TANRICH

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

Stock Code: 812

Annual Report 2009

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*For identification purpose only

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This report is printed on environmentally friendly paper

Corporate Information

Board of Directors	*Executive Directors* Dr. YIP Man Fan *(Chairman)* Mr. KWOK Kam Hoi *(Deputy Chairman)* 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. MA, Andrew Chiu Cheung *(Chairman)* Dr. LAM, Andy Siu Wing, JP Mr. YU King Tin Mr. TSUNOYAMA Toru Ms. WONG, Vicky Lai Ping
Authorised Representative	Mr. KWOK Kam Hoi Ms. CHEUNG, Fendi Chung Yee
Company Secretary	Ms. CHEUNG, Fendi Chung Yee
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
Hong Kong Branch Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East 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 56, 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 ("TFML"), Tanrich Investment Management Limited ("TIML"), Tanrich Finance Limited ("TFIN"), Tanrich Investments Limited ("TIL"), Tanrich Futures Limited ("TFL") (resigned as director on 25 August 2008), Tanrich Securities Company Limited ("TSCL") (resigned as director on 24 September 2008) and Tanrich Promotion Limited ("TPL"). 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 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 57, is the deputy chairman 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 has been actively contributing 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 54, is an executive director of the Company and its subsidiaries, namely TFML, TIML, TFIN, TIL and TPL. He joined the Group in May 1991 and is an advisor on the Japanese commodity futures activities of the Group. He has 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 49, 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 over 27 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 contributing to enhancing brand awareness of the Group, and helped obtain the internationally recognized accreditations of ISO 9001 and ISO 10002 in the area of customer services of the Group. 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 58, 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, an adjudicator of Immigration Tribunal and Registration of Persons Tribunal. Currently he is a member of the Hong Kong Housing Authority, a member of the Chinese Medicine Practitioner Board of the Chinese Medicine Council of Hong Kong, a member of the Appeal Board on Public Meetings and Processions and an adjudicator of the Obscene Articles Tribunal. 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 67, 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. Mr. Ma has more than 30 years' experience in accounting 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, Peaktop International Holdings Limited, C.P. Pokphand Co. Limited, China Resources Power Holdings Co., Limited and Chong Hing Bank Limited.

Mr. Yu King Tin, aged 43, has been an independent non-executive director of the Company since October 2004. Mr. Yu has 19 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, including international CPA firms and listed companies in Hong Kong.

SENIOR MANAGEMENT

Ms. Cheung, Fendi Chung Yee, aged 40, is the company secretary and financial controller of the Company. Ms. Cheung joined the Group in October 2005 and has more than 10 years' experience in a wide range of financial and company secretarial matters. Ms. Cheung has worked for international accountancy firms and listed companies in Hong Kong before joining the Group. Ms. Cheung holds a Bachelor's Degree of Arts in Accountancy and is a fellow member of the Association of Chartered Certified Accountant. She is also an associate member of each of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Mr. Chan, Andy Wai Kit, aged 35, is a director of Tanrich Capital Limited ("TCL") and is responsible for the business development and operation of TCL. Mr. Chan is a graduate of 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 the Group, he worked in investment banks in the area of corporate finance advisory, sponsor advisory, restructurings and merger and acquisitions. Mr. Chan is a responsible officer licensed and registered with the Securities and Futures Commission ("SFC").

SENIOR MANAGEMENT *(Continued)*

Mr. Chan Lee Yeung, aged 60, is a director of TSCL, Tanrich Wealth Management Limited and Tanrich Asset Management Limited ("TAML"), and a responsible officer of TSCL and TAML. Mr. Chan has been in the securities business for 37 years. He joined the Group in July 1991.

Mr. Chen Yu Xing, aged 44, is a director of TCL and joined the Group in 2007. Mr. Chen has more than 16 year's 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. Lam, Dennis Che Chung, aged 38, is a director and a responsible officer 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, 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. Prior to joining Descartes, Mr. Lam was 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.

Ms. Lau, Elaine Yim Ling, aged 47, is the managing director as a responsible officer of TFL. Ms. Lau joined the Group in 1990 and has over 20 years' experience in the futures business. She holds two master's degrees in business administration from Newport University, USA and the University of South Australia respectively. She is now a candidate of a doctoral degree (Business Administration) in Huaqiao University.

Ms. Li Wai Kuen, aged 49, is a director and a 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 18 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 41, 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 Group. Mr. Nip has 18 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 the Hong Kong Futures Exchange floor trader at Vickers Ballas Hong Kong Limited. Mr. Nip holds a bachelor's degree in financial services from the Napier University.

Mr. Ting Sai Man, aged 50, is a director and chief executive officer, as well as a responsible officer, of TFL. With 22 years' experience in the futures/options industry, Mr. Ting is responsible for developing the futures business and its electronic trading platform, and enhancing investor knowledge of the futures market. Prior to joining the Group, he has worked for Eurex as senior consultant, and has held senior positions with various financial institutions, namely, HSBC Futures, Chase Manhattan Bank, Bank of America Futures, New York Mercantile Exchange HK Office and ADMIS Hong Kong Ltd. Mr. Ting is a regular speaker for China Futures Association, Chinese National Futures Association, the Hong Kong Securities Institute and other business colleges on Continuous Professional Training Courses and investment seminars.

Chairman's Statement

Thus far, 2009 has been a highly challenging year for the financial industry as the unprecedented financial downturn has continued to impinge on the performance of the world's stock markets. Memories of Lehman Brothers' collapse remain fresh in the minds of investors and the shattered confidence that resulted will require time to recover, as will the markets themselves. Being one of the world's key financial hubs, Hong Kong has not been spared from the financial fallout, and we at Tanrich have also felt the effects of market uncertainties. Despite the adverse conditions, we have been able to achieve satisfactory returns from our proprietary trading operation.

To continue making positive steps in the financial industry, we have devoted substantial marketing effort toward China investors during the year, and have launched electronic trading platforms to reach potential investors in the country. Our emphatic push to reach local customers is consistent with our belief that China will be among the first to recover from the economic upheaval.

In addition to our activities in the country, we have continued to strengthen the Group's operations on various fronts. A new chief executive officer was appointed to lead the futures broking operation. Professional teams of institutional sales and asset management were established to capture high net worth institutional and individual clients. The Group has also been able to build on its reputation as a professional financial services provider by attaining ISO accreditations, namely ISO 9001 and ISO 10002, which acknowledge its quality management system meeting international standard. Moreover, to enhance internal and stakeholder communications, as well as promote sharing of financial knowledge and expertise, the Group has directed energies to the production of quarterly corporate newsletters.

While challenging times still lay ahead, signs of recovery are beginning to appear in the financial markets. We are pleased to see initial public offering (IPO) exercises on an upswing since the middle of 2009 and are looking forward to more large-scale IPOs toward the end of the year. Whether or not an upturn is in fact on the horizon, we draw confidence in the knowledge that the Group has weathered past financial and economic hardships through prudent strategies, which we will continue to employ as we shift our attention from retail to corporate investments. In particular, we will seek to create value for our clients by exploring new business opportunities in China. With the country's growing economic strength, it will be an increasingly influential player on the world stage. We will also continue to cooperate with institutions in China, thereby accurately gauging the country's growth and capitalizing on prospects that arise.

Ahead of the Group's 20th anniversary, I would like to take this opportunity to extend my gratitude to all staff members, business partners and customers for their unwavering support throughout the years. We will continue to dedicate efforts to enhancing the Group's position in the financial industry, and delivering satisfactory returns to our shareholders.

Yip Man Fan
Chairman

Hong Kong, 22 September 2009

Management Discussion and Analysis

BUSINESS REVIEW

Following the US sub-prime crises, the collapse of Lehman Brothers and some other European financial institutions, the global financial markets and economic activities experienced a drastic downturn. As expected, the Hong Kong stock market performed poorly and fluctuated during the year ended 30 June 2009. Starting at 21,704, the Hang Seng Index dropped by half to 11,015 in late October 2008 and stepped up gradually from March 2009 and closed at 18,378 on 30 June 2009.

In the adverse market conditions, the Group's principal businesses and investments suffered. The Group recorded a turnover of HK$67.8 million, representing a decrease of 38.3% as compared with last year. The Group recorded a loss before taxation of HK$31.5 million, of which the realised loss and the provision for impairment loss of our investments constituted 30.8%. However, the Group grasped the opportunities from over-done sell-offs by designating resources in proprietary trading and gained satisfactory results. The net assets of the Group decreased by 11.8% to HK$257.5 million (*2008: HK$291.8 million*).

Securities broking and margin financing

In the financial turmoil, investors' confidence in equity investment was inevitably affected. The securities trading on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") decreased by 33.2%. The average daily turnover for the year ended 30 June 2009 was only HK$58.3 billion as compared with HK$87.3 billion of 2008. In addition, the Group was cautious about managing its credit risk by implementing stricter control over granting facilities to margin clients. The Group's securities brokerage commission income and margin financing interest income dropped in line by 48.8% to HK$19.9 million. The segment results was strived to a slight profit of HK$0.7 million. Nevertheless, we are pleased to note the initial public offering ("IPO") exercises has restored energy since the middle of 2009 and are looking forward to more large scale IPOs in the coming year.

Subsequent to the year-end date, the Group established the Institutional Sales division to capture more high net worth and institutional clients. We believe the enriched client base not only be able to boost up securities broking and margin financing businesses but also produce synergy on corporate finance and asset management businesses.

Wealth management and insurance agency

The public lost confidence in structured products and mutual funds resulting from the liquidation of Lehman Brothers and the credit default swaps related to Lehman Brothers. In addition, the credit worthiness of other insurance companies was in doubt as a result of the instability of AIG. The wealth management and insurance agency business can hardly stand out from the rest. The turnover accordingly dropped by 35.5% to HK$20.9 million. The operating loss of HK$6.0 million is mainly due to increase in staff costs for extra headcount for asset management activities.

The Group was successfully licensed to carry out regulated activity 9 and a team of professional asset management was established during the year. There was a fund set up and started operation in July 2009. Moreover, the team is actively negotiating with a couple of funds to act as their manager.

BUSINESS REVIEW *(Continued)*

Futures broking

Futures broking business was severely hit by the financial downturn that the investors were more conservative and tended to principal protected products. In addition, the Group also adopted more stringent assessment on the account opening procedures. Professional and experienced investors with adequate information and analysis on the risk of trading in futures contracts may be accepted as futures clients. Hence, the number of futures contracts dealt with by the Group in the financial year was sharply reduced by half compared with last year. The brokerage commission income decreased to HK$7.9 million, representing one third of last year only. The segment loss also increased to HK$18.5 million.

Nevertheless, the Group appointed a new chief executive officer for futures broking business ("Futures CEO") to promote the futures and options business in local as well as mainland market. Also, the Group has been endeavored to explore electronic trading platform to facilitate trading by the local and mainland investors. The system has been launched in the third quarter 2009 and we have confidence that this segment would have a breakthrough shortly.

Corporate finance

IPO activities were almost frozen after the market slump in October 2008, rendering other equity fund raising exercises extremely difficult. During the year, the corporate finance team provided financial services including financial and compliance advisory, underwriting as well as placement activities. Turnover and loss from corporate finance advisory services were HK$2.9 million and HK$4.6 million respectively.

However, there still remains a long list of candidates awaiting an IPO. There have been 2 sponsorship engagements concluded before and after the year-end date. We believe performance of corporate finance division would have remarkable improvement in the coming year.

Money lending

The Group granted new short-term loans of HK$4.8 million during the year. Under such uncertain economic circumstances, the Group exercised great cautions in granting loans. The Group recorded a turnover of HK$0.5 million and this segment almost broke even with a slight loss of HK$0.2 million this year.

Proprietary trading

Although the market value of the listed trading securities fluctuated drastically in the year, the fair value of those investments resumed steady by year-end date. Moreover, as mentioned in the segment "Wealth management and insurance agency" above, a professional asset management team was established in late 2008. A fund of USD4 million was assigned to them as proprietary trading and the return was satisfactory. In addition, our proprietary trading in commodities and currency futures contracts also performed well and contributed a profit of HK$15.1 million to the Group.

PROSPECTS

It has been our mission to design astute financial strategies by thoroughly understanding clients' needs, employ innovative techniques for the analysis of financial information, and render excellent value added services beyond time zones and geographical boundaries to make our clients feel entirely satisfied.

In the past, the Group mainly targeted retail clients, yet she will strengthen the relationship and cooperation with institutional clients in the future under the expansion of business scale. Our investment research team has been well prepared to issue comprehensive research reports on individual company or stock, so as to provide high quality, timely and appropriate recommendation to suit our clients' needs.

The Futures CEO and the head of our securities broking business also provide investment and market analysis through their columns in newspapers and regular interviews on televisions and radios in Hong Kong and the mainland. To introduce the characteristics of futures contracts to the public, the Group established a membership club headed by the Futures CEO, namely "Ting Ting's Club", for potential and existing clients. Regular seminars are held for the club members. During the seminars, the Futures CEO shared his experience in futures trading both as investment and as hedging instrument. The Company believes such seminars and gatherings can also raise the awareness of club members on the risk of futures trading. The Group is also exploring the opportunities to conduct seminars in Hong Kong and China jointly with overseas futures exchanges to provide more comprehensive information to the investors on the futures market and products.

We are of the view that clients armed with on time and comprehensive market information and analysis could make more appropriate and wise investment decisions. In turn, they are more willing to invest in the products of which they have better understanding.

The global economy and financial markets seem to stabilize with the implementation of rescue measures by governments. We are optimistic to the global economic outlook, in particular the Chinese economy is expected to register an 8% growth this year, in turn becomes the driver of world economic recovery. With loosen monetary policy and increased money supply, asset prices may keep surging under the inflation worries. Global stock markets and Hang Seng Index has already back to the level before financial tsunami started. Meanwhile, the commodity prices such as sugar, gold and oil have picked up as well that provides a solid support to the market sentiment and the Group's businesses.

Yet, market volatility is expected to continue before the global economy recovers in a faster pace. Capitals flow and tightened monetary policy remains the dominant theme in the investment market. As such, the Group aims to strengthen her risk management and provide in-depth researches in order to enhance shareholders' return.

FINANCIAL REVIEW

Liquidity, financial resources and gearing ratio

The Group maintained a healthy and stable financial position throughout the financial year. The subsidiaries licensed by the Securities and Futures Commission ("SFC") fully complied with the financial resources rules promulgated by the SFC. As at 30 June 2009, the Group had total cash and bank balances (other than the trust accounts held for clients) of HK$36.1 million (*2008: HK$106.8 million*), while net current assets amounted to HK$131.5 million (*2008: HK$167.7 million*). The decrease in cash and bank balances is mainly due to the outflow from operations, additions in investments, the assignment of USD4 million to the professional asset management team for proprietary trading and the payment of a final dividend for the year ended 30 June 2008. Current ratio of the Group, expressed as current assets over current liabilities was at 3.2 (*2008: 5.6*). The decrease in current ratio is mainly due to the short term IPO financing from banks spanning over the year-end date. The current ratio should have remained at 5.7 excluding such factor.

As at 30 June 2009, the Group had bank borrowings of HK$31.0 million for financing clients' subscriptions of new issue of companies undergoing IPO exercises which resulted in a gearing ratio of 12.0% (*2008: 0%*). The gearing ratio represents the ratio of total borrowings to the total equity of the Group.

FINANCIAL REVIEW *(Continued)*

Banking facilities and charges on assets

The Group meets its daily operating obligations from its internal resources. The finance costs are minimal to the Group.

The Group had aggregate banking facilities of HK$910.6 million from various banks, of which the drawdown of certain facilities of HK$907.3 million is subject to the market value of the marketable securities pledged and the margin deposits placed. Also, the Company has provided corporate guarantees for the facilities of HK$850.5 million granted to its subsidiaries from banks. All the banking facilities were based on commercial floating interest rates and there were no seasonal factors affecting borrowing requirements.

As at 30 June 2009, the Group pledged certain investments in listed securities of HK$53.2 million (*2008: HK$50.1 million*), held-to-maturity investments of USD2 million, and fixed deposits of HK$0.9 million for the facilities.

Save as disclosed above, no other assets were pledged or under charge for any purposes.

MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS

Material investments

The Group maintained its investments in 2 listed and 3 non-listed companies as disclosed in the Annual Report 2008. Due to the adverse market and economic situation, the Group has made further provisions for certain investments of HK$5.5 million (*2008: HK$4.3 million*) to the income statement.

The Group purchased two held-to-maturity equity linked instruments at total cost of USD3 million in 2008. During the year, the Group realised one of USD1 million with a loss of HK$2.3 million, representing 29.7% of the cost. The remaining one is principal protected and will mature in 2013. As at 30 June 2009, the investment valued at a premium. Besides, the Group subscribed USD1.3 million of unlisted fund and redeemed at loss of 10.5% during the year.

The Group further subscribed for 46,000 shares in the capital of FundStreet AG ("FundStreet"), an associate, at a subscription price of CHF5 per share. After the subscription, the Group is interested in approximately 40% in FundStreet. The aggregate goodwill arising from acquiring FundStreet was HK$2.8 million. FundStreet has started managing an OTC fund in Switzerland and identifying opportunities in China property market. Given the slow down in annual growth in China since late 2008, the 5-year financial forecast of FundStreet has to be postponed by 12 to 18 months, pending the speed and depth of the economic recovery and the ease of tension in the credit market. A provision for impairment of goodwill of HK$0.8 million has been made accordingly.

Commitments

As at 30 June 2009, the Group had capital commitment of HK$0.4 million contracted but not provided for in the financial statements in respect of the purchase of computer equipment.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group has exposure to foreign exchange fluctuation as a result of placing margin deposits in JPY with futures commission merchants on behalf of its clients in Hong Kong. According to the Group's hedging policy, the Group hedges at least 80% of its net foreign exchange exposure with USD/JPY foreign exchange deferred trading in order to minimize its foreign exchange risk.

As at 30 June 2009, the Group had a total margin deposit placed with the two designated futures commission merchants of JPY31.3 million and a bank deposit of JPY61.3 million, being equivalent to approximately HK$7.4 million in total. This amount has been properly hedged with USD/JPY foreign exchange deferred trading.

CONTINGENT LIABILITIES

The two contingent claims as disclosed in the Annual Report 2008 were fully settled in the year. The Board was not aware of any claims lodged or may be lodged as at the date of this report. The Group has no material contingent liabilities as at 30 June 2009.

STAFF

As at 30 June 2009, the Group had a total of 106 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 is 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 products, regulatory and compliance knowledge. For the year under audit, the Group has conducted in-house training of 10.5 hours qualified for claiming Continuous Professional Training hours for the licensed persons.

Corporate Governance Report

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company believes good corporate governance practices improve transparency of the Company and enhance the shareholders' value. The Company has complied with all the provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("The Stock Exchange") throughout the financial year except for Provision A.2.1 of the Code as explained below.

THE BOARD

The Board Composition

During the year under audit, 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)* 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. Each Director (including each of the Independent Non-executive Directors) was appointed for a specific term and 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.

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 different Board committees and senior management of the Group.

Independence of Independent Non-executive Directors

To the best knowledge of the Directors, there is no relationship 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.

THE BOARD *(Continued)*

Board meetings

The Board meets regularly with intervals of not more than 4 months 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 three 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 OFFICER

Provision A.2.1 of the Code requires the management of the Board and the day-to-day management of business be performed by separate individuals.

There is no office of chief executive officer in the Group. Under the current corporate structure, the Chairman is responsible for the management and leadership of the Board. The Directors are responsible for leadership and control of the Group. Different functions of the operations and day-to-day businesses are performed by different board committees and managed by respective members of the Board and the senior management. The Board is of the view that proper segregation of duties and balance of power and authority are maintained and there is clear division of responsibilities at the board level.

The duties and responsibilities of each Executive Director and the senior management are clearly established in writing. The board opts to maintain such corporate structure to enhance the communication within the Group and to make business decisions efficiently. The Executive Directors, without the Chairman, and department heads meet 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.

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 general meeting and shall then be re-elected at that meeting in accordance with the Bye-laws of the Company.

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.

Executive Committee

During the year under audit, the Executive Committee was established and its terms of reference was approved and adopted in the Board Meeting.

The Executive Committee comprises all Executive Directors of the Company. 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.

The Executive Committee held 9 meetings during the year and the attendance of each member is listed under the heading "ATTENDENCE 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 auditor, 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.

During the year, the Audit Committee has reviewed the review/audit planning memorandums and the results for the interim period and the financial year ended 30 June 2009. 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 of the Company and the external auditor respectively.

In compliance with the newly amended Code, which took effect on 1 January 2009, 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 22 September 2009, 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 three Independent Non-executive Directors, namely Mr. Ma, Andrew Chiu Cheung, who acts as the chairman, Dr. Lam, Andy Siu Wing, JP and Mr. Yu King Tin, and two Executive Directors, namely Mr. Tsunoyama Toru and Ms. Wong, Vicky Lai Ping.

The responsibilities and authorities of the Remuneration Committee are 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 executive directors and 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.

During the financial year, the Remuneration Committee has approved the issue of discretionary bonus to the Executive Directors in respect of the performance of last financial year and reviewed the remuneration package of all Directors and the senior management. The Chairman was consulted in the meeting on their proposals. Details of remuneration of each Director are disclosed in note 6 to the financial statements.

The Remuneration Committee held 2 meetings during the year and the attendance of each member is listed under the heading "ATTENDANCE SUMMARY" below on a named basis.

Risk and Credit Control Committee ("RCCC")

RCCC comprises certain directors of the Company and its subsidiaries, the Head of Operations, the Head of Legal and Compliance Department and the Financial Controller. RCCC is responsible for establishing and reviewing credit policies and procedures to minimise the systematic and non-systematic credit and financial risks of the Group. RCCC is also responsible for assessing the risk of investments of non-daily businesses. RCCC meets regularly and reports to the Board from time to time.

ATTENDANCE SUMMARY

The following table shows the attendance of each individual member of the Board and the respective board committees at the Board and the respective board committees meetings held during the financial year:

	Attendance/Number of meetings held			
Name of members of the Board/ the respective Board Committees	**Board meeting**	**Audit Committee meeting**	**Executive Committee meeting**	**Remuneration Committee meeting**
Executive Directors:				
Yip Man Fan *(Chairman)*	3/4	N/A	7/9	N/A
Kwok Kam Hoi *(Deputy Chairman)*	4/4	N/A	9/9	N/A
Tsunoyama Toru	4/4	N/A	9/9	2/2
Wong, Vicky Lai Ping	4/4	N/A	9/9	2/2
Independent Non-executive Directors:				
Lam, Andy Siu Wing, JP	4/4	4/4	N/A	2/2
Ma, Andrew Chiu Cheung	4/4	4/4	N/A	2/2
Yu King Tin	4/4	4/4	N/A	2/2

CORPORATE COMMUNICATIONS

The Group has been actively participated in various investment related events during the year. Leveraging on strategic partnership with major financial institutions and media, the Group effectively uplifted her brand awareness and market position. Our spokespersons are prestigious amidst the mass media, and they were constantly invited to deliver commentaries through different channels, including TV, radio, newspapers and magazines.

With a view to strengthening communications between clients and the public, the Group has also launched a quarterly investment magazine compiling market analysis and commentaries contributed by our in-house professionals and guest writers of other prominent institutions.

SOCIAL RESPONSIBILITY

The Group has been devoted to establish a caring spirit in the community through cultivating corporate citizenship and partnership amongst her staff, the public and non-profit organizations. During the previous year, the Group participated in various corporate social responsibility activities, which include sponsoring the Hong Kong Federation of Youth Groups to care for the underprivileged in Tin Shui Wai by giving out hand-made Christmas gifts to the children, taking part in the Walk for Millions 2009 that helped raising funds for the Family and Child Welfare Services and providing marketing effort for the green group – Friends of Earth – to promote their campaigns.

INTERNAL CONTROL

Internal audit function was assumed by the Legal and Compliance Department to review the system of internal control including financial, operational and compliance controls. Internal audit is performed on the Group's major businesses on a rotation basis. During the year, a review of the effectiveness of the Group's internal control system covering all material controls and risk management functions has been conducted in accordance with the requirements of the Code. An internal audit report on insurance and asset management businesses has also been reviewed and considered by the Audit Committee and recommendations have been made to the Board.

To strengthen and standardise the control in the area of customer services, the Group further improved the related control procedures to align with international standards. Hence, the Group attained ISO accreditations namely ISO 9001 and ISO 10002.

REVIEW OF 2009 FINANCIAL STATEMENTS AND EXTERNAL AUDITOR

The Board acknowledges the responsibility for preparing the accounts which gives a true and fair view. In preparing the accounts which give 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 2009 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 2008 Annual General Meeting. The remuneration for audit service for the year ended 30 June 2009 was HK$872,000. 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

Hong Kong, 22 September 2009

Directors' Report

The Directors submit their report together with the audited financial statements of the Company and its subsidiaries for the year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 13 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 income statement on page 26.

The Directors do not recommend the payment of a final dividend for the year (*2008: 1 HK cent*).

The Directors have recommended a bonus issue of 1 new share, credited as fully paid, for every 1 share held by Shareholders whose names appear on the register of members of the Company on 12 November 2009 and subject to the following conditions: (i) the passing by the Shareholders at the forthcoming Annual General Meeting ("AGM") of an ordinary resolution approving the bonus issue; (ii) the Listing Committee of the Stock Exchange agreeing to grant the approval for the listings of, and permission to deal in, the bonus shares to be issued pursuant to the bonus issue; and (iii) if necessary, the Bermuda Monetary Authority granting permission for the issue of the bonus shares. Such bonus shares credited as fully paid will rank pari passu in all respects with the existing issued shares of the Company.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in note 29 to the financial statements.

As at 30 June 2009, the reserves of the Company available for distribution to shareholders amounted to HK$66,158,000 (*2008: HK$81,727,000*).

DONATIONS

During the year, the Group made charitable and other donations amounted to HK$7,000 (*2008: HK$110,000*).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 27 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 78.

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.

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)*
	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. Ma, Andrew Chiu Cheung will, retire by rotation and, being eligible, offer themselves for re-election at the 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 under audit, the Company has entered into a supplementary agreement ("Supplementary Agreement") with Tanrich (Hong Kong) Holdings Limited ("Tanrich Hong Kong"), a connected party to the Company, pursuant to which certain provisions of the Trademark License Agreement ("Trademark License Agreement") dated 7 January 2002 were revised to the effect that Tanrich Hong Kong is given the right to, inter alias, grant a license to use the trademark "Tanrich" ("Trademark") to any of its subsidiaries or associated companies or any subsidiary or associated company of any of the existing permitted users of the Trademark.

The Trademark License Agreement was referred to as "CONNECTED TRANSACTIONS" in the Prospectus of the Company dated 21 January 2002 ("Prospectus"). The Supplementary Agreement results in a change from the position in the Prospectus but there is no amendment to the Company's rights to use the Trademark under the Trademark License Agreement and the Company retains the same rights to use the Trademark pursuant to the Supplementary Agreement.

During the year ended 30 June 2009, the Group had other connected transactions as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") but are exempt from all the reporting, announcement and independent shareholders' approval requirements under Chapter 14A.31 of the Listing Rules. Details of these transactions are set out in Note 31 to the financial statements.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of these transactions are set out in Note 31 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as stated under "CONNECTED TRANSACTIONS" and "RELATED PARTY TRANSACTIONS" above, no contracts of significance in relation to the Group's business 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, other than employment contracts, 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 2009, the interests of the directors of the Company 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

	Number of ordinary shares held			No. of	
	Personal interests	Family interests	Other interests	underlying shares *(Note 3)*	Total
Yip Man Fan	17,742,000	15,000,000 *(Note 1)*	240,000,000 *(Note 2)*	–	272,742,000
Kwok Kam Hoi	8,000,000	–	–	4,000,000	12,000,000
Tsunoyama Toru	68,380,000	–	–	1,720,000	70,100,000
Wong, Vicky Lai Ping	–	–	–	3,890,000	3,890,000
Lam, Andy Siu Wing	–	–	–	926,000	926,000
Ma, Andrew Chiu Cheung	–	–	–	926,000	926,000
Yu King Tin	–	–	–	926,000	926,000

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. These interests represent the interests in the underlying shares in respect of share options granted by the Company to the Directors as beneficial owners.

Save as disclosed above, as at 30 June 2009, 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 28 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 8,520,000, which represents 1.5% 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 2009 which have been granted under the Pre-Listing Scheme are as follows:

	Number of shares issuable under the options as at 01/07/2008 and 30/06/2009	Subscription price HK$	Grant date	Exercise period	Closing price per share immediately before the grant date HK$
Directors:					
Kwok Kam Hoi	4,000,000	0.360	22/02/2002	22/02/2003 – 07/01/2012	0.325
Tsunoyama Toru	1,720,000	0.360	22/02/2002	22/02/2003 – 07/01/2012	0.325
Wong, Vicky Lai Ping	600,000	0.360	22/02/2002	22/02/2003 – 07/01/2012	0.325
	1,000,000	0.325	03/07/2006	03/07/2007 – 07/01/2012	0.325
Bona fide consultant of the Group	1,200,000	0.335	04/01/2007	04/01/2008 – 07/01/2012	0.330
Total	**8,520,000**				

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 24,312,000, representing 4.32% of the existing issued share capital of the Company as at the year end date.

SHARE OPTION SCHEMES *(Continued)*

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

Details of the share options outstanding as at 30 June 2009 which have been granted under the Post-Listing Scheme are as follows:

	Number of shares issuable under the options							
	As at 01/07/2008	Granted during the year	Lapsed during the year *(Note 4)*	As at 30/06/2009	Exercise price HK$	Grant date	Exercise period	Closing price per share immediately before the grant date HK$
Directors:								
Wong, Vicky Lai Ping	540,000	–	–	540,000	0.335	27/04/2004	27/04/2005 – 26/04/2014	0.335
	1,000,000	–	–	1,000,000	0.335	04/01/2007	04/01/2008 – 03/01/2017	0.330
	–	750,000	–	750,000	0.261	14/05/2009	14/05/2010 – 13/05/2019	0.280
Lam, Andy Siu Wing	400,000	–	–	400,000	0.920	01/06/2007	01/06/2008 – 31/05/2017	0.975
	–	526,000	–	526,000	0.261	14/05/2009	14/05/2010 – 13/05/2019	0.280
Ma, Andrew Chiu Cheung	400,000	–	–	400,000	0.920	01/06/2007	01/06/2008 – 31/05/2017	0.975
	–	526,000	–	526,000	0.261	14/05/2009	14/05/2010 – 13/05/2019	0.280
Yu King Tin	400,000	–	–	400,000	0.920	01/06/2007	01/06/2008 – 31/05/2017	0.975
	–	526,000	–	526,000	0.261	14/05/2009	14/05/2010 – 13/05/2019	0.280
Continuous contract employees	92,000	–	92,000	–	0.335	27/04/2004	27/04/2005 – 26/04/2014	0.335
	8,600,000	–	600,000	8,000,000	0.335	04/01/2007	04/01/2008 – 03/01/2017	0.330
	520,000	–	100,000	420,000	0.780	06/11/2007	06/11/2008 – 05/11/2017	0.770
	–	800,000	–	800,000	0.230	12/12/2008	12/12/2009 – 11/12/2018	0.230
	–	750,000	–	750,000	0.261	14/05/2009	14/05/2010 – 13/05/2019	0.280
	–	1,800,000	–	1,800,000	0.261	14/05/2009	14/05/2010 – 13/05/2019 *(Note 1)*	0.280
	–	684,000	–	684,000	0.261	14/05/2009	14/05/2010 – 13/05/2019 *(Note 2)*	0.280
	–	1,140,000	–	1,140,000	0.281	14/05/2009	14/05/2010 – 13/05/2019 *(Note 3)*	0.280
Consultants/Advisors	300,000	–	–	300,000	0.335	27/04/2004	27/04/2005 – 26/04/2014	0.335
	2,000,000	–	–	2,000,000	0.335	04/01/2007	04/01/2008 – 03/01/2017	0.330
	2,000,000	–	–	2,000,000	1.500	14/08/2007	14/08/2008 – 13/08/2017	1.520
	–	1,350,000	–	1,350,000	0.261	14/05/2009	14/05/2010 – 13/05/2019	0.280
Total	**16,252,000**	**8,852,000**	**792,000**	**24,312,000**				

Notes:

1. These options vest in 2 tranches, the first 50% on 14 May 2010 and the balance 50% 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 on 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 on 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 2009, 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	Percentage of holding
Aceland Holdings Ltd.	*1, 2 & 4*	240,000,000	42.66%
Redwood Pacific Limited	*2 & 4*	240,000,000	42.66%
HSBC International Trustee Limited	*3 & 4*	240,000,000	42.66%
Tang Yuk Lan	*5*	272,742,000	48.48%

Notes:

1. Aceland Holdings Ltd. is the trustee of The Yip Unit Trust, which holds 42.66% 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. HSBC International Trustee 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 HSBC International Trustee Limited is taken to have an interest in the same 240,000,000 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.

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 Company's directors.

AUDITOR

The financial statements have been audited by Mazars CPA Limited, *Certified Public Accountants,* who is due to retire and, being eligible, offers itself for re-appointment in the forthcoming annual general meeting.

By order of the Board
Kwok Kam Hoi
Deputy Chairman

Hong Kong, 22 September 2009

Independent Auditor's Report

MAZARS

To the members 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 (collectively referred to as "the Group") set out on pages 26 to 77, which comprise the consolidated and the Company's balance sheet as at 30 June 2009, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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, 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 polices used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 2009 and of the Group's loss 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, 22 September 2009

Fung Shiu Hang
Practising Certificate number: P04793

Consolidated Income Statement

Year ended 30 June 2009

	Note	2009 HK$'000	2008 HK$'000 (Restated)
Turnover and revenue	2	**67,775**	109,774
Other revenue	4	**7,219**	18,868
Employee benefit expenses	5	**(40,609)**	(53,332)
Depreciation and amortisation		**(1,187)**	(1,325)
Brokerage and agency commission		**(19,519)**	(29,710)
Other operating expenses		**(44,418)**	(29,191)
Finance costs	5	**(480)**	(2,844)
Share of results of an associate	14	**(213)**	(71)
Share of results of jointly controlled entities	15	**(29)**	–
(Loss) Profit before taxation	5	**(31,461)**	12,169
Taxation	7	**(88)**	495
(Loss) Profit for the year		**(31,549)**	12,664
Attributable to:			
Equity holders of the Company	8	**(31,547)**	12,664
Minority interests		**(2)**	–
		(31,549)	12,664
Dividends	9	**–**	5,626
(Loss) Earnings per share	10		
– Basic (HK cents)		**(5.6)**	2.3
– Diluted (HK cents)		**(5.6)**	2.2

Consolidated Statement of Changes in Equity

Year ended 30 June 2009

	2009 HK$'000	2008 HK$'000
Total equity at 1 July	**291,830**	238,526
Change in fair value of available-for-sale financial assets	**2,872**	14,692
Realisation upon disposal of available-for-sale financial assets	**–**	(5,362)
Exchange difference on translation of financial statements of an overseas associate	**(61)**	421
(Loss) Profit for the year	**(31,549)**	12,664
Total recognised income and expense	**(28,738)**	22,415
Issue of shares under share option schemes	**–**	2,326
Issue of new shares, net of expenses	**–**	33,620
Recognition of equity-settled share-based payments	**–**	536
Dividend paid during the year	**(5,626)**	(5,593)
Minority interests arising from business combination	**45**	–
Total equity at 30 June	**257,511**	291,830
Total recognised income and expense attributable to:		
Equity holders of the Company	**(28,736)**	22,415
Minority interests	**(2)**	–
	(28,738)	22,415

Consolidated Balance Sheet

At 30 June 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	11	**3,159**	717
Intangible assets	12	**230**	290
Interests in an associate	14	**3,560**	2,860
Interests in jointly controlled entities	15	**991**	–
Available-for-sale financial assets	16	**99,925**	102,540
Other financial assets	17	**15,500**	15,576
Other non-current assets	18	**2,000**	2,000
Loans and advances	19	**674**	186
		126,039	124,169
Current assets			
Loans and advances	19	**3,216**	233
Investments held for trading	20	**36,037**	8,435
Other financial assets	17	**–**	7,803
Accounts receivable	21	**108,828**	74,464
Deposits, prepayments and other receivables	22	**5,943**	6,170
Tax prepaid		**–**	23
Pledged deposits	23	**866**	836
Cash and bank balances	23	**35,266**	105,924
		190,156	203,888
Current liabilities			
Interest-bearing borrowings	24	**31,000**	–
Accounts payable	25	**17,784**	22,360
Other payables and accrued charges		**9,812**	13,867
Tax payable		**88**	–
		58,684	36,227
Net current assets		**131,472**	167,661
NET ASSETS		**257,511**	291,830
Capital and reserves			
Share capital	27	**56,263**	56,263
Reserves	29	**201,205**	235,567
Equity attributable to equity holders of the Company		**257,468**	291,830
Minority interests		**43**	–
TOTAL EQUITY		**257,511**	291,830

Approved and authorised for issue by the Board of Directors on 22 September 2009.

Kwok Kam Hoi
Director

Tsunoyama Toru
Director

Balance Sheet

At 30 June 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Interests in subsidiaries	*13*	**141,436**	123,123
Available-for-sale financial assets	*16*	**69,098**	65,151
Other financial assets	*17*	**15,500**	15,576
		226,034	203,850
Current assets			
Investments held for trading	*20*	**7,258**	8,435
Other financial assets	*17*	**–**	7,803
Deposits, prepayments and other receivables	*22*	**1,975**	105
Cash and bank balances		**4,613**	34,986
		13,846	51,329
Current liabilities			
Other payables and accrued charges		**368**	4,045
Net current assets		**13,478**	47,284
NET ASSETS		**239,512**	251,134
Capital and reserves			
Share capital	*27*	**56,263**	56,263
Reserves	*29*	**183,249**	194,871
TOTAL EQUITY		**239,512**	251,134

Approved and authorised for issue by the Board of Directors on 22 September 2009.

Kwok Kam Hoi
Director

Tsunoyama Toru
Director

Consolidated Cash Flow Statement

Year ended 30 June 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
(Loss) Profit before taxation	**(31,461)**	12,169
Depreciation and amortisation	**1,187**	1,325
Provision for impairment loss on available-for-sale financial assets	**5,487**	4,300
Provision for impairment loss on interests in an associate	**832**	–
Loss on disposal of property, plant and equipment	**37**	–
Equity-settled share-based payment expenses	**–**	536
Share of results of an associate	**213**	71
Share of results of jointly controlled entities	**29**	–
Gain on deemed disposal of an associate	**(302)**	–
Loss on disposal of other financial assets	**2,302**	–
Exchange difference on other financial asset	**127**	–
Interest income	**(1,974)**	(5,124)
Interest expenses	**480**	2,844
Dividend income	**(3,422)**	(3,723)
Loss (Gain) on disposal of available-for-sale financial assets	**1,055**	(5,362)
Exchange difference on available-for-sale financial assets	**66**	–
Allowance for (Reversal of) bad and doubtful debts, net	**264**	(1,964)
Changes in working capital:		
Loans and advances	**(3,628)**	4,837
Investments held for trading	**(27,602)**	(519)
Accounts receivable	**(34,471)**	191,841
Deposits, prepayments and other receivables	**227**	(851)
Margin financing for (Repayment of) IPO subscriptions	**31,000**	(156,000)
Accounts payable	**(4,576)**	(29,374)
Other payables and accrued charges	**(4,055)**	1,361
Cash (used in) generated from operating activities	**(68,185)**	16,367
Hong Kong Profits Tax refund (paid)	**23**	(99)
Refund of Tax Reserve Certificate	**–**	479
Interest received	**1,974**	5,124
Interest paid	**(480)**	(2,844)
Net cash (used in) generated from operating activities	**(66,668)**	19,027

	Note	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Dividends received		**3,422**	3,723
Acquisition of interests in an associate		**(1,504)**	(2,511)
Acquisition of interests in a jointly controlled entity		**(1,020)**	–
Proceeds from disposal of available-for-sale financial assets		**9,018**	6,576
Purchase of available-for-sale financial assets		**(10,139)**	(20,552)
Proceeds from disposal of other financial assets		**5,450**	–
Purchase of other financial assets		**–**	(23,379)
Purchase of property, plant and equipment		**(3,606)**	(499)
Net cash generated from (used in) investing activities		**1,621**	(36,642)
FINANCING ACTIVITIES			
Issue of share capital, net of expenses		**–**	35,946
Issue of shares in subsidiary to minority interests		**45**	–
Dividends paid		**(5,626)**	(5,593)
Net cash (used in) generated from financing activities		**(5,581)**	30,353
Net (decrease) increase in cash and cash equivalents		**(70,628)**	12,738
Cash and cash equivalents at beginning of year		**106,760**	94,022
Cash and cash equivalents at end of year	23	**36,132**	106,760

Notes to the Financial Statements

Year ended 30 June 2009

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 financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These 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 financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2008 financial statements except for the adoption of the following new/revised HKFRS that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRS

Amendments to HKAS 39 and HKFRS 7: Reclassifications of financial assets

The amendments allow non-derivative held-for-trading financial assets and financial assets that are not designated as fair value through profit or loss upon initial recognition to be reclassified as available-for-sale or held-to-maturity category in rare circumstances, and as loans and receivables when certain conditions are met. The amendments also allow available-for-sale assets to be reclassified as loans and receivables subject to meeting certain conditions. Fair value at the date of reclassification becomes the new cost or amortised cost for the reclassified financial assets. During the year, no reclassification of financial assets has been made.

HK(IFRIC) – Int 11: HKFRS 2: Group and treasury share transactions

The interpretation clarifies whether share-based payment transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the financial statements of the group entity that receives the services. Since the Group had no share-based payment transactions that are dealt with by the interpretation, the interpretation had no impact on the financial statements.

HK(IFRIC) – Int 14: HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The interpretation provides guidance on measuring the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how a statutory or contractual minimum funding requirement might affect the measurement of the defined benefit asset or liability. The adoption of the interpretation had no impact on the financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of measurement

The measurement basis used in the preparation of these financial statements is historical cost, except for available-for-sale financial assets and financial assets at fair value through profit and 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.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from equity holders of the Group. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

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 balance sheet, the investments in subsidiaries are stated at cost less impairment losses. The carrying amount of the investments is 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 income statement includes the Group's share of the post-acquisition results of the associate for the year. The consolidated balance sheet 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.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 entities is accounted for under the equity method of accounting. The consolidated income statement includes the Group's share of the post-acquisition results of the jointly controlled entities for the year. The consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and also goodwill.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired associate and jointly controlled entity. Goodwill on acquisition of associate or jointly controlled entity is included in interests in the associate or jointly controlled entity. 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.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of associate or jointly controlled entity at the date of acquisition, after reassessment, is recognised immediately in income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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 income statement 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 among the parts and each part is depreciated separately.

Leasehold improvements	Over the unexpired term of lease
Furniture, fixtures and office equipment	20%
Computer equipment	33 $^{1}/_{3}$%

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 the income statement.

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 the income statement.

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 the income statement.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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 the income statement. 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 balance sheet date, 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 the income statement. 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 the income statement.

For financial assets carried at amortised cost, such as held-to-maturity investments and other financial assets, an impairment loss is recognised in the income statement 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 was recognised, the previously recognised impairment loss shall be reversed through income statement. The reversal shall not result in the carrying amount of the financial asset to exceed what the amortised cost would have been had the impairment not been recognised at the date of reversal.

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 income statement. 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 the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

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.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

The Group's financial liabilities include accounts and other payables and interest-bearing borrowings. All financial liabilities except for derivatives 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 balance sheet date.

Trust accounts

Trust accounts maintained by the Group to hold clients' monies are treated as off-balance sheet items and offset against accounts payable.

Cash equivalents

For the purpose of the consolidated cash flow statement, 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.

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 and futures contracts 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.

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 balance sheet date.

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

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

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 the income statement.

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 balance sheet 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 balance sheet date;

- Income and expenses for each income statement 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 income statement when the gain or loss on disposal is recognised.

Impairment of non-financial assets

At each balance sheet date, the Group reviews internal and external sources of information to determine whether its property, plant and equipment, intangible asset, 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 are recognised as an expense when incurred.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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 income statement on a straight-line basis over the term of the relevant lease.

Employee benefits

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement 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 benefit.

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 granted at the transaction date. The fair value of share options granted to these persons 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 the income statement 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 balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the 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 balance sheet date.

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.

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 or its parent;

(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.

Critical accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the 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.

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 balance sheet date, the carrying amount of receivables after provision for impairment amounted to HK$108,828,000 *(2008: HK$74,464,000)*.

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

Impairment of investments and receivables

The Group assesses annually if investments in subsidiaries, associates 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 assets 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.

Future changes in HKFRS

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

	Effective for accounting periods beginning on or after
HKFRS 8: *Operating Segments*	1 January 2009
HKAS 1 (Revised): *Presentation of Financial Statements*	1 January 2009
HKAS 23 (Revised): *Borrowing Costs*	1 January 2009
Amendments to HKFRS 2: *Share-based Payment – Vesting Conditions and Cancellations*	1 January 2009
Amendments to HKAS 32 and HKAS 1: *Puttable Financial Instruments and Obligations Arising on Liquidations*	1 January 2009
Amendments to HKFRS 1 and HKAS 27: *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2009
Amendements to HKFRS 7: *Improving Disclosures about Financial Instruments*	1 January 2009
Amendments to HK(IFRIC) – Int 9 and HKAS 39: *Embedded Derivatives*	30 June 2009
HKFRS 3 (Revised): *Business Combinations*	1 July 2009
HKAS 27 (Revised): *Consolidated and Separate Financial Statements*	1 July 2009
HKFRS 1 (Revised): *First-time Adoption of HKFRS*	1 July 2009
Amendments to HKAS 39: *Eligible Hedge Items*	1 July 2009
Improvements to HKFRS: *Improvements to HKFRS*	
HK(IFRIC) – Int 15: *Agreements for the Construction of Real Estate*	1 January 2009
HK(IFRIC) – Int 16: *Hedges of a Net Investment in a Foreign Operation*	1 October 2008
HK(IFRIC) – Int 17: *Distributions of Non-cash Assets to Owners*	1 July 2009
HK(IFRIC) – Int 18: *Transfers of Assets from Customers*	Effective for transfers on or after 1 July 2009
Amendments to HKFRS 1: *Additional Exemptions for First-time Adopters*	1 January 2010
Amendments to HKFRS 2: *Group Cash-settled Share-based Payment Transactions*	1 January 2010

2. TURNOVER AND REVENUE

The principal activities of the Group comprise:

– broking index, commodity and currency futures and securities for its clients;

– provision of margin financing, corporate finance advisory services, asset management services, agency services for unit trusts and insurance-linked products, 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.

	2009 HK$'000	2008 HK$'000 *(Restated)*
Brokerage commission:		
– securities dealing	**15,146**	31,520
– dealing in index, commodity and currency futures contracts on overseas exchanges	**7,716**	24,377
– dealing in index futures contracts on the Futures Exchange	**134**	75
Advisory, wealth management and insurance agency fees:		
– corporate finance and advisory	**2,930**	4,451
– commission on sale of unit trusts and insurance-linked products	**20,868**	32,335
Interest income:		
– securities margin financing	**4,722**	7,322
– loans and advances	**540**	965
Proprietary trading:		
– net results from proprietary trading in listed securities *(Note 2(a))*	**10,257**	1,766
– net results from proprietary trading in futures contracts:		
(i) on the Futures Exchange	**(9,609)**	2,060
(ii) on overseas exchanges	**15,071**	4,903
	67,775	109,774

2(a). CHANGE IN PRESENTATION OF TURNOVER AND REVENUE

Sales proceeds of the Group's investments held for trading and their corresponding carrying amount were separately included in "Turnover and revenue" (included in the segment of proprietary trading) and "Cost of investments held for trading sold", respectively, and the amount of change in fair value of investments held for trading was included in "Other revenue", in the prior year's consolidated income statement.

For the year commencing 1 July 2008, the Group changed its presentation, as in the opinion of the directors, it is more appropriate to present the results from proprietary trading in investments held for trading, including the unrealised gain or loss arising from changes in fair value of investments held for trading (previously included in "Other revenue") in "Turnover and revenue".

The effect of this change in presentation was to offset turnover and revenue against cost of investments held for trading sold for the year ended 30 June 2009 by HK$25,251,000. The net results from proprietary trading of investments held for trading also included changes in fair value of investments held for trading amounting to HK$7,847,000.

To conform with the current year's presentation, the carrying amount of investments held for trading disposed of for the year ended 30 June 2008 of HK$5,771,000 has been offset against turnover and revenue. Changes in fair value of investments held for trading amounted to HK$736,000 previously included in other revenue was also reclassified. This change in presentation has no impact on the results of the Group in respect of the current and prior years.

	2009 **HK$'000**	2008 HK$'000
Decrease in turnover and revenue	**(17,404)**	(5,035)
Decrease in cost of investments held for trading sold	**(25,251)**	(5,771)
Decrease in other revenue	**(7,847)**	(736)

3. SEGMENT INFORMATION

Business segments

In accordance with the Group's internal financial reporting, management has determined that business segments be presented as the primary reporting format. As less than 10% of the consolidated turnover and consolidated operating results of the Group are derived from customers outside Hong Kong, and over 90% of the Group's assets are originated from business decisions and operations based in Hong Kong, no geographical segment reporting is provided.

For management purposes, the Group is currently divided into six operating divisions, namely, securities broking and margin financing, wealth management and insurance agency, futures broking, corporate finance, money lending and proprietary trading. These divisions are the basis on which the Group reports its primary segmental information. The principal activities of these divisions are as follows:

Securities broking and margin financing	Provision of securities broking and margin financing services
Wealth management and insurance agency	Distribution of unit trusts, mutual funds, insurance-linked products, provision of asset management services, personal financial consulting and planning services, and provision of insurance agency and broking services
Futures broking	Provision of agency and broking services in trading in futures contracts
Corporate finance	Provision of corporate finance advisory services
Money lending	Provision of corporate and personal financing services
Proprietary trading	Proprietary trading in listed securities on the Stock Exchange, equity index, currency and commodity futures contracts on the Futures Exchange or overseas exchanges

Segment assets consist primarily of intangible assets, property, plant and equipment, receivables and operating cash, excluding corporate assets and taxation. Segment liabilities consist of payables and operating liabilities, excluding corporate liabilities and taxation. Capital expenditure comprises additions to intangible assets and property, plant and equipment.

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

	2009							
	Securities broking and margin financing HK$'000	Wealth management and insurance agency HK$'000	Futures broking HK$'000	Corporate finance HK$'000	Money lending HK$'000	Proprietary trading HK$'000	Other operations HK$'000	Consolidated HK$'000
Turnover and revenue	19,868	20,868	7,850	2,930	540	15,719	–	67,775
Brokerage and agency commission	(96)	(18,290)	(614)	–	–	(519)	–	(19,519)
Results	747	(5,971)	(18,509)	(4,635)	(185)	14,936	(8,176)	(21,793)
Loss on disposal of a subsidiary								(48)
Gain on deemed disposal of an associate								302
Loss on disposal of available-for-sale financial assets								(1,055)
Provision for impairment loss on available-for-sale financial assets								(5,487)
Loss on disposal of other financial assets								(2,302)
Provision for impairment loss on interests in an associate								(832)
Finance costs								(4)
Share of results of an associate								(213)
Share of results of jointly controlled entities								(29)
Taxation								(88)
Loss for the year								(31,549)
Assets								
Segment assets	98,411	1,809	13,628	1,767	4,641	61,328	130,060	311,644
Interests in an associate								3,560
Interests in jointly controlled entities								991
Total assets								316,195
Liabilities								
Segment liabilities	41,817	778	10,042	100	2,743	–	3,116	58,596
Taxation								88
Total liabilities								58,684
Other segment information:								
Capital expenditure	45	25	66	4	–	–	3,466	3,606
Depreciation	158	20	150	8	–	–	791	1,127
Amortisation	60	–	–	–	–	–	–	60

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

	2008							
	Securities broking and margin financing HK$'000	Wealth management and insurance agency HK$'000	Futures broking HK$'000	Corporate finance HK$'000	Money lending HK$'000	Proprietary trading HK$'000	Other operations HK$'000	Consolidated HK$'000
Turnover and revenue *(Restated)*	38,842	32,335	24,452	4,451	965	8,729	–	109,774
Brokerage and agency commission	(147)	(26,136)	(1,838)	(125)	–	(1,464)	–	(29,710)
Results	14,698	(425)	(705)	(1,548)	540	7,611	(8,977)	11,194
Gain on disposal of available-for-sale financial assets								5,362
Provision for impairment loss on available-for-sale financial assets								(4,300)
Finance costs								(16)
Share of results of an associate								(71)
Taxation								495
Profit for the year								12,664
Assets								
Segment assets	97,146	6,025	21,093	2,453	2,339	23,691	172,427	325,174
Interests in an associate								2,860
Tax prepaid								23
Total assets								328,057
Liabilities								
Segment liabilities	9,127	1,022	17,557	428	35	–	8,058	36,227
Total liabilities								36,227
Other segment information:								
Capital expenditure	285	26	104	2	–	–	82	499
Depreciation	158	22	1,034	13	–	–	38	1,265
Amortisation	60	–	–	–	–	–	–	60

4. OTHER REVENUE

	2009 HK$'000	2008 HK$'000 *(Restated)*
Dividend income	**3,422**	3,723
Interest income	**1,974**	5,124
Management fee income	**960**	960
Gain on disposal of available-for-sale financial assets	**–**	5,362
Gain on deemed disposal of an associate	**302**	–
Exchange gain, net	**–**	559
Reversal of allowance for bad and doubtful debts	**–**	1,964
Sundry income	**561**	1,176
	7,219	18,868

5. (LOSS) PROFIT BEFORE TAXATION

	2009 HK$'000	2008 HK$'000
This is stated after charging:		
(a) Finance costs		
Interest expenses for securities broking and margin financing wholly repayable within five years	**177**	2,828
Interest expenses for money lending	**236**	–
Interest expenses for other business segments	**63**	–
Other interest expenses	**4**	16
	480	2,844
(b) Other items		
Employee benefit expenses:		
– Salaries, commission and allowances	**39,615**	52,118
– Contributions to retirement benefit schemes *(Note 30)*	**994**	1,125
– Equity-settled share-based payment expenses	**–**	89
	40,609	53,332
Auditor's remuneration	**872**	880
Loss on disposal of property, plant and equipment	**37**	–
Loss on disposal of available-for-sale financial assets	**1,055**	–
Loss on disposal of other financial assets	**2,302**	–
Loss on disposal of a subsidiary	**48**	–
Operating lease payments on premises	**7,367**	4,671
Allowance for bad and doubtful debts	**264**	–
Provision for impairment loss on available-for-sale financial assets	**5,487**	4,300
Provision for impairment loss on interest in an associate	**832**	–
Equity-settled share-based payment expenses	**–**	447
Compensation to clients and the Securities and Futures Commission ("SFC") for settlement of claims	**7,163**	–
Exchange loss, net	**390**	–

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

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

	2009				
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	**–**	**1,656**	**72**	**34**	**1,762**
Kwok Kam Hoi	**43**	**1,432**	**64**	**34**	**1,573**
Tsunoyama Toru	**–**	**1,288**	**56**	**34**	**1,378**
Wong, Vicky Lai Ping	**–**	**1,075**	**47**	**34**	**1,156**
Independent non-executive directors:					
Lam, Andy Siu Wing	**227**	**–**	**–**	**–**	**227**
Ma, Andrew Chiu Cheung	**227**	**–**	**–**	**–**	**227**
Yu King Tin	**190**	**–**	**–**	**–**	**190**
	687	**5,451**	**239**	**136**	**6,513**

	2008				
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	–	1,469	1,738	34	3,241
Kwok Kam Hoi	–	1,306	914	34	2,254
Tsunoyama Toru	–	1,182	906	34	2,122
Wong, Vicky Lai Ping	–	953	400	34	1,387
Independent non-executive directors:					
Lam, Andy Siu Wing	232	–	–	–	232
Ma, Andrew Chiu Cheung	205	–	–	–	205
Yu King Tin	182	–	–	–	182
	619	4,910	3,958	136	9,623

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

Five highest paid employees' emoluments

Of the five individuals with the highest emoluments, four *(2008: four)* were directors whose emoluments are disclosed above. The aggregate of the emoluments in respect of the remaining one *(2008: one)* individual is as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries and other benefits	**969**	968
Discretionary bonus	**59**	–
Contributions to retirement benefit schemes	**12**	12
	1,040	980

	Number of individuals	
	2009	2008
The emoluments fell within the following bands:		
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	–
	1	1

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 Share Option Schemes in the Directors' Report and note 28 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 during the year. There were no arrangements under which a director waived or agreed to waive any remuneration during the year.

7. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% *(2008: 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 (credited) to the consolidated income statement represents:

	2009 HK$'000	2008 HK$'000
Current taxation:		
Hong Kong Profits Tax		
Current year	**88**	–
Overprovision of previous years	**–**	(495)
Tax charge (credit) for the year	**88**	(495)

Reconciliation of tax charge (credit)

	2009 HK$'000	2008 HK$'000
(Loss) Profit before taxation	**(31,461)**	12,169
Income tax at applicable tax rate of 16.5% *(2008: 16.5%)*	**(5,191)**	2,008
Non-deductible expenses	**2,517**	1,421
Tax exempt revenue	**(3,253)**	(3,067)
Unrecognised tax losses	**6,199**	2,519
Unrecognised temporary difference	**(52)**	(13)
Utilisation of previously unrecognised tax losses	**(132)**	(2,868)
Overprovision in prior years	**–**	(495)
Tax charge (credit) for the year	**88**	(495)

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

Of the loss for the year attributable to equity holders of the Company of HK$31,547,000 *(2008: profit of HK$12,664,000)*, a loss of HK$9,943,000 *(2008: HK$6,071,000)* is dealt with in the financial statements of the Company.

9. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Proposed final dividend of Nil *(2008: 1 HK cent)* per share	**–**	5,626

10. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share are based on the loss attributable to equity holders of the Company for the year of HK$31,547,000 *(2008: profit of HK$12,664,000)*.

The basic (loss) earnings per share is based on the weighted average number of ordinary shares of 562,632,000 *(2008: 556,303,245)* in issue during the year.

As there was an anti-dilutive effect after adjusting for the effects of all dilutive potential ordinary shares, the diluted loss per share presented is equal to the basic loss per share. The diluted earnings per share in 2008 was based on 569,940,163 shares which was the weighted average number of ordinary shares during the year adjusted for the number of dilutive potential shares under the share option schemes.

11. 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 2008					
At beginning of year	820	109	266	288	1,483
Additions	–	3	106	390	499
Depreciation	(820)	(57)	(162)	(226)	(1,265)
At balance sheet date	–	55	210	452	717
Reconciliation of carrying amount – year ended 30 June 2009					
At beginning of year	**–**	**55**	**210**	**452**	**717**
Additions	**2,653**	**369**	**34**	**550**	**3,606**
Disposals	**–**	**(14)**	**(11)**	**(12)**	**(37)**
Depreciation	**(589)**	**(79)**	**(105)**	**(354)**	**(1,127)**
At balance sheet date	**2,064**	**331**	**128**	**636**	**3,159**
At 1 July 2008					
Cost	4,745	758	2,002	4,789	12,294
Accumulated depreciation	(4,745)	(703)	(1,792)	(4,337)	(11,577)
	–	55	210	452	717
At 30 June 2009					
Cost	**7,398**	**1,038**	**1,977**	**5,207**	**15,620**
Accumulated depreciation	**(5,334)**	**(707)**	**(1,849)**	**(4,571)**	**(12,461)**
	2,064	**331**	**128**	**636**	**3,159**

12. INTANGIBLE ASSETS

	Group	
	2009	2008
	HK$'000	HK$'000
Reconciliation of carrying amount – year ended 30 June		
At beginning of year	**290**	350
Amortisation	**(60)**	(60)
At balance sheet date	**230**	290
At 30 June		
Cost	**600**	600
Accumulated amortisation	**(370)**	(310)
	230	290

13. INTERESTS IN SUBSIDIARIES

		Company	
		2009	2008
		HK$'000	HK$'000
Interests in subsidiaries			
Unlisted shares, at cost		**65,237**	65,237
Provision for impairment loss		**(3,000)**	–
Amount due from a subsidiary	*Note*	**79,199**	57,886
		141,436	123,123

Note: 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.

13. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the principal subsidiaries at the balance sheet date 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	100%	–	Investment holding and proprietary trading
Tanrich Asset Management Limited ("TAML")	Hong Kong/ Hong Kong	HK$21,000,000 (divided into 15,000,000 ordinary shares and 6,000,000 non-voting deferred shares of HK$1 each)	–	100%	Provision of asset management services, distribution of unit trusts, mutual funds, insurance-linked products and provision of insurance agency and broking services
Tanrich Capital Limited ("TCL")	Hong Kong/ Hong Kong	HK$20,000,000 (divided into 20,000,000 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
Tanrich Securities Company Limited ("TSCL")	Hong Kong/ Hong Kong	HK$80,000,000 (divided into 55,000,000 ordinary shares and 25,000,000 non-voting deferred shares of HK$1 each)	–	100%	Securities broking, securities margin financing and investment advisory services
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, provision of personal financial consulting and planning services and provision of insurance agency and broking services

13. 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 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
TOP Commodity Capital Management Limited	Hong Kong/ Hong Kong	HK$150,000 (divided into 150,000 ordinary shares of HK$1 each)	–	70%	Not yet commenced business
敦沛科技發展(深圳)有限公司	Wholly Foreign Owned Enterprise in The People's Republic of China	Registered capital of HK$30,000,000	–	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$100,000 million in any financial year.

14. INTERESTS IN AN ASSOCIATE

	Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**1,618**	942
Goodwill	**2,774**	1,918
Provision for impairment loss	**(832)**	–
	3,560	2,860

The investment in an associate represents 40.17% *(2008: 29.57%)* 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 2009 have been equity accounted for in these financial statements.

Summary of financial information of the associate is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Financial position at balance sheet date		
Non-current assets	**1,960**	751
Current assets	**2,519**	2,438
Current liabilities	**(450)**	(5)
Net assets	**4,029**	3,184
Group's share of net assets of associate	**1,618**	942
Operating results for the year ended 30 June		
Revenue	**1,437**	88
Loss for the year	**(602)**	(242)
Group's share of loss of associate for the year	**(213)**	(71)

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2009	2008
	HK$'000	HK$'000
Share of net assets	**991**	–

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

			Percentage of equity interests attributable to the Group			
Name of jointly controlled entities	Place of incorporation/ operation	Particulars of issued and paid up ordinary share capital	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 by 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	
	2009	2008
	HK$'000	HK$'000
Financial position at balance sheet date		
Current assets	**1,995**	–
Current liabilities	**(52)**	–
Net assets	**1,943**	–
Group's share of net assets of jointly controlled entities	**991**	–
Operating results for the period ended 30 June		
Revenue	**–**	–
Loss for the year	**(57)**	–
Group's share of loss of the jointly controlled entities for the year	**(29)**	–

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Equity investments – unlisted, at cost	**14,427**	14,427	**–**	–
Provision for impairment loss	**(9,787)**	(4,300)	**–**	–
	4,640	10,127	**–**	–
Equity investments – listed in Hong Kong, at market value	**95,285**	92,413	**69,098**	65,151
	99,925	102,540	**69,098**	65,151

The Group has pledged listed investments of aggregate carrying amount of HK$53,152,000 *(2008: HK$50,116,000)* to banks as collateral for the banking facilities granted to a subsidiary of the Company.

The Company has pledged certain listed investments of aggregate carrying amount of HK$20,778,000 *(2008: HK$19,591,000)* to TSCL as collateral for the margin facilities granted to the Company.

At the balance sheet date, 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 Group	Percentage of interests held Company	Principal activities
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

17. OTHER FINANCIAL ASSETS

	Group and Company	
	2009	2008
	HK$'000	HK$'000
Held-to-maturity financial assets, unlisted	**14,603**	22,369
Embedded derivative designated as at fair value through profit or loss upon initial recognition	**897**	1,010
	15,500	23,379
Current portion of other financial assets	**–**	(7,803)
	15,500	15,576

The Company has pledged other financial assets of HK$15,500,000 *(2008: Nil)* to a bank as collateral for the banking facilities granted to the Company and a subsidiary.

18. OTHER NON-CURRENT ASSETS

	Group	
	2009	2008
	HK$'000	HK$'000
Reserve fund deposits with the Futures Exchange	**1,500**	1,500
Statutory deposits with the Stock Exchange	**200**	200
Statutory deposits with the 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
	2,000	2,000

19. LOANS AND ADVANCES

	Group	
	2009	2008
	HK$'000	HK$'000
Loans and advances		
Unsecured	**1,198**	127
Secured	**2,692**	292
	3,890	419
Current portion of loans and advances	**(3,216)**	(233)
	674	186

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

At the balance sheet date, loans and advances carry effective interest rates ranging from nil to 25.59% *(2008: nil to 5%)* and are within the respective maturity dates *(2008: within maturity dates)*.

20. INVESTMENTS HELD FOR TRADING

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed securities in Hong Kong, at market value	**36,037**	8,435	**7,258**	8,435

The Company has pledged certain listed securities of HK$6,545,000 *(2008: HK$8,435,000)* to TSCL as collateral for the margin facilities granted to the Company.

21. ACCOUNTS RECEIVABLE

		Group	
	Note	**2009 HK$'000**	2008 HK$'000
Accounts receivable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	*(i)*	**6,129**	4,270
– securities margin clients	*(ii)*	**37,281**	35,818
– securities subscription clients	*(iii)*	**34,148**	763
– securities clearing house and brokers	*(iii)*	**6,704**	2,069
– futures clearing house and brokers	*(iv)*	**24,272**	30,932
– futures clients	*(v)*	**–**	–
Accounts receivable arising from the provision of corporate finance advisory services	*(iii)*	**50**	113
Accounts receivable arising from the provision of unit trusts and insurance-linked products agency services	*(iii)*	**244**	499
		108,828	74,464

Credit policy for margin financing

Accounts receivable from securities margin clients represent loans granted to such clients by the Group. These loans are collaterised by listed securities pledged to the Group.

Credit Control Committee ("CCC") is responsible for the credit policy setting and credit risk assessment. Credit limit is set for each client based on their financial and trading credibility and is approved according the authority set by the management. Loans are granted to securities margin clients on the condition that they pledged approved securities within margin ratios determined by the CCC.

CCC reviews and determines the margin ratios on a periodic basis.

The margin call status is monitored on a daily basis and the overall risk and credit control are reviewed regularly. Provision is made for amounts which are considered to be doubtful.

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 depending on requirements of stock exchanges.

Accounts receivable arising from the subscription of initial public offering 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 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.

21. ACCOUNTS RECEIVABLE *(Continued)*

Note:

(i) At the balance sheet date, the ageing analysis of accounts receivable from securities cash clients was as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current	**4,576**	3,594
Overdue:		
Within 30 days	**1,472**	623
31 – 90 days	**35**	2
91 – 180 days	**2**	51
Over 180 days	**149**	–
	6,234	4,270
Allowance for bad and doubtful debts	**(105)**	–
	6,129	4,270

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

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**–**	–
Impairment loss recognised	**105**	–
At balance sheet date	**105**	–

(ii) At the balance sheet date, the ageing analysis of accounts receivable from securities margin clients was as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current	**34,828**	31,594
Overdue:		
Within 30 days	**1,902**	2,271
31 – 90 days	**16**	–
91 – 180 days	**36**	–
Over 180 days	**499**	1,953
	37,281	35,818

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. At the balance sheet date, fair value of marketable securities pledged by securities margin clients was HK$381,630,000 *(2008: HK$197,670,000)*.

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

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**–**	1,953
Impairment loss reversed	**–**	(1,953)
At balance sheet date	**–**	–

21. ACCOUNTS RECEIVABLE *(Continued)*

Note: (Continued)

(iii) At the balance sheet date, the accounts receivable from securities subscription clients, securities clearing house and brokers, provision of corporate finance advisory services and unit trusts and insurance-linked products agency services were not yet due.

(iv) Accounts receivable from the futures clearing house and brokers did not include a deposit of HK$3,089,000 *(2008: HK$320,000)* in respect of the clients' monies deposited therein. At the balance sheet date, the accounts receivable from futures clearing house and brokers were all aged within 30 days and repayable on demand.

(v) At the balance sheet date, the ageing analysis of accounts receivable from futures clients with overloss was as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Overdue:		
Over 180 days	**7**	10
Allowance for bad and doubtful debts	**(7)**	(10)
	–	–

The movements in the provision for impairment of accounts receivable from futures clients with overloss were as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**10**	114
Impairment loss recognised	**55**	313
Amount written off as uncollectible	**(10)**	(93)
Amount recovered	**(48)**	(324)
At balance sheet date	**7**	10

Accounts receivable with carrying amount of HK$4,006,000 *(2008: HK$4,900,000)* that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Risk and Credit Control Committee ("RCCC") of the Company is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. 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 balance sheet date for which the Group believes that the amounts are considered recoverable.

22. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits, prepayments and other receivables	**5,943**	6,170	**134**	105
Deposits in the trust account with TSCL	**–**	–	**1,841**	–
	5,943	6,170	**1,975**	105

23. CASH AND CASH EQUIVALENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Pledged deposits	**866**	836
Cash and bank balances	**35,266**	105,924
As stated in the consolidated cash flow statement	**36,132**	106,760

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the balance sheet date, trust monies not otherwise dealt with in the financial statements amounted to HK$105,183,000 *(2008: HK$58,490,000)*.

The Group has pledged bank deposits to secure foreign exchange deferred trading and general banking facilities granted to subsidiaries of the Company.

24. INTEREST-BEARING BORROWINGS

	Group	
	2009	2008
	HK$'000	HK$'000
Bank loans, secured and wholly repayable within 12 months	**31,000**	–

The bank loans were borrowed principally for the purpose of providing margin financing to securities subscription clients. The weighted average effective interest rate on the loans was 1.2% per annum. The bank loans were fully repaid in July 2009.

25. ACCOUNTS PAYABLE

		Group	
	Note	**2009 HK$'000**	2008 HK$'000
Accounts payable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	*(i)*	**7,290**	1,083
– securities margin clients	*(i)*	**974**	114
– futures clients	*(ii)*	**9,350**	15,508
– clearing house and securities brokers		**41**	5,598
Accounts payable arising from the provision of unit trusts and insurance-linked products agency services	*(iii)*	**129**	57
	(iv)	**17,784**	22,360

Note:

(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 depending on requirements of stock exchanges.

(ii) Accounts payable arising from the ordinary course of business of broking in index, commodity and currency futures contracts represent the margin deposits received from clients for their trading in futures contracts. 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$108,272,000 *(2008: HK$58,810,000)*.

(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 balance maintained with the Group. All other categories of accounts payable are non-interest-bearing.

26. DEFERRED TAXATION

Recognised deferred tax assets (liabilities) of the Group

	Assets		Liabilities	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Depreciation allowances	**–**	–	**(84)**	(60)
Tax losses	**84**	60	**–**	–
Deferred tax assets (liabilities)	**84**	60	**(84)**	(60)
Offset deferred tax assets and liabilities	**(84)**	(60)	**84**	60
Net deferred tax assets (liabilities)	**–**	–	**–**	–

26. DEFERRED TAXATION *(Continued)*

Unrecognised deferred tax assets of the Group arising from

	2009 HK$'000	2008 HK$'000
Deductible temporary differences	**78**	60
Tax losses	**103,154**	67,328
At balance sheet date	**103,232**	67,388

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.

27. SHARE CAPITAL

	2009		2008	
	Number of shares '000	Amount HK$'000	Number of shares '000	Amount HK$'000
Authorised:				
1,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
At beginning of year	**562,632**	**56,263**	264,383	26,438
Issue of shares under share option schemes	**–**	**–**	5,080	508
Issue of bonus shares	**–**	**–**	266,169	26,617
Issue of new shares	**–**	**–**	27,000	2,700
At balance sheet date	**562,632**	**56,263**	562,632	56,263

The directors have recommended a bonus issue of 1 new share, credited as fully paid, for every 1 share held by Shareholders whose names appear on the register of members of the Company on 12 November 2009 and subject to the following conditions: (i) the passing by the Shareholders at the forthcoming Annual General Meeting of an ordinary resolution approving the bonus issue; (ii) the Listing Committee of the Stock Exchange agreeing to grant the approval for the listings of, and permission to deal in, the bonus shares to be issued pursuant to the bonus issue; and (iii) if necessary, the Bermuda Monetary Authority granting permission for the issue of the bonus shares. Such bonus shares credited as fully paid will rank pari passu in all respects with the existing issued shares of the Company.

28. 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	**HK$0.36**	**HK$0.325**	**HK$0.335**	**Total**
At 1 July 2007	8,420	3,000	1,492	12,912
Exercised	(1,820)	(2,000)	(292)	(4,112)
Lapsed	(280)	–	–	(280)
At 30 June 2008 and 30 June 2009	**6,320**	**1,000**	**1,200**	**8,520**

At the balance sheet date, the weighted average remaining contractual life of the Company's share options was 2.5 years *(2008: 3.5 years)*. Details of the movements in the Pre-Listing Scheme are set out in the Directors' Report on pages 20 to 21.

(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 less than one year and not 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	**HK$0.78**	**HK$1.50**	**HK$0.335**	**HK$0.92**	**HK$0.23**	**HK$0.261**	**HK$0.281**	**Total**
At 1 July 2007	–	–	15,286	1,200	–	–	–	16,486
Granted	600	14,000	–	–	–	–	–	14,600
Exercised	–	–	(2,754)	–	–	–	–	(2,754)
Lapsed	(80)	(12,000)	–	–	–	–	–	(12,080)
At 30 June 2008 and 1 July 2008	**520**	**2,000**	**12,532**	**1,200**	**–**	**–**	**–**	**16,252**
Granted	**–**	**–**	**–**	**–**	**800**	**6,912**	**1,140**	**8,852**
Lapsed	**(100)**	**–**	**(692)**	**–**	**–**	**–**	**–**	**(792)**
At 30 June 2009	**420**	**2,000**	**11,840**	**1,200**	**800**	**6,912**	**1,140**	**24,312**

28. SHARE OPTION SCHEMES *(Continued)*

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

At the balance sheet date, the weighted average remaining contractual life of the Company's share options was 8.3 years *(2008: 8.5 years)*. Details of the movements in the Post-Listing Scheme are set out in the Directors' Report on pages 21 to 22.

(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 immaterial in the financial statements. In 2008, by reference to the fair value of share options granted based on the Black-Scholes Option Pricing Model, the Group recognised HK$536,000 as equity-settled share-based payment expenses.

29. RESERVES

Group	Investment revaluation reserve HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note (i))*	Share options reserve HK$'000	Foreign exchange reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 July 2007	78,047	50,957	40,836	–	–	36,655	5,593	212,088
Change in fair value of available-for-sale financial assets	14,692	–	–	–	–	–	–	14,692
Realisation upon disposal of available-for-sale financial assets	(5,362)	–	–	–	–	–	–	(5,362)
Profit for the year	–	–	–	–	–	12,664	–	12,664
2007 final dividend paid	–	–	–	–	–	–	(5,593)	(5,593)
Recognition of equity-settled share-based payment expenses	–	–	–	536	–	–	–	536
Issue of bonus shares	–	(26,617)	–	–	–	–	–	(26,617)
Issue of shares under share option schemes	–	1,818	–	–	–	–	–	1,818
Issue of new shares, net of expenses	–	30,920	–	–	–	–	–	30,920
Exchange difference on translation of financial statements of an overseas associate	–	–	–	–	421	–	–	421
Proposed 2008 final dividend	–	–	–	–	–	(5,626)	5,626	–
At 30 June 2008	87,377	57,078	40,836	536	421	43,693	5,626	235,567

29. RESERVES *(Continued)*

Group	Attributable to equity holders of the Company									
	Investment revaluation reserve HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note (i))*	Share options reserve HK$'000	Foreign exchange reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total Reserve HK$'000
At 1 July 2008	**87,377**	**57,078**	**40,836**	**536**	**421**	**43,693**	**5,626**	**235,567**	**–**	**235,567**
Change in fair value of available-for-sale financial assets	**2,872**	**–**	**–**	**–**	**–**	**–**	**–**	**2,872**	**–**	**2,872**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(31,547)**	**–**	**(31,547)**	**(2)**	**(31,549)**
2008 final dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(5,626)**	**(5,626)**	**–**	**(5,626)**
Exchange difference on translation of financial statements of an overseas associate	**–**	**–**	**–**	**–**	**(61)**	**–**	**–**	**(61)**	**–**	**(61)**
Minority interests arising from business combination	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45**	**45**
At 30 June 2009	**90,249**	**57,078**	**40,836**	**536**	**360**	**12,146**	**–**	**201,205**	**43**	**201,248**

Company	Investment revaluation reserve HK$'000	Share premium HK$'000 *(Note (iii))*	Contributed surplus HK$'000 *(Note (ii))*	Share options reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 July 2007	53,883	50,717	65,059	–	22,739	5,593	197,991
Change in fair value of available-for-sale financial assets	1,887	–	–	–	–	–	1,887
Loss for the year	–	–	–	–	(6,071)	–	(6,071)
2007 final dividend paid	–	–	–	–	–	(5,593)	(5,593)
Recognition of equity-settled share-based payment expenses	–	–	–	536	–	–	536
Issue of bonus shares	–	(26,617)	–	–	–	–	(26,617)
Issue of shares under share option schemes	–	1,818	–	–	–	–	1,818
Issue of new shares, net of expenses	–	30,920	–	–	–	–	30,920
Proposed 2008 final dividend	–	–	–	–	(5,626)	5,626	–
At 30 June 2008	55,770	56,838	65,059	536	11,042	5,626	194,871
At 1 July 2008	**55,770**	**56,838**	**65,059**	**536**	**11,042**	**5,626**	**194,871**
Change in fair value of available-for-sale financial assets	**3,947**	**–**	**–**	**–**	**–**	**–**	**3,947**
Loss for the year	**–**	**–**	**–**	**–**	**(9,943)**	**–**	**(9,943)**
2008 final dividend paid	**–**	**–**	**–**	**–**	**–**	**(5,626)**	**(5,626)**
At 30 June 2009	**59,717**	**56,838**	**65,059**	**536**	**1,099**	**–**	**183,249**

29. RESERVES *(Continued)*

Note:

(i) Capital reserve

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.

(ii) 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.

(iii) Share premium

The share premium account of the Company of HK$56,838,000 *(2008: HK$56,838,000)* can be distributed in the form of fully paid bonus shares pursuant to the Companies Act 1981 of Bermuda.

(iv) Distributable reserve

As at the balance sheet date, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to HK$66,158,000 *(2008: HK$81,727,000)* subject to the restriction stated above.

30. 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 the income statement for the year amounted to:

	2009 **HK$'000**	2008 HK$'000
Gross employer's contributions	**1,092**	1,226
Less: Forfeited contributions utilised to offset employer's contributions for the year	**(98)**	(101)
Net employer's contributions charged to income statement	**994**	1,125

31. RELATED PARTY TRANSACTIONS

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

(a)

Related party relationship	Nature of transaction	2009 HK$'000	2008 HK$'000
Key management personnel, excluding directors	Short-term employee benefits	**6,928**	6,016
A related company THKHL *(Note)*	Management fee received	**(960)**	(960)
	Motor vehicle lease payment	**240**	20

Note: During the year, the Group charged and paid to a related company, Tanrich (Hong Kong) Holdings Limited ("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.

(b) TPL was acquired from a wholly owned subsidiary of a related company, THKHL at a consideration of HK$1.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Group 30 June 2009	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	–	–	–	99,925	99,925
Other financial assets	–	897	14,603	–	15,500
Loans and advances	3,890	–	–	–	3,890
Investments held for trading	–	36,037	–	–	36,037
Accounts receivable	108,828	–	–	–	108,828
Financial assets included in deposits, prepayments and other receivables	5,943	–	–	–	5,943
Other non-current assets	2,000	–	–	–	2,000
Pledged deposits	866	–	–	–	866
Cash and bank balances	35,266	–	–	–	35,266
	156,793	36,934	14,603	99,925	308,255

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Group 30 June 2009	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Interest-bearing borrowings	**31,000**
Accounts payable	**17,784**
Financial liabilities included in other payables and accrued charges	**9,812**
Tax payable	**88**
	58,684

Group 30 June 2008	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	–	–	–	102,540	102,540
Other financial assets	–	1,010	22,369	–	23,379
Loans and advances	419	–	–	–	419
Investments held for trading	–	8,435	–	–	8,435
Accounts receivable	74,464	–	–	–	74,464
Financial assets included in deposits, prepayments and other receivables	6,170	–	–	–	6,170
Other non-current assets	2,000	–	–	–	2,000
Pledged deposits	836	–	–	–	836
Cash and bank balances	105,924	–	–	–	105,924
	189,813	9,445	22,369	102,540	324,167

Group 30 June 2008	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Accounts payable	22,360
Financial liabilities included in other payables and accrued charges	13,867
	36,227

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company **30 June 2009**	**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	**–**	**–**	**–**	**69,098**	**69,098**
Other financial assets	**–**	**897**	**14,603**	**–**	**15,500**
Investments held for trading	**–**	**7,258**	**–**	**–**	**7,258**
Amount due from a subsidiary	**79,199**	**–**	**–**	**–**	**79,199**
Financial assets included in deposits, prepayments and other receivables	**1,975**	**–**	**–**	**–**	**1,975**
Cash and bank balances	**4,613**	**–**	**–**	**–**	**4,613**
	85,787	**8,155**	**14,603**	**69,098**	**177,643**

Company **30 June 2009**	**Financial liabilities at amortised cost HK$'000**
Financial liabilities	
Financial liabilities included in other payables and accrued charges	**368**

Company 30 June 2008	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	–	–	–	65,151	65,151
Other financial assets	–	1,010	22,369	–	23,379
Investments held for trading	–	8,435	–	–	8,435
Amount due from a subsidiary	57,886	–	–	–	57,886
Financial assets included in deposits, prepayments and other receivables	105	–	–	–	105
Cash and bank balances	34,986	–	–	–	34,986
	92,977	9,445	22,369	65,151	189,942

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company 30 June 2008	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Financial liabilities included in other payables and accrued charges	4,045

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 risk associated with futures contracts. 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 RCCC is responsible for establishing and reviewing credit policies and procedures to minimise systematic and non-systematic credit and financial risks of the Group. RCCC is also responsible for assessing the risk of long term investments and proprietary trading.

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 counter party in a transaction may default on settlement. The Group's credit policy for securities margin clients are set out in note 21 to the financial statements. The maximum exposure equals to the carrying amount of the accounts receivable 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 and other receivables have a maximum exposure of credit risk equal to the carrying amounts of these instruments.

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

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 exposure to foreign exchange fluctuation as a result of placing margin deposits in Japanese Yen with two designated futures commission merchants in Japan on behalf of its clients in Hong Kong. According to the Group's hedging policy, the Group hedges at least 80% of its net foreign exchange exposure with USD/JPY foreign exchange deferred trading in order to minimise its foreign exchange risk.

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 2008.

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 financial controller and the relevant senior management would also review the liquidity level in compliance with the statutory requirements for the licensed subsidiaries.

The maturity profile of the financial liabilities of the Group and the Company at the balance sheet date based on contractual undiscounted payments are summarised below:

	2009			2008		
	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						
Interest-bearing borrowings	**31,000**	**–**	**31,000**	–	–	–
Accounts payable	**17,784**	**–**	**17,784**	22,360	–	22,360
Other payables and accrued charges	**6,844**	**2,968**	**9,812**	9,715	4,152	13,867
	55,628	**2,968**	**58,596**	32,075	4,152	36,227
Company						
Other payables and accrued charges	**368**	**–**	**368**	3,829	216	4,045

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

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 2009, details of which have been set out in notes 16 and 20 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 balance sheet date.

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

	2009		2008	
	30 June	**High/Low from 1 July 2008 to 30 June 2009**	30 June	High/Low from 1 July 2007 to 30 June 2008
Hong Kong – Hang Seng Index	**18,379**	**23,369 / 10,676**	22,102	31,958 / 19,387

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 balance sheet date 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 2008.

At the balance sheet date, if the equity price had been 10% *(2008: 10%)* higher/lower with all other variables held constant, the Group's (loss) profit before tax would be decreased/increased by HK$3,604,000 *(2008: HK$844,000)*. Investment revaluation reserve would be increased/decreased by HK$9,528,000 *(2008: HK$9,241,000)* as a result of changes in fair value of 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 the income statement.

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

Risk associated with futures contracts

At balance sheet date, the Group had off-balance sheet 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 balance sheet date were as follows:

	Group Contractual/ notional amount	
	2009	2008
	HK$'000	HK$'000
Long position with maturity		
Within 3 months	**103,846**	103,322
Longer than 3 months but within 6 months	**–**	–
	103,846	103,322
Short position with maturity		
Within 3 months	**47,237**	25,520
Longer than 3 months but within 6 months	**–**	1,716
	47,237	27,236

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

Notional amounts of these financial instruments provide a basis for comparison with instruments recognised on the balance sheet 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.

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 2009 and 30 June 2008.

34. CAPITAL MANAGEMENT *(Continued)*

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 the SFC, 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 balance sheet date, there was a bank borrowings of HK$31 million *(2008: Nil)* for financing clients' IPO subscriptions which resulted in a gearing ratio of 12% *(2008: 0%)*.

35. COMMITMENTS

Capital expenditure commitments

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted but not provided net of deposits paid in the financial statements for the purchase of computer equipment	**414**	735
Contracted but not provided net of deposits paid in the financial statements for office renovation work	**–**	579
Further capital contribution to subsidiaries	**60,000**	–
	60,414	1,314

Commitments under operating leases

The Group lease a number of properties under operating leases, which typically run for an initial period of 2 to 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**7,707**	7,766
In the second to fifth year inclusive	**6,239**	13,946
	13,946	21,712

36. CONTINGENT LIABILITIES

(a) The Company had corporate guarantee of HK$850,500,000 *(2008: HK$850,500,000)* for bank facilities granted to subsidiaries from banks, which were utilised to the extent of HK$31,000,000 *(2008: Nil)* at the balance sheet date.

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 balance sheet date, 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 *(2008: HK$10,000,000)* in order to comply with the requirement of unencumbered assets contained in the GEM Listing Rules.

(c) During the year, the two contingent claims as disclosed in note 35(c) and (d) of the 2008 annual report were fully settled.

(d) In 2009, there was a penalty imposed by the SFC against the Company's wholly owned subsidiary amounting to HK$4 million and its former licensed representative was banned for nine months. These disciplinary actions follow the SFC's investigations into complaints received from the clients of the Company and the misconduct of its former licensed representatives. The amount was fully paid during the year and the directors consider there is no contingent liability in this regard.

Five-year Financial Summary

The following is a summary of the published results and of the assets and liabilities of the Group for five years ended 30 June 2009 on the basis set out in the note below.

RESULTS:

	Financial Year Ended 30 June				
	2005 HK$'000 *(Restated)*	2006 HK$'000 *(Restated)*	2007 HK$'000 *(Restated)*	2008 HK$'000 *(Restated)*	**2009** **HK$'000**
Turnover and revenue	76,766	64,096	85,709	109,774	**67,775**
(Loss) Profit before taxation	(11,848)	7,589	14,008	12,169	**(31,461)**
Taxation	737	(3,328)	(30)	495	**(88)**
(Loss) Profit for the year	(11,111)	4,261	13,978	12,664	**(31,549)**
Attributable to:					
Equity holders of the Company	(11,056)	4,242	13,978	12,664	**(31,547)**
Minority interests	(55)	19	–	–	**(2)**
	(11,111)	4,261	13,978	12,664	**(31,549)**
Dividends	–	–	5,593	5,626	**–**

ASSETS AND LIABILITIES:

	Assets and liabilities as at 30 June				
	2005 HK$'000	2006 HK$'000 *(Restated)*	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Non-current assets	49,611	49,721	82,111	124,169	**126,039**
Current assets	127,306	149,315	393,861	203,888	**190,156**
Total assets	176,917	199,036	475,972	328,057	**316,195**
Current liabilities	(48,701)	(47,575)	(237,446)	(36,227)	**(58,684)**
Non-current liabilities	(20)	–	–	–	**–**
Total liabilities	(48,721)	(47,575)	(237,446)	(36,227)	**(58,684)**
Net total assets	128,196	151,461	238,526	291,830	**257,511**
Current ratio	2.61	3.14	1.66	5.63	**3.24**
Gearing ratio	0%	0%	65.4%	0%	**12%**