme will expire on 29 January 2014.

8. The total number of shares issueable upon exercise of outstanding options is 7,076,000, representing 0.60% of the existing issued share capital of the Company as at the date of this report.

SHARE OPTION SCHEMES *(Continued)*

Post-Listing Share Option Scheme ("Post-Listing Scheme") *(Continued)*

Details of the share options outstanding as at 30 June 2011 which have been granted under the Post-Listing Scheme are as follows:

	Number of shares issuable under the options									
	As at 01/07/2010 *('000)*	Granted during the year *('000)*	Exercised during the year *('000)*	Lapsed during the year *(Note 4)* *('000)*	As at 30/06/2011 *('000)*	Exercise price *HK$*	Grant date	Exercise Period	Closing price per share immediately before the grant date *HK$*	Weighted average closing price per share immediately before the exercise date *HK$*
Directors:										
Ms. Wong,	1,080	–	(1,080)	–	0	0.1675	27/04/2004	27/04/2005 – 26/04/2014	0.168	0.950
Vicky Lai Ping	2,000	–	(2,000)	–	0	0.1675	04/01/2007	04/01/2008 – 03/01/2017	0.165	0.950
	1,500	–	(1,500)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019	0.140	0.950
Dr. Lam, Andy	800	–	(800)	–	0	0.4600	01/06/2007	01/06/2008 – 31/05/2017	0.488	2.000
Siu Wing, JP	1,052	–	(1,052)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019	0.140	2.000
	300	–	(300)	–	0	0.2500	22/03/2010	22/03/2011 – 21/03/2020	0.249	2.000
Mr. Ma, Andrew	800	–	(800)	–	0	0.4600	01/06/2007	01/06/2008 – 31/05/2017	0.488	2.000
Chiu Cheung	1,052	–	(1,052)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019	0.140	2.000
	300	–	(300)	–	0	0.2500	22/03/2010	22/03/2011 – 21/03/2020	0.249	2.000
Mr. Yu King Tin	800	–	(800)	–	0	0.4600	01/06/2007	01/06/2008 – 31/05/2017	0.488	2.000
	1,052	–	(1,052)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019	0.140	2.000
	300	–	(300)	–	0	0.2500	22/03/2010	22/03/2011 – 21/03/2020	0.249	2.000
Continuous contract	14,800	–	(12,400)	–	2,400	0.1675	04/01/2007	04/01/2008 – 03/01/2017	0.165	1.071
employees	840	–	(840)	–	0	0.3900	06/11/2007	06/11/2008 – 05/11/2017	0.385	0.850
	800	–	(800)	–	0	0.1150	12/12/2008	12/12/2009 – 11/12/2018	0.115	0.600
	1,500	–	(1,500)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019	0.140	0.850
	2,400	–	(2,400)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019 *(Note 1)*	0.140	1.603
	1,368	–	(912)	–	456	0.1305	14/05/2009	14/05/2010 – 13/05/2019 *(Note 2)*	0.140	1.278
	1,620	–	(860)	(440)	320	0.1405	14/05/2009	14/05/2010 – 13/05/2019 *(Note 3)*	0.140	1.114
	2,000	–	(2,000)	–	0	0.2610	29/01/2010	29/01/2011 – 28/01/2020	0.243	1.100
	–	1,200	–	–	1,200	0.8880	04/01/2011	04/01/2012 – 03/01/2021	0.840	–
Consultants/Advisors	600	–	(600)	–	0	0.1675	27/04/2004	27/04/2005 – 26/04/2014	0.168	1.110
	4,000	–	(4,000)	–	0	0.1675	04/01/2007	04/01/2008 – 03/01/2017	0.165	1.118
	4,000	–	(1,300)	–	2,700	0.7500	14/08/2007	14/08/2008 – 13/08/2017	0.760	2.000
	2,700	–	(2,700)	–	0	0.1305	14/05/2009	14/05/2010 – 13/05/2019	0.140	1.116
	2,400	–	(2,400)	–	0	0.2610	29/01/2010	29/01/2011 – 28/01/2020	0.243	0.990
Total	**50,064**	**1,200**	**(43,748)**	**(440)**	**7,076**					

Notes:

1. These options vest in 2 tranches, the first half on 14 May 2010 and the remaining half on 14 May 2011.

2. These options vest in 3 tranches, the first one-third on 14 May 2010, the second on 14 May 2011 and the balance 14 May 2012.

3. These options vest in 3 tranches, the first one-third on 14 May 2010, the second on 14 May 2011 and the balance 14 May 2012.

4. Share options had lapsed in accordance with the terms and conditions of the Post-Listing Scheme following the resignation of employees.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the persons (other than directors and chief executives of the Company whose interests or short positions have been disclosed above) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are as follows:

Name of shareholders	*Note*	Number of ordinary shares held	Approximate % of holding
Aceland Holdings Ltd.	1, 2 & 4	480,000,000	40.70%
Redwood Pacific Limited	2 & 4	480,000,000	40.70%
Bank of East Asia (Trustees) Limited	3 & 4	480,000,000	40.70%
Ms. Tang Yuk Lan	5	567,484,000	48.12%

Notes:

1. Aceland Holdings Ltd. is the trustee of The Yip Unit Trust, which holds 40.70% of the shareholdings of the Company.

2. Redwood Pacific Limited is the trustee of The Yip Man Fan Unit Trust, which holds 100% of those units in The Yip Unit Trust.

3. Bank of East Asia (Trustees) Limited is the trustee of The Yip Man Fan Family Trust, which holds 99.99% of the units in The Yip Man Fan Unit Trust.

4. Under Part XV of the SFO, each of Redwood Pacific Limited, and Bank of East Asia (Trustees) Limited is taken to have an interest in the same 480,000,000 ordinary shares held by Aceland Holdings Ltd., on trust for The Yip Unit Trust. These shares therefore duplicate each other.

5. Ms. Tang Yuk Lan is the spouse of Dr. Yip Man Fan. Under Part XV of the SFO, each of Dr. Yip Man Fan and Ms. Tang Yuk Lan is taken to have an interest in the shares held by each other. These shares therefore duplicate each other.

Save as disclosed above, as at 30 June 2011, the Company has not been notified of any substantial shareholders (other than directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda that would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

Income from the Group's five largest customers in aggregate contributed to less than 30% of the Group's total income during the year.

Contracts with the five largest suppliers of the Group combined by value which are not of a capital nature, contributed to less than 30% in value of supplies purchased during the year.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

AUDITOR

The financial statements have been audited by Mazars CPA Limited, who retire and, being eligible, offer itself for re-appointment in the forthcoming AGM.

By order of the Board
Kwok Kam Hoi
Deputy Chairman and Chief Executive

Hong Kong, 27 September 2011

MAZARS

To the shareholders of
Tanrich Financial Holdings Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Tanrich Financial Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 30 to 95, which comprise the consolidated and the Company's statements of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 September 2011

Fung Shiu Hang
Practising Certificate number: P04793

Consolidated Statement of Comprehensive Income

Year ended 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Turnover and revenue	2	**109,636**	68,147
Other revenue	4	**9,484**	7,320
Employee benefit expenses	5	**(57,316)**	(47,739)
Depreciation and amortisation		**(2,055)**	(1,896)
Brokerage and agency commission		**(20,629)**	(10,688)
Other operating expenses		**(31,866)**	(46,209)
Finance costs	5	**(1,199)**	(1,210)
Share of results of an associate	13	**(369)**	(399)
Share of results of jointly controlled entities	14	**(20)**	(34)
Profit (Loss) before tax	5	**5,666**	(32,708)
Income tax expense	7	**(1,091)**	(753)
Profit (Loss) for the year		**4,575**	(33,461)
Other comprehensive income (loss) for the year			
Exchange difference on translation of financial statements of foreign subsidiaries and associate		**781**	137
Available-for-sale financial assets			
Fair value gain released on disposal		**(585)**	–
Change in fair value		**29,594**	(2,359)
		29,790	(2,222)
Total comprehensive income (loss) for the year		**34,365**	(35,683)
Profit (Loss) for the year attributable to:			
Equity holders of the Company	8	**4,596**	(33,455)
Non-controlling interests		**(21)**	(6)
		4,575	(33,461)
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		**34,386**	(35,677)
Non-controlling interests		**(21)**	(6)
		34,365	(35,683)
Earnings (Loss) per share			
– Basic (HK cents)	9	**0.40**	(2.97)
– Diluted (HK cents)	9	**0.39**	(2.97)

Consolidated Statement of Changes in Equity

Year ended 30 June 2011

		Attributable to equity holders of the Company									
	Note	Share capital HK$'000	Investment revaluation reserve HK$'000	Share premium HK$'000	*Capital reserve HK$'000	Share options reserve HK$'000	Foreign exchange reserve HK$'000	Retained earnings (Accumulated losses) HK$'000	Total reserve HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2009		56,263	90,249	57,078	40,836	536	360	12,146	201,205	43	257,511
Loss for the year		–	–	–	–	–	–	(33,455)	(33,455)	(6)	(33,461)
Exchange difference on translation of financial statements of foreign subsidiaries and associate		–	–	–	–	–	137	–	137	–	137
Available-for-sale financial assets Change in fair value		–	(2,359)	–	–	–	–	–	(2,359)	–	(2,359)
Other comprehensive loss for the year		–	(2,359)	–	–	–	137	–	(2,222)	–	(2,222)
Total comprehensive loss for the year		–	(2,359)	–	–	–	137	(33,455)	(35,677)	(6)	(35,683)
Issue of shares under share option schemes	*26(ii)*	240	–	318	–	–	–	–	318	–	558
Issue of bonus shares	*26(iii)*	56,383	–	(56,383)	–	–	–	–	(56,383)	–	–
Non-controlling interests arising from business combination		–	–	–	–	–	–	–	–	12	12
Total transactions with owners		56,623	–	(56,065)	–	–	–	–	(56,065)	12	570
At 30 June 2010		112,886	87,890	1,013	40,836	536	497	(21,309)	109,463	49	222,398

Consolidated Statement of Changes in Equity

Year ended 30 June 2011

	Note		Attributable to equity holders of the Company									
		Share capital	Investment revaluation reserve	Share premium	*Capital reserve	Share options reserve	Warrants reserve	Foreign exchange reserve	Retained earnings (Accumulated losses)	Total reserve	Non-controlling interests	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2010		112,886	87,890	1,013	40,836	536	–	497	(21,309)	109,463	49	222,398
Profit for the year		–	–	–	–	–	–	–	4,596	4,596	(21)	4,575
Exchange difference on translation of financial statements of foreign subsidiaries and associate		–	–	–	–	–	–	781	–	781	–	781
Available-for-sale financial assets												
Fair value gain released on disposal		–	(585)	–	–	–	–	–	–	(585)	–	(585)
Change in fair value		–	29,594	–	–	–	–	–	–	29,594	–	29,594
Other comprehensive income for the year		–	29,009	–	–	–	–	781	–	29,790	–	29,790
Total comprehensive income for the year		–	29,009	–	–	–	–	781	4,596	34,386	(21)	34,365
Issue of shares under share option scheme	*26(ii)*	5,039	–	5,066	–	–	–	–	–	5,066	–	10,105
Issue of unlisted warrants	*28(iv)*	–	–	–	–	–	2,000	–	–	2,000	–	2,000
Acquisition of additional interest in subsidiaries from non controlling interests		–	–	–	–	–	–	–	–	–	(28)	(28)
Total transactions with owners		5,039	–	5,066	–	–	2,000	–	–	7,066	(28)	12,077
At 30 June 2011		117,925	116,899	6,079	40,836	536	2,000	1,278	(16,713)	150,915	–	268,840

* The capital reserve of the Group represents the difference between the nominal value of the shares issued by the Company for the acquisition of the subsidiaries and the nominal value of the ordinary shares of these subsidiaries in issue as at 30 June 2001 which were converted into deferred non-voting share capital on 11 January 2002.

Consolidated Statement of Financial Position

At 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	*10*	**2,304**	2,860
Intangible assets	*11*	**210**	170
Interests in an associate	*13*	**1,183**	1,237
Interests in jointly controlled entities	*14*	**937**	957
Available-for-sale financial assets	*15*	**124,217**	97,457
Other financial assets	*16*	**17,406**	15,579
Other non-current assets	*17*	**3,500**	3,500
Loans and advances	*18*	**536**	165
		150,293	121,925
Current assets			
Loans and advances	*18*	**1,871**	3,049
Financial assets at fair value through profit or loss	*19*	**28,913**	31,262
Accounts receivable	*20*	**202,810**	101,766
Deposits, prepayments and other receivables	*21*	**7,003**	4,398
Pledged deposits	*22*	**–**	500
Cash and bank balances	*22*	**32,033**	44,362
		272,630	185,337
Current liabilities			
Bank overdrafts	*22*	**7,816**	–
Interest-bearing borrowings	*23*	**102,500**	41,000
Accounts payable	*24*	**29,415**	28,840
Other payables and accrued charges		**12,680**	14,271
Tax payable		**1,672**	753
		154,083	84,864
Net current assets		**118,547**	100,473
NET ASSETS		**268,840**	222,398
Capital and reserves			
Share capital	*26*	**117,925**	112,886
Reserves		**150,915**	109,463
Total equity attributable to equity holders of the Company		**268,840**	222,349
Non-controlling interests		**–**	49
TOTAL EQUITY		**268,840**	222,398

Approved and authorised for issue by the Board of Directors on 27 September 2011

Kwok Kam Hoi
Director

Tsunoyama Toru
Director

Statement of Financial Position

At 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Interests in subsidiaries	*12*	**206,141**	180,105
Available-for-sale financial assets	*15*	**93,293**	70,184
Other financial assets	*16*	**17,406**	15,579
		316,840	265,868
Current assets			
Financial assets at fair value through profit or loss	*19*	**6,829**	8,435
Deposits, prepayments and other receivables	*21*	**148**	1,884
Cash and bank balances		**2,153**	251
		9,130	10,570
Current liabilities			
Interest-bearing borrowings	*23*	**61,500**	34,000
Other payables and accrued charges		**466**	450
		61,966	34,450
Net current liabilities		**(52,836)**	(23,880)
NET ASSETS		**264,004**	241,988
Capital and reserves			
Share capital	*26*	**117,925**	112,886
Reserves	*28*	**146,079**	129,102
TOTAL EQUITY		**264,004**	241,988

Approved and authorised for issue by the Board of Directors on 27 September 2011

Kwok Kam Hoi
Director

Tsunoyama Toru
Director

Consolidated Statement of Cash Flows

Year ended 30 June 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Profit (Loss) before tax	**5,666**	(32,708)
Depreciation and amortisation	**2,055**	1,896
Gain on disposal of available-for-sale financial assets	**(2,762)**	(31)
Allowance for bad and doubtful debts, net	**71**	809
Provision for impairment loss on available-for-sale financial assets	**–**	109
Provision for impairment loss on interests in an associate	**–**	1,942
Share of results of an associate	**369**	399
Share of results of jointly controlled entities	**20**	34
Exchange difference on other financial assets	**22**	(79)
Interest income	**(1,862)**	(1,538)
Interest expenses	**1,199**	1,210
Dividend income	**(3,301)**	(3,653)
Changes in working capital:		
Other non-current assets	**–**	(1,500)
Loans and advances	**785**	632
Unlisted debt investments	**(18,440)**	–
Investments held for trading	**20,789**	4,775
Accounts receivable	**(101,093)**	6,447
Deposits, prepayments and other receivables	**(2,605)**	1,395
Short-term loan for margin financing	**61,500**	10,000
Accounts payable	**575**	11,056
Other payables and accrued charges	**(1,606)**	4,459
Cash (used in) generated from operating activities	**(38,618)**	5,654
Hong Kong Profits Tax paid	**(172)**	(88)
Interest received	**1,862**	1,538
Interest paid	**(1,199)**	(1,210)
Net cash (used in) from operating activities	**(38,127)**	5,894

Consolidated Statement of Cash Flows

Year ended 30 June 2011

	Note	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES			
Dividend received		**3,301**	3,653
Acquisition of additional interests in subsidiaries		**(28)**	–
Acquisition of subsidiary	*31*	**(85)**	–
Payments made on total return swap agreement		**(1,849)**	–
Proceeds from disposal of available-for-sale financial assets		**5,011**	7,821
Purchase of available-for-sale financial assets		**–**	(7,790)
Purchase of property, plant and equipment		**(1,439)**	(1,537)
Net cash from investing activities		**4,911**	2,147
FINANCING ACTIVITIES			
Issue of share capital, net of expenses		**10,105**	558
Issue of shares in subsidiary to non-controlling interests		**–**	12
Issue of unlisted warrants		**2,000**	–
Net cash from financing activities		**12,105**	570
Net (decrease) increase in cash and cash equivalents		**(21,111)**	8,611
Cash and cash equivalents at beginning of year		**44,862**	36,132
Effect on exchange rate changes		**466**	119
Cash and cash equivalents at end of year	*22*	**24,217**	44,862

CORPORATE INFORMATION

Tanrich Financial Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

1. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2010 consolidated financial statements except for the adoption of the following new/revised HKFRSs effective from the current year that are relevant to the Group. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of new/revised HKFRSs

Amendments to HKFRS 2: Group Cash-settled Share-based Payment Transactions

The Amendments incorporate the guidance in HK(IFRIC) – Int 8: *Scope of HKFRS 2* and HK(IFRIC) – Int 11: *HKFRS 2 – Group and Treasury Share Transactions*. In addition to this, the Amendments provide further guidance on the accounting for share-based payment transactions among group entities. It states that the entity receiving the goods or services should recognise the transaction as an equity-settled share-based transaction only if:

- the awards granted are its own equity instruments; or

- it has no obligation to settle the transaction.

In all other circumstances, the entity should measure the transaction as a cash-settled share-based payment. The adoption of the Amendments does not have a significant impact to the Group.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised HKFRSs *(Continued)*

Improvements to HKFRSs 2009

Improvements to HKFRSs 2009 contain improvements to a number of Standards aiming to remove inconsistencies and clarify wording in the Standards.

- Amendments to HKAS 1 (Revised): *Current/non-current classification of convertible instruments*
  The Amendments clarify that the terms of a liability that could result, at any time, in its settlement by the issue of equity instruments at the option of the counterparty do not affect its classification.

- Amendments to HKAS 36: *Unit of accounting for goodwill impairment test*
  The Amendments clarify that the largest unit permitted for allocating goodwill acquired in a business combination for impairment testing is an operating segment, as defined in HKFRS 8 before aggregation for reporting purposes.

- Amendments to HKFRS 8: *Disclosure of information about segment assets*
  The Amendments clarify that the disclosure of segment assets is required only if that measure is regularly reported to the chief operating decision maker.

The adoption of the Improvements does not have a significant impact to the Group.

Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 contain improvements to the following Standards effective from the current year that are relevant to the Group.

- Amendments to HKFRS 3 (Revised): *Un-replaced and voluntarily replaced share-based payment awards*
  The Amendments clarify that the application guidance in HKFRS 3 (Revised) applies to all unexpired share-based payment awards that form part of a business combination, regardless of whether the acquirer is obliged to replace the award.

- Amendments to HKAS 27 (Revised): *Transition requirement for amendments arising as a result of HKAS 27*
  The Amendments clarify that the consequential amendments to HKAS 21, HKAS 28 and HKAS 31 in relation to the loss of significant influence or joint control in the investments should be applied prospectively.

The adoption of the Improvements does not have a significant impact to the Group.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from owners of the Company. For each business combination, the non-controlling interest in the acquiree is measured initially either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary is recognised on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary is accounted for as a financial asset, associate, jointly controlled entity or others as appropriate from the date when control is lost.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Subsidiaries

A subsidiary is an entity in which the Group has the power to govern the financial and operating policies so as to obtain benefit from its activities.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less impairment losses. The carrying amounts of the investments are reduced to their recoverable amount on an individual basis. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group's investment in associate is accounted for under the equity method of accounting. The consolidated statement of comprehensive income includes the Group's share of the post-acquisition results of the associate for the year. The consolidated statement of financial position includes the Group's share of the net assets of the associate and also goodwill. The Group discontinues recognising its share of further losses when the Group's share of losses of the associate equals to or exceeds the carrying amount of its interests in the associate, which includes any long term interests that, in substance, form part of the Group's net investment in the associate.

The financial information of the associate has been prepared using accounting policies in conformity with the accounting policies adopted by the Group.

Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Jointly controlled entities

The Group's investment in jointly controlled entity is accounted for under the equity method of accounting. The consolidated statement of comprehensive income includes the Group's share of the post-acquisition results of the jointly controlled entity for the year. The consolidated statement of financial position includes the Group's share of the net assets of the jointly controlled entity and also goodwill.

The financial information of jointly controlled entities have been prepared using accounting policies in conformity with the accounting policies adopted by the Group.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary. Goodwill arising on an acquisition of an associate or a jointly controlled entity is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or jointly controlled entity.

Goodwill on acquisition of a subsidiary is recognised as a separate asset. Goodwill on acquisitions of associates or jointly controlled entities is included in interests in associates or jointly controlled entities. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

In respect of a subsidiary, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as a bargain purchase. In respect of an associate or a jointly controlled entity, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately as income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis and depreciated separately.

Leasehold improvements	Over the unexpired term of lease
Furniture, fixtures and office equipment	20%
Computer equipment	$33^1/_3$%

Other intangible assets

The Group holds two trading rights on the Stock Exchange and two trading rights on The Hong Kong Futures Exchange Limited (the "Futures Exchange"). One trading right on the Stock Exchange was purchased during the year ended 30 June 2003 while the remaining three trading rights are recorded at zero book value. The useful life of the trading right acquired in 2003 is estimated to be ten years, and its cost is amortised over the estimated useful life on a straight line basis. The carrying value of this trading right is reviewed for impairment annually or more frequently when there is indication that the carrying value may not be recoverable.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset. A financial liability is derecognised only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss. Where available, the Group measures the fair value of such financial assets using quoted prices in an active market. If the market for such financial assets are not active, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. A gain or loss shall be recognised after initial recognition only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at fair value through profit or loss if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Loans and receivables

Loans and receivables including accounts and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. They are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is transferred to profit or loss. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

Impairment of financial assets

At each end of the reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Objective evidence of impairment for a portfolio of receivables could include Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the receivables is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the accounts receivable and loans receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, such as held-to-maturity investments and other financial assets, an impairment loss is recognised in profit or loss where there is objective evidence that the asset is impaired and is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

When an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss, is transferred from equity to profit or loss. Impairment losses recognised in profit or loss in respect of available-for-sale financial instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

Financial liabilities

The Group's financial liabilities include accounts and other payables and interest-bearing borrowings. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within other payables and accrued charges at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated). Subsequently, it is measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that is required to settle the commitment at the end of the reporting period.

Trust accounts

Trust accounts maintained by the Group to hold clients' monies are treated as off-statement of financial position items and offset against accounts payable.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Commission income on dealing in securities, futures contracts and options is recognised on the transaction dates when the contracts are executed.

Commission income on sale of unit trusts and insurance-linked products is recognised in the period when services are rendered.

Corporate finance advisory fees are recognised when the services are rendered and on the basis of the stage of completion of each individual project.

Insurance agency fees are recognised when the services are rendered.

Net income from sale of investments held for trading and futures contracts is recognised on the transaction date for realised profit or loss whilst the unrealised profits or losses are recognised from valuation at the end of the reporting period.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position and, where applicable, goodwill arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation presented are translated at the closing rate at the date of that end of the reporting period;

- Income and expenses for each statement of comprehensive income are translated at average exchange rate;

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity. On disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

Impairment of non-financial assets

At each end of the reporting period, the Group reviews internal and external sources of information to determine whether its property, plant and equipment, intangible assets, investments in subsidiaries and associate and other non-current assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset is capitalised as part of the cost of that assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior the contributions are vested fully in those employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Long service payment

The Group's net obligation in respect of long service payment under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, and other persons, including consultants, advisors and agents etc., receive remuneration in the form of share-based payment transactions, whereby they rendered services in exchange for share options. The cost of such transactions is measured by reference to the fair value of share options at grant date. The fair value of share options granted to these persons is recongised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the Black-Scholes Pricing Model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of equity-settled transactions is expensed, together with a corresponding increase in equity, over the years in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting period"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, with a corresponding adjustment to the reserve within equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of goodwill, or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, associate and jointly controlled entities, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A party is related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the accounts receivable. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers are to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required. At the end of the reporting period, the carrying amount of accounts receivable after provision for impairment amounted to HK$202,810,000 *(2010: HK$101,766,000).*

Impairment of investments and receivables

The Group assesses annually if investments in subsidiaries, associate and jointly controlled entities has suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the entities and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

	Effective for accounting periods beginning on or after
HKAS 24 (Revised): *Related Party Disclosures*	1 January 2011
Amendments to HK(IFRIC) – Int 14: *Prepayments of a Minimum Funding Requirement*	1 January 2011
Amendments to HKFRS 1 (Revised): *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
Amendments to HKFRS 7: *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to HKAS 12: *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to HKAS 1 (Revised): *Presentation of Items of Other Comprehensive Income*	1 July 2012
HKFRS 9: *Financial Instruments*	1 January 2013
HKAS 19 (2011): *Employee Benefits*	1 January 2013
HKAS 27 (2011): *Separate Financial Statements*	1 January 2013
HKAS 28 (2011): *Investments in Associates and Joint Ventures*	1 January 2013
HKFRS 10: *Consolidated Financial Statements*	1 January 2013
HKFRS 11: *Joint Arrangements*	1 January 2013
HKFRS 12: *Disclosure of Interests in Other Entities*	1 January 2013
HKFRS 13: *Fair Value Measurement*	1 January 2013

The Group has already commenced an assessment of the impact on these new and revised HKFRSs but is not yet in a position to reasonably estimate their impact on its results of the Group.

2. TURNOVER AND REVENUE

The principal activities of the Group comprise:

- broking index, commodity and currency futures, options and securities, agency services for unit trusts and insurance-linked products for its clients;
- provision of margin financing, corporate finance advisory services, asset management services, insurance agency services and money lending;
- trading in listed securities on the Stock Exchange, equity index, currency and commodity futures contracts on the Futures Exchange or overseas exchanges on its own account.

	2011	2010
	HK$'000	HK$'000
Brokerage commission:		
– securities dealing	**35,904**	25,180
– futures and options dealing	**7,603**	6,340
– distribution of unit trusts and insurance-linked products	**7,539**	845
Advisory and insurance agency fees:		
– fund advisory	**400**	816
– corporate finance and advisory	**6,275**	20,080
– insurance agency	**20,238**	11,134
Interest income:		
– securities margin financing	**8,754**	6,175
– loans and advances	**271**	299
Proprietary trading:		
– net results from proprietary trading under a managed account	**636**	73
– net results from proprietary trading in listed securities	**(657)**	1,068
– net results from proprietary trading in futures contracts	**22,673**	(3,863)
	109,636	68,147

3. SEGMENT INFORMATION

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments.

Business segments

The Directors consider wealth management, brokerage and margin financing, insurance agency, corporate finance, asset management, money lending and proprietary trading are the Group's major operating segments. The principal activities of these divisions are as follows:

Wealth management, brokerage and margin financing	Provision of brokerage services in trading in securities, futures contracts and options and margin financing services, and distribution of unit trusts, MPF products, mutual funds and insurance-linked products
Insurance agency	Provision of insurance agency and broking services
Corporate finance	Provision of corporate finance advisory services
Asset management	Provision of asset management services
Money lending	Provision of corporate and personal financing services
Proprietary trading	Proprietary trading in securities on the Stock Exchange, listed equity index futures contracts on the Futures Exchange and index, currency and commodity futures contracts on overseas exchanges

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

	2011							
	Wealth management, brokerage and margin financing HK$'000	Insurance agency HK$'000	Corporate finance HK$'000	Asset Management HK$'000	Money lending HK$'000	Proprietary trading HK$'000	Other operations HK$'000	Consolidated HK$'000
Turnover and revenue	59,800	20,238	6,275	400	271	22,652	–	109,636
Brokerage and agency commission	(2,265)	(17,565)	–	–	–	(799)	–	(20,629)
Results	(1,560)	(431)	(1,580)	(3,857)	(581)	22,104	563	14,658
Unallocated expenses, represented central administration costs								(11,323)
Gain on disposal of available-for-sale financial assets								2,762
Finance costs								(42)
Share of results of an associate								(369)
Share of results of jointly controlled entities								(20)
Income tax expense								(1,091)
Profit for the year								4,575

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

	2010							
	Wealth management, brokerage and margin financing HK$'000	Insurance agency HK$'000	Corporate finance HK$'000	Asset Management HK$'000	Money lending HK$'000	Proprietary trading HK$'000	Other operations HK$'000	Consolidated HK$'000
Turnover and revenue	38,540	11,134	20,080	816	299	(2,722)	–	68,147
Brokerage and agency commission	(564)	(9,397)	–	(63)	–	(664)	–	(10,688)
Results	(12,051)	(1,251)	(2,054)	(2,838)	(287)	(2,658)	1,665	(19,474)
Unallocated expenses, represented central administration costs								(10,697)
Gain on disposal of available-for-sale financial assets								31
Provision for impairment loss on available-for-sale financial assets								(109)
Provision for impairment loss on interests in an associate								(1,942)
Finance costs								(84)
Share of results of an associate								(399)
Share of results of jointly controlled entities								(34)
Income tax expense								(753)
Loss for the year								(33,461)

4. OTHER REVENUE

	2011 HK$'000	2010 HK$'000
Dividend income	**3,301**	3,653
Interest income	**1,862**	1,538
Management fee income	**960**	960
Gain on disposal of available-for-sale financial assets	**2,762**	31
Exchange gain, net	**–**	122
Sundry income	**599**	1,016
	9,484	7,320

5. PROFIT (LOSS) BEFORE TAX

	2011 HK$'000	2010 HK$'000
This is stated after charging:		
(a) Finance costs		
Interest expenses for securities broking and margin financing wholly repayable within five years	**1,176**	910
Interest expenses for money lending	**–**	130
Interest expenses for other businesses	**20**	86
Other interest expenses	**3**	84
	1,199	1,210
(b) Employee benefit expenses		
Salaries, commission and allowances	**56,187**	46,800
Contributions to retirement benefit schemes *(Note 29)*	**1,129**	939
	57,316	47,739
(c) Other operating expenses include:		
Auditor's remuneration	**920**	920
Operating lease payments on premises	**7,546**	6,990
Allowance for bad and doubtful debts		
– Accounts receivable	**49**	614
– Loans and advances	**22**	44
– Other receivables	**–**	151
Provision for impairment loss on available-for-sale financial assets	**–**	109
Provision for impairment loss on interest in an associate	**–**	1,942
Exchange loss, net	**28**	–

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The aggregate amount of emoluments received or receivable by the Company's directors are as follows:

	2011				
Name of director	**Fees HK$'000**	**Salaries HK$'000**	**Discretionary bonuses HK$'000**	**Employer's contributions to retirement benefit schemes HK$'000**	**Total HK$'000**
Executive directors:					
Yip Man Fan	**–**	**1,555**	**129**	**34**	**1,718**
Kwok Kam Hoi	**229**	**1,231**	**115**	**34**	**1,609**
Tsunoyama Toru	**–**	**1,209**	**101**	**34**	**1,344**
Wong, Vicky Lai Ping	**–**	**1,010**	**84**	**34**	**1,128**
Independent non-executive directors:					
Lam, Andy Siu Wing	**227**	**–**	**–**	**–**	**227**
Ma, Andrew Chiu Cheung	**209**	**–**	**–**	**–**	**209**
Yu King Tin	**208**	**–**	**–**	**–**	**208**
	873	**5,005**	**429**	**136**	**6,443**

	2010				
Name of director	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Employer's contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors:					
Yip Man Fan	–	1,555	129	34	1,718
Kwok Kam Hoi	229	1,258	115	34	1,636
Tsunoyama Toru	–	1,209	101	34	1,344
Wong, Vicky Lai Ping	–	1,010	84	34	1,128
Independent non-executive directors:					
Lam, Andy Siu Wing	227	–	–	–	227
Ma, Andrew Chiu Cheung	222	–	–	–	222
Yu King Tin	194	–	–	–	194
	872	5,032	429	136	6,469

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Five highest paid employees' emoluments

Of the five individuals with the highest emoluments, four *(2010: four)* were directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the remaining one *(2010: one)* individual is as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and other benefits	**1,020**	1,080
Discretionary bonus	**254**	40
Contributions to retirement benefit schemes	**12**	12
	1,286	1,132

The emoluments of the remaining one *(2010: one)* individual is within the range between $1,000,001 to HK$1,500,000 *(2010: between HK$1,000,001 to HK$1,500,000)*.

In addition to the directors' emoluments disclosed above, certain directors were granted share options under the Company's share option schemes. The details of these benefits in kind are disclosed under the section of Share Option Schemes in the Directors' Report and note 27 to the financial statements.

No emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 30 June 2011 and 2010. There were no arrangements under which a director waived or agreed to waive any remuneration for the years ended 30 June 2011 and 2010.

7. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% *(2010: 16.5%)* on the Group's estimated assessable profits arising from Hong Kong during the year. In the opinion of the directors, the Group is not subject to taxation in any other jurisdictions.

The amount of taxation charged to the consolidated statement of comprehensive income represents current tax provision for Hong Kong Profits Tax for current year.

Reconciliation of tax charge

	2011	2010
	HK$'000	HK$'000
Profit (Loss) before tax	**5,666**	(32,708)
Income tax at applicable tax rate of 16.5% *(2010: 16.5%)*	**935**	(5,397)
Non-deductible expenses	**758**	858
Tax exempt revenue	**(4,756)**	(1,523)
Unrecognised tax losses	**4,570**	6,869
Unrecognised temporary difference	**(7)**	(35)
Utilisation of previously unrecognised tax losses	**(409)**	(19)
Total tax charge for the year	**1,091**	753

8. PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the profit for the year attributable to equity holders of the Company of HK$4,596,000 *(2010: loss of HK$33,455,000)*, a loss of HK$13,198,000 *(2010: profit of HK$831,000)* has been dealt with in the financial statements of the Company.

9. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings per share are based on the profit attributable to equity holders of the Company for the year of HK$4,596,000 *(2010: loss of HK$33,455,000)*.

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

	2011	2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,145,246,000**	1,126,839,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**34,355,000**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,179,601,000**	1,126,839,000

The weighted average number of ordinary shares adopted in the calculation of the basic loss per share and diluted loss per share for year 2010 have been adjusted to reflect the bonus shares issued during the year 2010.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 30 June 2010					
At 1 July 2009	2,064	331	128	636	3,159
Additions	84	62	25	1,366	1,537
Depreciation	(1,155)	(80)	(46)	(555)	(1,836)
At 30 June 2010	993	313	107	1,447	2,860
Reconciliation of carrying amount – year ended 30 June 2011					
At 1 July 2010	**993**	**313**	**107**	**1,447**	**2,860**
Additions	**13**	**42**	**4**	**1,380**	**1,439**
Depreciation	**(1,006)**	**(91)**	**(42)**	**(856)**	**(1,995)**
At 30 June 2011	**–**	**264**	**69**	**1,971**	**2,304**
At 30 June 2010					
Cost	7,482	1,100	2,003	6,573	17,158
Accumulated depreciation	(6,489)	(787)	(1,896)	(5,126)	(14,298)
	993	313	107	1,447	2,860
At 30 June 2011					
Cost	**7,495**	**1,142**	**2,007**	**7,953**	**18,597**
Accumulated depreciation	**(7,495)**	**(878)**	**(1,938)**	**(5,982)**	**(16,293)**
	–	**264**	**69**	**1,971**	**2,304**

11. INTANGIBLE ASSETS

	Group		
	Trading License	**Goodwill**	**Total**
	HK$'000	HK$'000 *(Note)*	HK$'000
Reconciliation of carrying amount – year ended 30 June 2010			
At 1 July 2009	230	–	230
Amortisation	(60)	–	(60)
At 30 June 2010	170	–	170
Reconciliation of carrying amount – year ended 30 June 2011			
At 1 July 2010	**170**	**–**	**170**
Addition *(Note 31)*	**–**	**100**	**100**
Amortisation	**(60)**	**–**	**(60)**
At 30 June 2011	**110**	**100**	**210**
At 30 June 2010			
Cost	600	–	600
Accumulated amortisation	(430)	–	(430)
	170	–	170
At 30 June 2011			
Cost	**600**	**100**	**700**
Accumulated amortisation	**(490)**	**–**	**(490)**
	110	**100**	**210**

Note: Goodwill is allocated to the Group's cash generating units identified according to operating and business segment.

In August 2010, the Group acquired 100% equity interests in Tanrich Properties Agency Limited ("TPAL") at an aggregate consideration of HK$100,000. The excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed of HK$100,000 is recognised as goodwill.

At the end of the reporting period, the Group assessed the recoverable amount of the goodwill, which is approximate its carrying value and determined that no goodwill was impaired.

12. INTERESTS IN SUBSIDIARIES

	Note	Company 2011 HK$'000	2010 HK$'000
Interests in subsidiaries			
Unlisted shares, at cost		**65,237**	65,237
Provision for impairment loss		**(28,265)**	(21,595)
Amount due from a subsidiary	*(i)*	**169,169**	136,463
		206,141	180,105

Note:

(i) The amount due from a subsidiary is unsecured, interest-free and has no fixed repayment term. The carrying amount of the amount due approximates its fair value.

Details of the principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ place of operation	Particulars of issued and fully paid share capital	Percentage of equity interests attributable to the Company Directly	Indirectly	Principal activities
Tanrich Financial (Management) Limited ("TFML")	British Virgin Islands/ Hong Kong	US$10,000 (divided into 10,000 ordinary shares of US$1 each)	100%	–	Investment holding and proprietary trading
Tanrich Asset Management Limited ("TAML")	Hong Kong/ Hong Kong	HK$31,000,000 (divided into 25,000,000 ordinary shares and 6,000,000 non-voting deferred shares of HK$1 each)	–	100%	Provision of asset management services, distribution of unit trusts and mutual funds
Tanrich Capital Limited ("TCL")	Hong Kong/ Hong Kong	HK$23,000,000 (divided into 23,000,000 ordinary shares of HK$1 each)	–	100%	Provision of corporate finance advisory services
Tanrich Finance Limited ("TFIN")	Hong Kong/ Hong Kong	HK$11,000 (divided into 1,000 ordinary shares and 10,000 non-voting deferred shares of HK$1 each)	–	100%	Provision of corporate and personal financing services
Tanrich Futures Limited ("TFL")	Hong Kong/ Hong Kong	HK$30,000,000 (divided into 20,000,000 ordinary shares and 10,000,000 non-voting deferred shares of HK$1 each)	–	100%	Futures broking and proprietary trading

12. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ place of operation	Particulars of issued and fully paid share capital	Percentage of equity interests attributable to the Company		Principal activities
			Directly	Indirectly	
Tanrich Securities Company Limited ("TSCL")	Hong Kong/ Hong Kong	HK$105,000,000 (divided into 80,000,000 ordinary shares and 25,000,000 non-voting deferred shares of HK$1 each)	–	100%	Securities broking, securities margin financing and distribution of unit trusts and mutual funds
Tanrich Wealth Management Limited ("TWML")	Hong Kong/ Hong Kong	HK$6,000,000 (divided into 6,000,000 ordinary shares of HK$1 each)	–	100%	Distribution of insurance -linked products, MPF products, provision of personal financial consulting and planning services and provision of insurance agency and broking services
Tanrich Investments Limited ("TIL")	Hong Kong/ Hong Kong	HK$1 (divided into 1 ordinary share of HK$1 each)	–	100%	Investment holding
Tanrich Investment Management Limited ("TIML")	Hong Kong/ Hong Kong	HK$1,000,000 (divided into 1,000,000 ordinary shares of HK$1 each)	–	100%	Investment holding
Tanrich Promotion Limited ("TPL")	Hong Kong/ Hong Kong	HK$300,000 (divided into 300,000 ordinary shares of HK$1 each)	–	100%	Provision of advertising services
TPAL	Hong Kong/ Hong Kong	HK$10,000 (divided into 10,000 ordinary share of HK$1 each)	–	100% *(2010: Nil)*	Property agency
TOP Commodity Capital Management Limited ("TOP")	Hong Kong/ Hong Kong	HK$150,000 (divided into 150,000 ordinary shares of HK$1 each)	–	100% *(2010: 70%)*	Investment holding
敦沛科技發展(深圳)有限公司	Wholly Foreign Owned Enterprise in The People's Republic of China ("China")	Registered capital of HK$30,000,000	–	100%	Not yet commenced business
敦沛(大連)投資管理有限公司	Wholly Foreign Owned Enterprise in China	Registered capital of HK$6,000,000	–	100%	Not yet commenced business

In accordance with Articles of Association of each of TAML, TFIN, TFL and TSCL, holders of non-voting deferred shares are entitled to a fixed non-cumulative dividend at a rate of Hong Kong one cent (HK$0.01) per non-voting deferred share when the profit exceeds HK$100 billion in any financial year.

13. INTERESTS IN AN ASSOCIATE

	Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets	**1,183**	1,237
Goodwill	**2,774**	2,774
Provision for impairment loss	**(2,774)**	(2,774)
	–	–
	1,183	1,237

The investment in an associate represents 40.17% *(2010: 40.17%)* of the issued ordinary share capital of FundStreet AG ("FundStreet"), a company engaged in fund management in Switzerland which is incorporated in Zurich, Switzerland. The associate has its financial year ended on 31 December. For the purpose of Group consolidation, its management accounts for the year ended 30 June 2011 have been equity accounted for in the consolidated financial statements.

In view of continuous losses recorded in FundStreet, it is determined that the carrying amount of goodwill is irrecoverable.

Summary of financial information of the associate is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Financial position at 30 June		
Non-current assets	**2,186**	1,814
Current assets	**1,387**	1,744
Current liabilities	**(629)**	(478)
Net assets	**2,944**	3,080
Group's share of net assets of associate	**1,183**	1,237
Operating results for the year ended 30 June		
Revenue	**2,205**	1,845
Loss for the year	**(919)**	(994)
Group's share of loss of associate for the year	**(369)**	(399)

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets	**937**	957

Details of the Group's interests in the jointly controlled entities are as follows:

Name of jointly controlled entities	Place of incorporation/ operation	Particulars of issued and paid up ordinary share capital	Percentage of equity interests attributable to the Group: Group's effective interest	Held by the Group	Held by an associate	Principal activities
Tanrich-FundStreet Limited ("TFSL")	Hong Kong/ Hong Kong	HK$2,000,000	65%	51%	35%	Fund management
Tanrich Fund Investment Management (Cayman) Limited, a wholly owned subsidiary of TFSL	Cayman Islands/ Hong Kong	US$10,000	65%	51%	35%	Not yet commenced business

Both jointly controlled entities have their financial year ended on 30 June.

Pursuant to the memorandum of understanding entered into between the Group and FundStreet, the board of directors of TFSL is to be composed of five members, of which two directors are appointed by the Group. Any change to the board composition is to be mutually agreed by all shareholders of TFSL. As a result, TFSL is not considered as a subsidiary of the Group as the Group has no control over its financial and operating policy decision.

Summary of financial information of the jointly controlled entities is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Financial position at 30 June		
Current assets	**1,837**	1,887
Current liabilities	**(10)**	(10)
Net assets	**1,827**	1,877
Group's share of net assets of jointly controlled entities	**937**	957

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

	Group	
	2011	2010
	HK$'000	HK$'000
Operating results for the year ended 30 June		
Revenue	**–**	–
Loss for the year	**(40)**	(66)
Group's share of loss of the jointly controlled entities for the year	**(20)**	(34)

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Equity investments – unlisted, at cost	**14,427**	14,427	**–**	–
Provision for impairment loss	**(9,896)**	(9,896)	**–**	–
	4,531	4,531	**–**	–
Equity investments – listed in Hong Kong at fair value *(Note)*	**119,686**	92,926	**93,293**	70,184
	124,217	97,457	**93,293**	70,184

Note: Fair values are determined with reference to quoted market prices.

The Group has pledged listed investments of aggregate carrying amount of HK$109,766,000 *(2010: HK$82,577,000)* to banks as collateral for the banking facilities granted to the Company and a subsidiary.

At the end of the reporting period, the carrying amount of interests in the following company exceeded 10% of total assets of the Group and the Company.

Name	Place of incorporation/ place of operation	Class share held	Percentage of interests held		Principal activities
			Group	Company	
Hong Kong Exchanges and Clearing Limited	Hong Kong/ Hong Kong	Ordinary shares	0.07%	0.05%	Owns and operates the only stock exchange and futures exchange in Hong Kong, and their related clearing houses

16. OTHER FINANCIAL ASSETS

	Group and Company	
	2011	2010
	HK$'000	HK$'000
Held-to-maturity financial assets, unlisted	**14,655**	14,677
Derivatives – total return swap agreement ("SWAP") designated as at fair value through profit or loss *(Note 35)*	**1,849**	–
Embedded derivative designated as at fair value through profit or loss upon initial recognition	**902**	902
	17,406	15,579

The Company has pledged other financial assets of HK$15,557,000 *(2010: HK$15,579,000)* to a bank as collateral for the banking facilities granted to the Company and a subsidiary.

17. OTHER NON-CURRENT ASSETS

	Group	
	2011	2010
	HK$'000	HK$'000
Reserve fund deposits with the Futures Exchange	**1,500**	1,500
Statutory deposits with the Stock Exchange	**1,700**	1,700
Statutory deposits with the Securities and Futures Commission ("SFC")	**100**	100
Contributions to the Central Clearing and Settlement System Guarantee Fund	**100**	100
Admission fees paid to the Hong Kong Securities Clearing Company Limited	**100**	100
	3,500	3,500

18. LOANS AND ADVANCES

	Group	
	2011	2010
	HK$'000	HK$'000
Loans and advances		
Unsecured	**392**	622
Secured	**2,015**	2,592
	2,407	3,214
Current portion of loans and advances	**(1,871)**	(3,049)
	536	165

Secured loans and advances were granted to its clients by the Group based on credit assessment and terms of such loans and advances were offered subject to their pledged collateral.

At the end of the reporting period, loans and advances carry effective interest rates ranging from nil to 5% *(2010: nil to 9.64%)* and are within the respective maturity dates *(2010: within the respective maturity dates)*.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group		Company	
		2011	2010	**2011**	2010
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Held for trading					
Listed securities in Hong Kong	*(i)*	**10,473**	31,262	**6,829**	8,435
Designated upon initial recognition					
Unlisted debt investments	*(ii)*	**18,440**	–	**–**	–
		28,913	31,262	**6,829**	8,435

Notes:

(i) The fair values of the listed securities in Hong Kong are determined with reference to quoted market bid price.

The Company has pledged certain listed securities of HK$6,829,000 *(2010: HK$7,435,000)* to a bank as collateral for the banking facilities granted to the Company.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes: (Continued)

(ii) The amount represented the first and second instalments in respect of the loan agreement with principal amount of RMB35,000,000 entered into between TFIN, Cheung Wan (Groups) Energy Development Limited ("Cheung Wan") and Guizhou Cheung Wan Coalmine Company Limited ("Guizhou Cheung Wan") (the "Loan Agreements"). Both Cheung Wan and Guizhou Cheung Wan are not related to the Group.

The loan is provided by TFIN to Cheung Wan and Guizhou Cheung Wan through three instalments, with the first instalment in the amount of US$1,820,000 to Cheung Wan, the second instalment in the amount of US$550,000 to Cheung Wan and the remaining amount of the loan, after deduction of the first and second instalments, to Guizhou Cheung Wan under the third instalment, for a fixed term of 2 years with 1 year extension by written consent of TFIN at an interest rate of 5% per annum from the Drawdown Date (i.e. the date on which the first instalment took place) to the Maturity Date (i.e. the date falling 24 months from the Drawdown Date with 1 year extension by written consent of TFIN), subject to the due fulfilment and satisfaction of certain conditions precedent provided in the Loan Agreements.

The loan is secured by, among other things, (i) share mortgage and debenture executed by the Cheung Wan in favour of TFIN; (ii) bill of sale, personal guarantee and share mortgage executed by the majority shareholder of Cheung Wan in favour of TFIN; and (iii) share mortgage and asset mortgage to be executed by Guizhou Cheung Wan in favour of TFIN.

As part of the Loan Agreements with Cheung Wan and Guizhou Cheung Wan, the security parties agree to issue a share purchase option to TFIN and/or its nominee(s), exercisable by TFIN and/or its nominee(s) within 9 months after the Drawdown Date, for the purchase of 60% of the issued share capital of Cheung Wan for an exercise price of RMB90,000,000 as consideration.

In the event that TFIN and/or its nominee(s) exercises its rights under the share purchase option, the Guarantor, as the holder of 40% of the issued share capital of Cheung Wan, shall only need to make repayment of 40% of the loan to TFIN and the remaining 60% of the loan together with the interests accrued on the loan pursuant to the Loan Agreement shall be deducted from the consideration upon TFIN and/or its nominee(s) exercising its rights under the share purchase option pursuant to the Loan Agreement.

The details of the loan have been set out in the announcements of the Company dated 31 March 2011.

At the end of the reporting period, the fair value of unlisted debt investments was established by using their transaction price in initial recognition, which was the most applicable valuation technique determined by the management and there is no significant change in factors affected its fair value since the initial recognition.

20. ACCOUNTS RECEIVABLE

		Group	
		2011	2010
	Note	**HK$'000**	HK$'000
Accounts receivable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	*(i)*	**41,115**	16,019
– securities margin clients	*(ii)*	**119,103**	57,362
– securities subscription clients	*(iii)*	**–**	220
– securities clearing house and brokers	*(iii)*	**9,528**	6,815
– futures clearing house and brokers	*(iv)*	**26,279**	19,982
– futures clients	*(v)*	**–**	–
Accounts receivable arising from the provision of corporate finance advisory services	*(vi)*	**1,448**	52
Accounts receivable arising from the provision of unit trusts and insurance-linked products agency services	*(vii)*	**5,337**	1,316
		202,810	101,766

Settlement terms

The settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are two or three trading days after the transaction dates.

Accounts receivable arising from the subscription of IPO of listed companies in Hong Kong on behalf of clients are settled upon the share allotments of such listed companies.

Accounts receivable arising from the ordinary course of business of broking in index, commodity and currency futures contracts and options represent the margin deposits maintained with futures clearing house or brokers to meet the margin requirements of open contracts. Margin calls from clearing house and brokers are settled on a daily basis. The excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts receivable arising from the provision of corporate finance advisory services, unit trusts and insurance-linked products agency services are repayable within 30 days.

20. ACCOUNTS RECEIVABLE *(Continued)*

Notes:

(i) At the end of the reporting period, the ageing analysis of accounts receivable from securities cash clients was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current	**28,158**	12,966
Overdue:		
Within 30 days	**6,004**	3,052
31 – 90 days	**6,953**	–
91 – 180 days	**–**	–
Over 180 days	**–**	65
	41,115	16,083
Allowance for bad and doubtful debts	**–**	(64)
	41,115	16,019

The movements in the provision for impairment of accounts receivable from securities cash clients were as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 July	**64**	105
Amount written off	**(64)**	(41)
At 30 June	**–**	64

20. ACCOUNTS RECEIVABLE *(Continued)*

Notes: (Continued)

(ii) At the end of the reporting period, the ageing analysis of accounts receivable from securities margin clients was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current	**67,970**	52,871
Overdue:		
Within 30 days	**49,962**	4,058
31 – 90 days	**448**	63
91 – 180 days	**–**	370
Over 180 days	**723**	–
	119,103	57,362

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. Credits are extended to the securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was HK$660,268,000 *(2010: HK$328,145,000)*.

(iii) At the end of the reporting period, the accounts receivable from securities subscription clients, securities clearing house and brokers were not yet due.

(iv) Accounts receivable from the futures clearing house and brokers did not include the clients' monies deposited in the future clearing house in Hong Kong amounted HK$2,701,000 *(2010: HK$5,060,000)*, which was not dealt with in the consolidated financial statements. At the end of the reporting period, the accounts receivable from futures clearing house and brokers were all aged within 30 days and repayable on demand.

(v) At the end of the reporting period, the ageing analysis of accounts receivable from futures clients with overloss was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Overdue over 180 days	**7**	7
Allowance for bad and doubtful debts	**(7)**	(7)
	–	–

20. ACCOUNTS RECEIVABLE *(Continued)*

Notes: (Continued)

(vi) At the end of the reporting period, the ageing analysis of accounts receivable from corporate finance advisory clients was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current	**600**	30
Overdue:		
Within 30 days	**25**	–
31 – 90 days	**550**	–
91 – 180 days	**25**	22
Over 180 days	**868**	614
	2,068	666
Allowance for bad and doubtful debts	**(620)**	(614)
	1,448	52

The movements in the provision for impairment of accounts receivable from corporate finance advisory clients were as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 July	**614**	–
Increase in allowance	**–**	614
Exchange realignment	**6**	–
At 30 June	**620**	614

20. ACCOUNTS RECEIVABLE *(Continued)*

Notes: (Continued)

(vii) At the end of the reporting period, the ageing analysis of accounts receivable arising from the provision of unit trusts and insurance-linked products agency services was as follows:

	2011	2010
	HK$'000	HK$'000
Current	**5,235**	1,176
Overdue:		
Within 30 days	**36**	15
31 – 90 days	**6**	18
91 – 180 days	**9**	2
Over 180 days	**109**	114
	5,395	1,325
Allowance for bad and doubtful debts	**(58)**	(9)
	5,337	1,316

The movements in the provision for impairment of accounts receivable from provision of unit trusts and insurance-linked products agency services were as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 July	**9**	9
Increase in allowance	**49**	–
At 30 June	**58**	9

(viii) The Group maintains margin deposits with the options clearing house in respect of clients' monies in the ordinary course of business of options broking. At the end of the reporting period, the deposit not otherwise dealt with in the consolidated financial statements amounted to HK$2,146,000 *(2010: HK$34,000)*.

Accounts receivable with carrying amount of HK$65,040,000 *(2010: HK$7,706,000)* that are past due but not impaired. The management is of the opinion that no provision for impairment is necessary in respect of the overdue amount as all the balances have been fully settled subsequently or were being settled according to the agreed repayment schedules. The Group does not hold any collateral or other credit enhancements over these balances except for accounts receivable from securities margin clients.

Accounts receivable are neither past due nor impaired at the end of the reporting period for which the Group believes that the amounts are recoverable.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits, prepayments and other receivables	**5,487**	4,398	**148**	148
Deposits in the trust account with TSCL	**–**	–	**–**	1,736
Due from a related company *(Note)*	**1,516**	–	**–**	–
	7,003	4,398	**148**	1,884

Note: The related company is Tanrich (Hong Kong) Holdings Limited ("THKHL") in which directors of the Company, Mr. Yip Man Fan and Mr. Tsunoyama Toru, have indirect beneficial interest. The amount due represents staff costs and office overhead expenses paid on THKHL's behalf. The amount due was the maximum balance outstanding.

22. CASH AND CASH EQUIVALENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Pledged deposits	**–**	500
Cash and bank balances	**32,033**	44,362
Bank overdrafts	**(7,816)**	–
As stated in the consolidated statement of cash flows	**24,217**	44,862

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the end of the reporting period, trust monies not otherwise dealt with in the consolidated financial statements amounted to HK$93,080,000 *(2010: HK$127,044,000)*. Bank overdrafts bear interest at prevailing market rate.

23. INTEREST-BEARING BORROWINGS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans, secured and wholly repayable within 12 months	**102,500**	41,000	**61,500**	34,000

The bank loans were borrowed principally for the purpose of providing margin financing to clients. The weighted average effective interest rate on the loans was 1.08% *(2010: 1.32%)* per annum. The bank loans were fully repaid in July 2011.

24. ACCOUNTS PAYABLE

	Note	Group 2011 HK$'000	2010 HK$'000
Accounts payable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	*(i)*	**10,011**	2,676
– securities margin clients	*(i)*	**1,752**	652
– futures clients	*(ii)*	**12,273**	9,856
– clearing house and securities brokers		**5,298**	15,581
Accounts payable arising from the provision of unit trusts and insurance-linked products agency services	*(iii)*	**81**	75
	(iv)	**29,415**	28,840

Notes:

(i) The settlement terms of accounts payable arising from the ordinary course of business of broking in securities in respect of cash clients and margin clients are two or three trading days after the transaction dates.

(ii) Accounts payable arising from the ordinary course of business broking in index, commodity and currency futures contracts and options represent the margin deposits received from clients for their trading in future contracts and options. The excess over the required margin deposits stipulated are repayable to clients on demand.

(iii) Accounts payable arising from the provision of unit trusts and insurance-linked products agency services are repayable within 30 days.

(iv) Accounts payable are stated net of clients' segregated assets of HK$97,927,000 *(2010: HK$132,138,000)*.

(v) No ageing analysis is disclosed in respect of accounts payable. In the opinion of the directors, an ageing analysis does not give additional value in view of the businesses' nature.

(vi) Interest with reference to savings rate of financial institutions is payable to accounts payable arising from the ordinary course of business of securities broking subject to their balances maintained with the Group. All other categories of accounts payable are non-interest-bearing.

25. DEFERRED TAXATION

Recognised deferred tax assets (liabilities) of the Group

	Assets		Liabilities	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Depreciation allowances	**–**	–	**(142)**	(128)
Tax losses	**142**	128	**–**	–
Deferred tax assets (liabilities)	**142**	128	**(142)**	(128)
Offset deferred tax assets and liabilities	**(142)**	(128)	**142**	128
Net deferred tax assets (liabilities)	**–**	–	**–**	–

Unrecognised deferred tax assets of the Group arising from

	2011	2010
	HK$'000	HK$'000
Deductible temporary differences	**56**	46
Tax losses	**169,435**	144,185
At 30 June	**169,491**	144,231

Both the tax losses and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

26. SHARE CAPITAL

		2011		2010	
	Note	**Number of shares '000**	**Amount HK$'000**	Number of shares '000	Amount HK$'000
Authorised:					
Ordinary shares of HK$0.1 each					
At 1 July		**2,000,000**	**200,000**	1,000,000	100,000
Increase during the year	*(i)*	–	–	1,000,000	100,000
At 30 June		**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid:					
At 1 July		**1,128,864**	**112,886**	562,632	56,263
Issue of shares under share option schemes	*(ii)*	**50,388**	**5,039**	2,400	240
Issue of bonus shares	*(iii)*	–	–	563,832	56,383
At 30 June		**1,179,252**	**117,925**	1,128,864	112,886

Notes:

(i) By an ordinary resolution passed at a special general meeting on 2 December 2009, the authorised share capital of the Company was increased from HK$100,000,000 to HK$200,000,000 by the creation of additional 1,000,000,000 ordinary shares of HK$0.1 each in the share capital of the Company.

(ii) During the year, share options granted under the share option schemes were exercised by the grantees to subscribe for 50,388,000 *(2010: 2,400,000)* shares of HK$0.1 each of the Company at the exercise price of range from HK$0.115 to HK$0.75 *(2010: HK$0.1305 to HK$0.335)* per share respectively.

(iii) By an ordinary resolution passed at the adjourned annual general meeting held on 2 December 2009 of an aggregate of 563,832,000 bonus shares of HK$0.1 each were issued in the proportion of one ordinary share for every one then existing ordinary share.

27. SHARE OPTION SCHEMES

(a) Pre-Listing Share Option Scheme ("Pre-Listing Scheme")

Pursuant to a share option scheme of the Company, which was adopted on 7 January 2002, the Directors may, at their absolute discretion, grant share options to eligible persons including directors, employees or bona fide consultants of the Group to take up options for share subscription in the Company subject to the terms and conditions stipulated therein and the Listing Rules. A nominal consideration of HK$1 is payable by the grantees for each lot of share options granted. Share options may be exercised in accordance with the terms of the Pre-Listing Scheme at any time during the period commencing one year from the option grant date and expiring on the earlier of the last day of (i) a ten year period from the option grant date or (ii) ten years from the adoption date.

Movements in the number of share options outstanding during the year are as follows:

	Number of options ('000)			
Subscription price (Adjusted)	**HK$0.180**	**HK$0.163**	**HK$0.170**	**Total**
At 1 July 2009	6,320	1,000	1,200	8,520
Exercised	–	–	(1,200)	(1,200)
Adjusted *(Note i)*	6,320	1,000	–	7,320
At 1 July 2009 and 1 July 2010	12,640	2,000	–	14,640
Exercised	(4,640)	(2,000)	–	(6,640)
At 30 June 2011	**8,000**	**–**	**–**	**8,000**

At the end of the reporting period, the weighted average remaining contractual life of the Company's share options was 0.5 years *(2010: 1.5 years)*. Details of the movements in the Pre-Listing Scheme are set out in the Directors' Report on pages 22 to 23.

Note:

(i) Adjustments were made to the number of outstanding options and the subscription price in accordance with the terms of Pre-Listing Scheme to take into account the effect of the bonus issue as approved by the shareholders of the Company on 2 December 2009 which became unconditional on 7 December 2009 ("Bonus Issue"). The exercise prices referred to in the above table were also adjusted.

27. SHARE OPTION SCHEMES *(Continued)*

(b) Post-Listing Share Option Scheme ("Post-Listing Scheme")

Another share option scheme of the Company was adopted on 30 January 2004. The Directors may, at their absolute discretion, grant share options to eligible persons including directors, employees, advisors, business associates and consultants of the Group and associated companies to subscribe for shares in the Company subject to the terms and conditions stipulated therein and the Listing Rules. No consideration is paid or payable for the acceptance of the share options granted. Share options may be exercised in accordance with the terms of the Post-Listing Scheme at any time during the period not to be less than one year and not to exceed ten years from the grant dates of the relevant options.

Movements in the number of share options outstanding during the year are as follows:

	Number of options ('000)										
Exercise price (Adjusted)	**HK$0.390**	**HK$0.750**	**HK$0.168**	**HK$0.460**	**HK$0.115**	**HK$0.131**	**HK$0.141**	**HK$0.261**	**HK$0.250**	**HK$0.888**	**Total**
At 1 July 2009	420	2,000	11,840	1,200	800	6,912	1,140	–	–	–	24,312
Granted	–	–	–	–	–	–	–	4,400	900	–	5,300
Lapsed	–	–	(600)	–	(400)	–	(660)	–	–	–	(1,660)
Exercised	–	–	–	–	–	(1,200)	–	–	–	–	(1,200)
Adjusted *(Note a(i))*	420	2,000	11,240	1,200	400	6,912	1,140	–	–	–	23,312
At 30 June 2010 and 1 July 2010	**840**	**4,000**	**22,480**	**2,400**	**800**	**12,624**	**1,620**	**4,400**	**900**	**–**	**50,064**
Granted	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,200**	**1,200**
Lapsed	**–**	**–**	**–**	**–**	**–**	**–**	**(440)**	**–**	**–**	**–**	**(440)**
Exercised	**(840)**	**(1,300)**	**(20,080)**	**(2,400)**	**(800)**	**(12,168)**	**(860)**	**(4,400)**	**(900)**	**–**	**(43,748)**
At 30 June 2011	**–**	**2,700**	**2,400**	**–**	**–**	**456**	**320**	**–**	**–**	**1,200**	**7,076**

At the end of the reporting period, the weighted average remaining contractual life of the Company's share options was 6.7 years *(2010: 7.5 years)*. Details of the movements in the Post-Listing Scheme are set out in the Directors' Report on pages 24 to 25.

(c) Fair value of share options

The Directors assessed and considered that the fair value of share options granted under the share option schemes at the respective grant dates is minimal in the consolidated financial statements.

28. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of change in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

Company	Note	Investment revaluation reserve	Share premium	Contributed surplus	Share options reserve	Warrants reserve	Retained earnings (Accumulated losses)	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Note (ii))	*(Note (i))*	*(Note (iv))*	*(Note (v))*		
At 1 July 2009		59,717	56,838	65,059	536	–	1,099	183,249
Profit for the year		–	–	–	–	–	831	831
Other comprehensive income for the year								
Available-for-sale financial assets								
Change in fair value		1,087	–	–	–	–	–	1,087
Total comprehensive income for the year		1,087	–	–	–	–	831	1,918
Issue of shares under share option schemes	*26(ii)*	–	318	–	–	–	–	318
Issue of bonus shares	*26(iii)*	–	(56,383)	–	–	–	–	(56,383)
Total transactions with owners		–	(56,065)	–	–	–	–	(56,065)
At 30 June 2010		60,804	773	65,059	536	–	1,930	129,102
At 1 July 2010		**60,804**	**773**	**65,059**	**536**	**–**	**1,930**	**129,102**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(13,198)**	**(13,198)**
Other comprehensive income for the year								
Available-for-sale financial assets								
Change in fair value		**23,109**	**–**	**–**	**–**	**–**	**–**	**23,109**
Total comprehensive income for the year		**23,109**	**–**	**–**	**–**	**–**	**(13,198)**	**9,911**
Issue of shares under share option schemes	*26(ii)*	**–**	**5,066**	**–**	**–**	**–**	**–**	**5,066**
Issue of unlisted warrants	*(vi)*	**–**	**–**	**–**	**–**	**2,000**	**–**	**2,000**
Total transactions with owners		**–**	**5,066**	**–**	**–**	**2,000**	**–**	**7,066**
At 30 June 2011		**83,913**	**5,839**	**65,059**	**536**	**2,000**	**(11,268)**	**146,079**

28. RESERVES *(Continued)*

Notes:

(i) Contributed surplus

Contributed surplus represents the difference between the aggregate net asset value of subsidiaries acquired as a result of the reorganisation and the nominal amount of the Company's shares issued for the acquisition. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company may not declare or pay a dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that (i) it would, or would after the payment, be unable to pay its liabilities as they become due; or (ii) the realised value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(ii) Share premium

The share premium account of the Company of HK$5,839,000 *(2010: HK$773,000)* can be distributed in the form of fully paid bonus shares pursuant to the Companies Act 1981 of Bermuda.

(iii) Distributable reserves

As at the end of the reporting period, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to HK$53,791,000 *(2010: HK$66,989,000)* subject to the restriction stated above.

(iv) Share options reserve

Share options reserve represents the fair value of share options granted under the Company's share option scheme which are yet to be exercised. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated profits or losses should the related options expire or be forfeited.

(v) Warrants reserve

Warrant reserve represents the proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon exercise of the warrants.

(vi) Issue of warrants

On 20 January 2011, the Company entered into a Placing Agreement with its wholly owned subsidiary as Placing Agent to place 100,000,000 unlisted warrants. The placing price per warrant was HK$0.02 and the subscription price is HK$1.00. On 28 January 2011, the Company completed the placing of the unlisted warrants to two independent investors.

29. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution retirement scheme (the "ORSO Scheme") and a mandatory provident fund scheme (the "MPF Scheme") which comply with all the respective requirements under the Occupational Retirement Schemes Ordinance and the Mandatory Provident Fund Ordinance.

Contributions to the ORSO Scheme depend on employees' service years, and range from five to seven per cent of their basic salaries and commissions.

Employees under the ORSO Scheme are entitled fully to the employer's contributions upon completion of ten service years, or at a reduced scale upon completion of three to nine service years. Forfeited contributions by the qualified employees who left the scheme prior to vesting fully in such contributions are used to reduce the Group's contributions.

Contributions to the MPF Scheme are calculated at five percent of the relevant income of each employee subject to a maximum amount of HK$1,000 per month. All statutory contributions under the MPF Scheme are immediately fully vested on the employees.

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in profit or loss for the year amounted to:

	2011 **HK$'000**	2010 HK$'000
Gross employer's contributions	**1,129**	1,099
Less: Forfeited contributions utilised to offset employer's contributions for the year	**–**	(160)
Net employer's contributions charged to profit or loss	**1,129**	939

30. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, there are related party transactions entered into by the Group during the year, details of which are set out below:

Related party relationship	**Nature of transaction**	**2011** **HK$'000**	2010 HK$'000
Key management personnel, excluding directors	Salaries, commission and allowances	**7,918**	6,576
	Contributions to retirement benefit schemes	**137**	123
A related company	Management fee received	**(960)**	(960)
THKHL *(Note)*	Motor vehicle lease payment	**240**	240

No disclosures of connected transactions or continuing connected transactions are required to be reported under the Listing Rules.

Note:

During the year, the Group charged and paid to a related company, THKHL management fee of HK$80,000 per month and lease payment of HK$20,000 per month for the management and personnel supportive services provided by the Group and for the use of a motor vehicle respectively. THKHL is controlled by a combination of certain directors of the Company.

31. ACQUISITION OF SUBSIDIARY

Acquisition during the year ended 30 June 2011

In August 2010, TFML, a wholly-owned subsidiary of the Company acquired 100% equity interests of TPAL. The principal activity of TPAL is property agency.

The following summarises the consideration transferred and the amounts of the assets acquired and liabilities assumed, as well as the amount of non-controlling interests recognised at the date of acquisition:

	HK$'000
Total Consideration transferred by cash paid	**100**
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	**15**
Trade and other payables	**(15)**
Total identifiable net assets	**–**
Goodwill arising on acquisition *(Note 11)*	**100**
	100
Net cash flow on acquisition:	
Cash and cash equivalents acquired	**15**
Consideration paid in cash	**(100)**
	(85)

The goodwill arising from the acquisition is attributable to the expected high growth in property agency business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition, the acquired business has contributed HK$14,000 and HK$27,000 to the revenue and profit of the Group respectively. If the business combination effected during the year had been taken place at the beginning of the reporting period, both the revenue and profit of the Group would not be materially affected.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group	Loans and receivables HK$'000	Assets at fair value through profit or loss HK$'000	Held-to-maturity HK$'000	Available-for-sale HK$'000	Total HK$'000
Financial assets					
Available-for-sale financial assets	–	–	–	124,217	124,217
Other financial assets	–	2,751	14,655	–	17,406
Loans and advances	2,407	–	–	–	2,407
Unlisted debt investments	–	18,440	–	–	18,440
Investments held for trading	–	10,473	–	–	10,473
Accounts receivable	202,810	–	–	–	202,810
Financial assets included in deposits, prepayments and other receivables	7,003	–	–	–	7,003
Other non-current assets	3,500	–	–	–	3,500
Cash and bank balances	32,033	–	–	–	32,033
At 30 June 2011	247,753	31,664	14,655	124,217	418,289

Group	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Bank overdrafts	7,816
Interest-bearing borrowings	102,500
Accounts payable	29,415
Financial liabilities included in other payables and accrued charges	12,680
At 30 June 2011	152,411

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

Group	Loans and receivables HK$'000	Assets at fair value through profit or loss HK$'000	Held-to-maturity HK$'000	Available-for-sale HK$'000	Total HK$'000
Financial assets					
Available-for-sale financial assets	–	–	–	97,457	97,457
Other financial assets	–	902	14,677	–	15,579
Loans and advances	3,214	–	–	–	3,214
Investments held for trading	–	31,262	–	–	31,262
Accounts receivable	101,766	–	–	–	101,766
Financial assets included in deposits, prepayments and other receivables	4,398	–	–	–	4,398
Other non-current assets	3,500	–	–	–	3,500
Pledged deposits	500	–	–	–	500
Cash and bank balances	44,362	–	–	–	44,362
At 30 June 2010	157,740	32,164	14,677	97,457	302,038

Group	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Interest-bearing borrowings	41,000
Accounts payable	28,840
Financial liabilities included in other payables and accrued charges	14,271
At 30 June 2010	84,111

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

Company	Loans and receivables HK$'000	Assets at fair value through profit or loss HK$'000	Held-to-maturity HK$'000	Available-for-sale HK$'000	Total HK$'000
Financial assets					
Available-for-sale financial assets	–	–	–	93,293	93,293
Other financial assets	–	2,751	14,655	–	17,406
Investments held for trading	–	6,829	–	–	6,829
Amount due from a subsidiary	169,169	–	–	–	169,169
Financial assets included in deposits, prepayment and other receivables	148	–	–	–	148
Cash and bank balances	2,153	–	–	–	2,153
At 30 June 2011	171,470	9,580	14,655	93,293	288,998

Company	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Interest-bearing borrowings	61,500
Financial liabilities included in other payables and accrued charges	466
At 30 June 2011	61,966

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

Company	Loans and receivables HK$'000	Assets at fair value through profit or loss HK$'000	Held-to-maturity HK$'000	Available-for-sale HK$'000	Total HK$'000
Financial assets					
Available-for-sale financial assets	–	–	–	70,184	70,184
Other financial assets	–	902	14,677	–	15,579
Investments held for trading	–	8,435	–	–	8,435
Amount due from a subsidiary	136,463	–	–	–	136,463
Financial assets included in deposits, prepayments and other receivables	1,884	–	–	–	1,884
Cash and bank balances	251	–	–	–	251
At 30 June 2010	138,598	9,337	14,677	70,184	232,796

Company	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Interest-bearing borrowings	34,000
Financial liabilities included in other payables and accrued charges	450
At 30 June 2010	34,450

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: interest-rate risk, credit risk, foreign exchange risk, liquidity risk, equity price risk and commodity and future contract price risk. The Group's overall risk control focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Risk Control Committee ("RCC") is responsible for establishing and reviewing credit policies and procedures to minimise systematic and non-systematic credit and financial risks of the Group. The RCC is also responsible for assessing the risk of long term investments and proprietary trading.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest-rate risk

The Group had short-term borrowings for the subscription of new shares, with an interest rate fixed with the banks upon withdrawal. Hence, the Group has minimal interest-rate risk exposure in this regard. The interest rate risk exposure arises mainly from the margin financing to the Group's securities margin clients and the loans and advances to entities. The interest rates charged and the margin ratio allowed to the Group's securities margin clients were determined with reference to the terms from the banks while the interest rate for loans and advances are fixed. The Group determined the interest rate for loans and advances with appropriate premium to deal with the interest-rate risk.

Management considers that the Company has limited exposure to interest rate risk relating to the margin financing to the Group's securities margin clients and the loans and advances to entities as the changes in interest rates for these items are minimal.

Credit risk

The Group is exposed to credit risk for all financial assets that a client or counterparty in a transaction may default on settlement. The Group's credit policy for securities margin clients are set out in note 20 to the financial statements. The maximum exposure equals to the carrying amount of the account receivables less the market value of the underlying pledged securities.

As the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group's other financial assets, including bank balances, loans and advances, unlisted debt investments and other receivables have a maximum exposure of credit risk without taking account of any collateral held or other credit enhancements equal to the carrying amounts of these instruments.

The Group's bank balances are placed with credit-worthy banks and financial institutions in Hong Kong and in China.

Foreign currency risk

The Group's foreign currency exposures arise mainly from the exchange rate movements of Japanese Yen and United States dollar.

The Group has substantially cut its bank deposits and margin deposits in Japanese Yen with futures commission merchants and considered not to maintain excessive balances in Japanese Yen in the future. The management monitored the foreign currency fluctuation closely. The risk exposures have been assessed to be within manageable level.

The Group considers the risk exposure to foreign currency fluctuation would be minimal as long as the Hong Kong dollar remains pegged to the United States dollar. The analysis is performed on the same basis for 2010.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group manages to maintain its liquidity position at a prudent and adequate liquidity level. The Directors monitor the cash flows daily to ensure sufficient funds available. The senior management would also review the liquidity level in compliance with the statutory requirements for the licensed subsidiaries.

The remaining undiscounted contractual maturity profile of the Group and the Company's non-derivative financial liabilities at the end of the reporting period, based on the earliest date on which the Group is required to settle, is summarised below:

	2011			2010		
	Less than 3 months or on demand HK$'000	**3 to 12 months HK$'000**	**Total HK$'000**	Less than 3 months or on demand HK$'000	3 to 12 months HK$'000	Total HK$'000
Group						
Bank overdrafts	**7,816**	**–**	**7,816**	–	–	–
Interest-bearing borrowings	**102,500**	**–**	**102,500**	41,000	–	41,000
Accounts payable	**29,415**	**–**	**29,415**	28,840	–	28,840
Other payables and accrued charges	**11,837**	**843**	**12,680**	13,332	939	14,271
	151,568	**843**	**152,411**	83,172	939	84,111
Company						
Interest-bearing borrowings	**61,500**	**–**	**61,500**	34,000	–	34,000
Other payables and accrued charges	**250**	**216**	**466**	240	210	450
	61,750	**216**	**61,966**	34,240	210	34,450

At the end of the reporting period, pursuant to the corporate guarantee provided by the Company granted to the subsidiaries, the possible undiscounted contractual cash outflow was HK$41,000,000 *(2010: HK$7,000,000)*, which classified as "Less than 3 months or on demand" under the maturity profile.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risks arising from individual equity investments classified as available-for-sale investments and investments held for trading as at 30 June 2011, details of which have been set out in notes 15 and 19 to the financial statements respectively. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

The market equity index for the Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year were as follows:

	2011		2010	
	30 June	**High/Low from 1 July 2010 to 30 June 2011**	30 June	High/Low from 1 July 2009 to 30 June 2010
Hong Kong – Hang Seng Index	**22,398**	**24,989 / 19,778**	20,129	23,100 / 17,186

Sensitivity analysis

The sensitivity analysis below has been determined assuming that the reasonably possible changes in the fair value of equity investments, with all other variables held constant had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. The analysis is performed on the same basis for 2010.

At the end of the reporting period, if the equity price had been 10% *(2010: 10%)* higher/lower with all other variables held constant, the Group's profit *(2010: loss)* before tax would be increased/decreased by HK$1,047,000 *(2010: decreased/increased by HK$3,126,000)*. Investment revaluation reserve would be increased/decreased by HK$11,969,000 *(2010: HK$9,293,000)* as a result of changes in fair value of listed available-for-sale investments. For sensitivity analysis on available-for-sale investments, no account has been taken of factors such as impairment which might impact on profit or loss.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Risk associated with futures contracts

At end of the reporting period, the Group had proprietary trading financial instruments outstanding, namely, equity index, commodity and currency futures contracts. The contractual or notional amounts of the Group's trading futures contracts outstanding at end of the reporting period were as follows:

	Group Contractual/notional amount	
	2011	2010
	HK$'000	HK$'000
Long position with maturity		
Within 3 months		
Equity index contracts	**–**	2,854
Commodity contracts	**26,141**	–
Currency contracts	**31,562**	60,127
	57,703	62,981
Short position with maturity		
Within 3 months		
Equity index contracts	**3,364**	16,751
Commodity contracts	**29,922**	24,975
	33,286	41,726
Longer than 3 months but within 6 months		
Commodity contracts	**76,642**	3,515
	109,928	45,241

The financial instruments become favorable or unfavorable as a result of fluctuations in market price of the underlying instruments relative to their terms.

The unrealized gain or loss of those financial instruments were included in the account balances with the future clearing house and brokers under Accounts Receivable, as disclosed in note 20 to the financial statements.

Notional amounts of these financial instruments provide a basis for comparison with instruments recognised on the statement of financial position but do not necessarily indicate the amount of future cash flows involved and, therefore, are not a representation of the Group's exposure to the price risk.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transaction.

The directors consider that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair value.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Fair value disclosures

The following presents the carrying value of financial instruments measured at fair value at 30 June 2011 and 2010 across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial Instruments: Disclosures,* with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Assets measured at fair value

	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
30 June 2011				
Available-for-sale financial assets				
Listed securities in Hong Kong	**119,686**	**119,686**	**–**	**–**
Other financial assets				
Held to maturity financial assets	**14,655**	**–**	**14,655**	**–**
SWAP	**1,849**	**–**	**1,849**	**–**
Embedded derivatives	**902**	**–**	**902**	**–**
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	**10,473**	**10,473**	**–**	**–**
Unlisted debt investments	**18,440**	**–**	**–**	**18,440**
30 June 2010				
Available-for-sale financial assets				
Listed securities in Hong Kong	92,926	92,926	–	–
Other financial assets				
Held to maturity financial assets	14,677	–	14,677	–
Embedded derivatives	902	–	902	–
Investments held for trading				
Listed securities	31,262	31,262	–	–

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Movements in Level 3 fair value measurements of financial assets

The only movement is the initial recognition of the unlisted debt intruments. Such a financial asset is classified as Level 3. The details of the measurement basis are set out in note 19 to the financial statements. No gain or loss has been recognised in the consolidated statement of comprehensive income for the year.

During the years ended 30 June 2011 and 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to support the Group's growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, future capital requirement of the Group and investment opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives policies or processes during the years ended 30 June 2011 and 30 June 2010.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in securities and futures dealings and broking, corporate finance and investment advisory services and insurance agency and broking services which are regulated entities under SFC of Hong Kong, the Hong Kong Confederation of Insurance Brokers and Professional Insurance Brokers Association Limited and subject to the respective minimum capital requirements.

The Group monitors capital using a gearing ratio, which is total borrowings divided by the total shareholders' equity. The Group's policy is to maintain the gearing ratio at a reasonable level. As at the end of the reporting period, there were borrowings of HK$103 million for financing the operations of the Company which resulted in a gearing ratio of 41% *(2010: 18%).*

35. COMMITMENTS

Capital expenditure commitments

	Group	
	2011	2010
	HK$'000	HK$'000
Purchase of Property, plant and equipment		
Contracted but not provided net of deposits paid in the consolidated financial statements for the purchase of computer equipment	**–**	977
Potential Acquisition		
Contracted but not provided for the purchase of 60% issued share capital of Cheung Wan *(Note 19 (ii))*	**88,660**	–
	88,660	977

Commitments under operating leases

The Group lease a number of properties under operating leases, which typically run for an initial period of 1 to 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**10,993**	6,482
In the second to fifth year inclusive	**19,718**	220
	30,711	6,702

Other commitments

In April 2010, the Company entered into the five year SWAP agreement with a bank in the United Kingdom and with notional amount of US$10 million. The underlying instrument of the SWAP is a capital guaranteed fund.

Pursuant to the SWAP, the Company is obliged to make quarterly payments to the bank. The amount to be paid is calculated on the notional amount with reference to LIBOR from time to time. Upon maturity of the SWAP, the Company is entitled to receiving the return on the underlying instrument depending on its performance. The SWAP is accounted for by the Group in accordance with HKAS 39 accordingly and included in other financial assets, as disclosed in note 16 to the financial statements.

36. CONTINGENT LIABILITIES

(a) The Company had corporate guarantee of HK$120,500,000 *(2010: HK$850,500,000)* for bank facilities granted to subsidiaries from banks, which were utilised to the extent of HK$41,000,000 *(2010: HK$7,000,000)* at the end of the reporting period.

The Company has not recognised any deferred income for the corporate guarantee given in respect of the banking facilities for subsidiaries as their fair value cannot be reliably measured and their transactions price was zero.

At the end of the reporting period, the directors do not consider probable that a claim will be made against the Company under any of the guarantee.

(b) The Company also guaranteed the liabilities of one of its subsidiaries up to an aggregate amount of not less than HK$10,000,000 *(2010: HK$10,000,000)* in order to comply with the requirement of unencumbered assets contained in the GEM Listing Rules.

37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, TFML entered into an agreement with a company, under the common directorship of Mr. Yip Man Fan and Mr. Tsunoyama Toru (the "related company"), which has obtained credit facility granted by a bank in Hong Kong amounted to HK$170,000,000 and has agreed to grant such facility to TFML and its subsidiaries for working capital and business development. TFML would be subject to the same terms and conditions under the banking facility granted to the related company.

As at the date of this annual report, a total amount of HK$35,000,000 had been utilised by TSCL, the subsidiaries of the Company and TFML.

Five-year Financial Summary

RESULTS:

	Financial year ended 30 June				
	2007 HK$'000 *(Restated)*	2008 HK$'000 *(Restated)*	2009 HK$'000 *(Restated)*	2010 HK$'000	**2011 HK$'000**
Turnover	85,709	109,774	67,775	68,147	**109,636**
Profit (Loss) before tax	14,008	12,169	(31,461)	(32,708)	**5,666**
Income tax expense	(30)	495	(88)	(753)	**(1,091)**
Profit (Loss) for the year	13,978	12,664	(31,549)	(33,461)	**4,575**
Attributable to:					
Equity holders of the Company	13,978	12,664	(31,547)	(33,455)	**4,596**
Non-controlling interests	–	–	(2)	(6)	**(21)**
	13,978	12,664	(31,549)	(33,461)	**4,575**
Dividends	5,593	5,626	–	–	**–**

ASSETS AND LIABILITIES:

	Assets and liabilities as at 30 June				
	2007 HK$'000 *(Restated)*	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
Non-current assets	82,111	124,169	126,039	121,925	**150,293**
Current assets	393,861	203,888	190,156	185,337	**272,630**
Total assets	475,972	328,057	316,195	307,262	**422,923**
Current liabilities	(237,446)	(36,227)	(58,684)	(84,864)	**(154,083)**
Non-current liabilities	–	–	–	–	**–**
Total liabilities	(237,446)	(36,227)	(58,684)	(84,864)	**(154,083)**
Net total assets	238,526	291,830	257,511	222,398	**268,840**
Current ratio	1.66	5.63	3.24	2.18	**1.77**
Gearing ratio	65.4%	0%	12%	18%	**41%**