
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Emperor Capital Group Limited** (the “Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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英皇證券集團有限公司*
Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

**(I) PROPOSED RIGHTS ISSUE
ON THE BASIS OF TWO RIGHTS SHARES FOR
EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE;
(II) APPLICATION FOR WHITEWASH WAIVER;
(III) RE-ELECTION OF DIRECTOR
AND
(IV) NOTICE OF SPECIAL GENERAL MEETING**

Underwriters

Chung Nam Securities Limited

Win Move Group Limited

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Independent Board Committee to the Independent Shareholders is set out on page 22 of this circular. A letter from Guangdong Securities, the Independent Financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 42 of this circular.

A notice convening the special general meeting of Emperor Capital Group Limited to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on 13 July 2011 at 10:30 a.m. is set out on pages 117 to 119 of this circular. If you are unable to attend the meeting in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” on pages i to ii of this circular). Accordingly, the Rights Issue may or may not proceed.

The Shares will be dealt in on an ex-rights basis from 7 July 2011. Dealings in the Rights Shares in the nil-paid form will take place from 18 July 2011 to 25 July 2011 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any Shareholders or other persons dealing in the nil-paid Rights Shares during the period from 18 July 2011 to 25 July 2011 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

* for identification purposes only

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters may terminate the arrangements set out in the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination if there occurs any of the following events:

- (a) in the absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (vi) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriters make it inexpedient or inadvisable to proceed with the Rights Issue; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (c) the Circular or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which in the absolute opinion of the Underwriters is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

If, at or prior to the Latest Time for Termination,

- (i) any material breach of any of the warranties or undertakings of the Company under the Underwriting Agreement comes to the knowledge of the Underwriters;
- (ii) any Specified Event comes to the knowledge of the Underwriters; or
- (iii) any breach of the irrevocable undertakings of Win Move in respect of the Rights Shares,

the Underwriters shall also be entitled by notice in writing to the Company prior to the Latest Time for Termination to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2011
(Hong Kong time)

Despatch of Circular with notice of SGM	Thursday, 23 June
Last day of dealings in the Shares on a cum-rights basis.	Wednesday, 6 July
First day of dealings in the Shares on an ex-rights basis.	Thursday, 7 July
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 8 July
Register of members closes (both dates inclusive)	Monday, 11 July to Wednesday, 13 July
Latest time for lodging proxies	10:30 a.m. on Monday, 11 July
SGM	10:30 a.m. on Wednesday, 13 July
Announcement of poll results of SGM	Wednesday, 13 July
Record Date	Wednesday, 13 July
Register of members for the share re-opens	Thursday, 14 July
Prospectus Documents expected to be despatched.	Thursday, 14 July
First day of dealings in nil-paid Rights Shares	Monday, 18 July
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 20 July
Last day of dealings in nil-paid Rights Shares	Monday, 25 July
Latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 28 July
Latest time for the termination of the Underwriting Agreement	4:00 p.m. on Tuesday, 2 August
Announcement of results of acceptance and excess application of the Rights Issue	Thursday, 4 August

EXPECTED TIMETABLE

2011
(Hong Kong time)

Refund cheques in respect of wholly and partially unsuccessful applications for excess Rights Shares expected to be posted on or before. Friday, 5 August

Certificates for the Rights Shares expected to be despatched on or before Friday, 5 August

Dealings in fully-paid Rights Shares commence 9:00 a.m. on Tuesday, 9 August

All times and dates in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

If there is:

- a tropical cyclone warning signal number 8 or above; or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance is extended, the “Expected timetable” in this Circular may be affected. Announcement(s) will be made by the Company in such event.

DEFINITIONS

In this Circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement dated 2 June 2011 issued by the Company in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust of which Dr. Yeung Sau Shing, Albert is the founder and Ms. Daisy Yeung (Managing Director) is one of the eligible beneficiaries
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chung Nam”	Chung Nam Securities Limited, a licensed corporation to carry out type 1 regulated activity within the meaning of the SFO
“Circular”	the circular to be despatched to the Shareholders in relation to the proposed Rights Issue and the application for the Whitewash Waiver (together with the notice of the SGM)
“Company”	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Concert Group”	Win Move and parties acting in concert with it (as defined in the Takeovers Code)
“Controlling Shareholder(s)”	any person who is or group of persons who are together with its associates (as defined in the Listing Rules) entitled to exercise or control the exercise of 30%. (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters

DEFINITIONS

“EIHL”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda, the shares of which are listed on the Stock Exchange under stock code 163
“Issue Mandate Limit”	173,162,254 unissued Shares which may be issued upon the exercise of the power of the Directors under the general mandate granted on the annual general meeting held on 27 January 2011
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the board of Directors, comprising three independent non-executive Directors, namely Mr. Kwok Chi Sun, Vincent, Mr. Cheng Wing Keung, Raymond and Mr. Chu Kar Wing, established for the purpose of advising the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Independent Shareholder(s)”	Shareholders other than (i) the Concert Group and (ii) parties involved or interested in Underwriting Agreement and the Whitewash Waiver
“Independent Third Party(ies)”	third parties independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertaking”	The irrevocable undertaking dated 31 May 2011 given by Win Move in favour of the Company
“Last Trading Day”	30 May 2011, being the last trading day before the release of the Announcement

DEFINITIONS

“Latest Acceptance Date”	Thursday, 28 July 2011 (or such other date as the Underwriters may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares)
“Latest Practicable Date”	20 June 2011, being the latest practicable date prior to the despatch of this Circular for ascertaining certain information for inclusion in this Circular
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date or such other time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 2 August 2011, being the third Business Day after (but excluding) the Latest Time for Acceptance, or such other time as may be agreed between The Company and the Underwriters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“Outstanding Share Options”	the outstanding Share Options to subscribe for an aggregate of 3,000,000 Shares under the Share Option Scheme, which are remain unexercised
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Period”	for the six months ended 31 March 2011
“Posting Date”	14 July 2011 or such other date as the Underwriters may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders

DEFINITIONS

“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the undertakings, warranties and representations given by the Company under the Underwriting Agreement untrue or incorrect in any material respect
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 13 July 2011 (or such other date as the Underwriters may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	branch share registrar in Hong Kong, Trior Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period commencing six months immediately preceding 2 June 2011, being the date of the Announcement, and ending on the Latest Practicable Date
“Rights Issue”	the proposed issue by way of rights of two (2) Rights Shares for every one (1) existing Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	1,731,622,544 Shares to be issued and allotted under the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SFC”	Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened on 13 July 2011 to consider and, if thought fit, approve the proposed Rights Issue, the Underwriting Agreement and the Whitewash Waiver

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the company
“Shareholder(s)”	the holder(s) of issued Shares
“Share Option(s)”	the share options to subscribe for Shares under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 20 September 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.338 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Shares Repurchases issued by SFC
“Underwriters”	Win Move and Chung Nam collectively, and individually “Underwriter”
“Underwriting Agreement”	the underwriting agreement dated 31 May 2011 entered into between Win Move, Chung Nam and the Company in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares (other than the Rights Shares which are the subject of the Irrevocable Undertaking) underwritten by Win Move and Chung Nam
“Whitewash Waiver”	waiver of the obligation of the Concert Group to make a mandatory general offer for all the issued securities of the Company other than those already owned or agreed to be acquired by the Concert Group under Rule 26 of the Takeovers Code which will otherwise arise as a result of the performance of the underwriting obligations by the Concert Group under the Underwriting Agreement
“Win Move”	Win Move Group Limited, a company indirectly owned by AY Trust, the founder of which is Dr. Yeung Sau Shing, Albert and of which Ms. Daisy Yeung (the Managing Director) is an eligible beneficiary
“Yeung Family”	Ms. Daisy Yeung, the Managing Director, and her associates
“%” or “per cent.”	percentage or per centum

LETTER FROM THE BOARD



英皇證券集團有限公司*

Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

Directors:

Daisy Yeung (*Managing Director*)

Choi Suk Hing, Louisa

Pearl Chan

Kwok Chi Sun, Vincent*

Cheng Wing Keung, Raymond*

Chu Kar Wing*

* *Independent Non-executive Directors*

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Office:

24th Floor

Emperor Group Centre

288 Hennessy Road

Wanchai

Hong Kong

23 June 2011

To the Shareholders,

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE
ON THE BASIS OF TWO RIGHTS SHARES FOR
EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE;
(II) APPLICATION FOR WHITEWASH WAIVER;
(III) RE-ELECTION OF DIRECTOR
AND
(IV) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 2 June 2011, the Board announced that the Company proposes to raise approximately HK\$585.3 million before expenses, by issuing 1,731,622,544 Rights Shares (assuming (i) none of the Outstanding Share Options has been exercised; (ii) the Issue Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) to the Qualifying Shareholders by way of the Rights Issue at the subscription price of HK\$0.338 per Rights Share on the basis of two Rights Shares for every one existing Share held on the Record Date.

* *for identification purposes only*

LETTER FROM THE BOARD

As at the Latest Practicable Date, Win Move, the Controlling Shareholder of the Company, is beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the issued share capital of the Company. Win Move has provided the Irrevocable Undertaking dated 31 May 2011 to the Company, undertaking, among other things, that Win Move will not dispose of its Shares up to the Record Date. Win Move has further agreed to (i) accept its respective entitlement to the provisional allotment of 829,456,604 Rights Shares as at the date of the Underwriting Agreement; and (ii) make payment in full in respect of its respective acceptance in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than 4:00 p.m. on the Latest Acceptance Date in accordance with the acceptance instructions contained in the Prospectus Documents.

Win Move has further conditionally agreed to underwrite 702,165,940 Rights Shares pursuant to the Underwriting Agreement. Details of the major terms and conditions of the Underwriting Agreement are set out in the subsection headed "The Underwriting Agreement" in this Circular.

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Kwok Chi Sun, Vincent, Mr. Cheng Wing Keung, Raymond and Mr. Chu Kar Wing, has been established for the purpose of advising the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. Guangdong Securities has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

The purpose of this Circular is to provide you with, among other things, (i) information on the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders and the letter of advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (iii) the notice of the SGM; and (iv) other information as required under the Listing Rules and the Takeovers Code.

PROPOSED RIGHTS ISSUE

Issue Statistics

Basis of the Rights Issue:	Two Rights Shares for every one existing Shares held on the Record Date
Number of Shares in issue:	865,811,272 Shares as at the Latest Practicable Date
Number of Rights Shares:	1,731,622,544 Rights Shares (assuming no further Shares will be issued prior to the Record Date)
Subscription Price:	HK\$0.338 per Rights Share with nominal value of HK\$0.01 each

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are Outstanding Share Options held by Ms. Daisy Yeung, the Managing Director of the Company, to subscribe for an aggregate of 3,000,000 Shares. On 31 May 2011, Ms. Yeung has signed an irrevocable undertaking to the Company and pursuant to such undertaking, Ms. Yeung has undertaken with the Company that she shall not exercise any of her conversion right under the Outstanding Share Options up to and including the Record Date.

Save for the Outstanding Share Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no Outstanding Share Options being exercised and the Issue Mandate Limit not being utilized on or before the Record Date, the 1,731,622,544 nil-paid Rights Shares proposed to be provisionally allotted represent 200% of the Company's issued share capital as at the Latest Practicable Date and approximately 66.67% of the Company's issued share capital as enlarged by the issue of the 1,731,622,544 Rights Shares.

Qualifying shareholders

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Trior Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 8 July 2011.

Closure of register of members

The register of members of the Company will be closed from 11 July to 13 July 2011, both dates inclusive. No transfer of Shares will be registered during this period.

Rights of overseas shareholders

As at the Latest Practicable Date, the Company has certain Shareholders whose addresses as shown on the register of members are located outside Hong Kong. The Company will ascertain on the Record Date whether there is any Shareholder whose address as shown on the register of members is outside Hong Kong. In determining who will be the Non-Qualifying Shareholders on the Record Date, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Rights Shares to the Non-Qualifying Shareholders in compliance with the Listing Rules. Further details regarding the Non-Qualifying Shareholders will be set out in the Prospectus.

LETTER FROM THE BOARD

Arrangements will be made for as many as possible of the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The Company will then distribute such proceeds in Hong Kong dollars to the Non-Qualifying Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of less than HK\$100 shall not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the Latest Time for Acceptance shall be made available for excess application.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.338 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 39.64% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 17.96% to the theoretical ex-rights price of approximately HK\$0.412 per Share based on the closing price of HK\$0.56 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 38.99% to the average closing price of approximately HK\$0.554 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 15.50% to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a discount of approximately 5.85% to the theoretical ex-rights price of approximately HK\$0.359 per Share based on the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to the prevailing market price and trading liquidities of the Shares prior to the Last Trading Day. The Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue after taking into account the advice of Guangdong Securities) consider the terms of the Rights Issue, including the Subscription Price which has been set as a reasonable discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. In order to increase the attractiveness of a rights issue exercise, it is the market practice that the Subscription Price of a rights issue represents a discount to the prevailing market prices of the relevant shares. Hence, the Subscription Price is lower than the prevailing market prices of the Shares and is in line with the normal market practice. The net price per Rights Share to the Company upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.334.

Basis of provisional allotment

The basis of the provisional allotment shall be two Rights Share (in nil-paid form) for every one existing Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Status of the rights shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for excess rights shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares on pro-rata basis to the number of excess Rights Shares applied for and round down to the nearest whole number of Rights Share.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on 8 July 2011.

LETTER FROM THE BOARD

Share certificates and refund cheques for rights issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 5 August 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 5 August 2011 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 6,000), which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Conditions of the rights issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the Company despatching the Circular to the Shareholders;
- (ii) the Independent Shareholders having passed the necessary ordinary resolution(s) by poll at the SGM approving the Rights Issue, the Whitewash Waiver, the Underwriting Agreement and any transactions contemplated therein in accordance with the Listing Rules, the Takeovers Code and the constitutional documents of the Company;
- (iii) the Whitewash Waiver having been obtained from the SFC and such Whitewash Waiver not having been revoked prior to the Latest Time for Termination;

LETTER FROM THE BOARD

- (iv) the Listing Committee having granted or having agreed to grant in principle the listing of, and permission to deal in, all of the Rights Shares (in both nil-paid and fully-paid forms) prior to the first day of dealings of nil-paid Rights Shares on the Stock Exchange commence as set out in the Prospectus, and such listing and permission not subsequently being revoked or withdrawn prior to the Latest Time for Termination;
- (v) the filing and registration of all the Prospectus Document with the Registrar of Companies in Hong Kong in order to lawfully effect the Rights Issue on or before the Posting Date;
- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (vii) the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms thereof prior to the Latest Time for Termination;
- (viii) if required, the Bermuda Monetary Authority granting consent to the issue of the Rights Shares on or before the Posting Date; and
- (ix) the Company complying with all its obligations under the Underwriting Agreement.

Condition precedent (ix) can be waived by the Underwriters. Save as aforesaid, all other conditions precedent cannot be waived by any party to the Underwriting Agreement.

If any of the above conditions precedent is not satisfied and/or waived at or prior to the respective time and dates specified therein (or such other time as may be extended by the Underwriters (as permitted under the relevant legal and regulatory requirements), the Underwriting Agreement shall be automatically terminated. In that event, all obligations of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

On 31 May 2011, Win Move, Chung Nam and the Company entered into the Underwriting Agreement, details of which are set out below.

Date	:	31 May 2011
Underwriters	:	Win Move and Chung Nam. Win Move is the Controlling Shareholder of the Company and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Chung Nam and its ultimate beneficial owners are Independent Third Parties.
Total number of Rights Shares being underwritten by the Underwriters	:	902,165,940 Shares (being the total number of Rights Shares to be issued less the Shares subject to the Irrevocable Undertaking) will be underwritten by the Underwriters in the following manner: (i) Win Move shall underwrite the first 702,165,940 Rights Shares not taken up by the Qualifying Shareholders; and (ii) Chung Nam shall underwrite the balance of the Rights Shares not taken up by the Qualifying Shareholders up to a maximum of 200,000,000 Rights Shares
Commission	:	Each Underwriter receives 2% of the aggregate Subscription Price of their respective Underwritten Shares as determined on the Record Date

Win Move does not underwrite issues of securities in its ordinary course of business.

The commission rate was determined after arm's length negotiation between the Company and the Underwriters by reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue after taking into account the advice of Guangdong Securities) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

LETTER FROM THE BOARD

Irrevocable undertaking of Win Move

As at the Latest Practicable Date, Win Move, the Controlling Shareholder of the Company, is beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the issued share capital of the Company. Win Move has provided the Irrevocable Undertaking dated 31 May 2011 to the Company, undertaking, among other things, that Win Move will not dispose of its Shares up to the Record Date. Win Move has further agreed to (i) accept its respective entitlement to the provisional allotment of 829,456,604 Rights Shares as at the date of the Underwriting Agreement; and (ii) make payment in full in respect of its respective acceptance in accordance with the acceptance instructions contained in the Prospectus Documents.

Termination of the underwriting agreement

The Underwriters may terminate the arrangements set out in the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination if there occurs any of the following events:

- (a) in the absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

LETTER FROM THE BOARD

- (v) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (vi) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriters make it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Circular or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which in the absolute opinion of the Underwriters is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

If, at or prior to the Latest Time for Termination,

- (i) any material breach of any of the warranties or undertakings of the Company under the Underwriting Agreement comes to the knowledge of the Underwriters;
- (ii) any Specified Event comes to the knowledge of the Underwriters; or
- (iii) any breach of the irrevocable undertakings of Win Move in respect of the Rights Shares,

the Underwriters shall also be entitled by notice in writing to the Company prior to the Latest Time for Termination to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

Warning of the risks of dealing in shares and rights shares

The Shares will be dealt in on an ex-rights basis from 7 July 2011. Dealings in the Rights Shares in the nil-paid form will take place from 18 July 2011. If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed.

LETTER FROM THE BOARD

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from 18 July 2011 to 25 July 2011 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from 18 July 2011 to 25 July 2011 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming no further changes in the issued share capital of the Company, on or before the Record Date, set out below is the shareholding structure of the Company from the Latest Practicable Date to immediately after completion of the Rights Issue:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Shareholders take up all the Rights Shares		Assuming Win Move and Chung Nam take up all the Rights Shares in accordance with their underwriting commitment under the Underwriting Agreement	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Win Move (Note 1)	414,728,302	47.90	1,244,184,906	47.90	1,946,350,846	74.93
Subtotal of shareholding held by Win Move and parties acting in concert	414,728,302	47.90	1,244,184,906	47.90	1,946,350,846	74.93
Chung Nam	-	-	-	-	200,000,000	7.70
Public Shareholders	451,082,970	52.10	1,353,248,910	52.10	451,082,970	17.37
Total	865,811,272	100	2,597,433,816	100	2,597,433,816	100.00

Notes:

- The Shares are beneficially held by Win Move, the entire issued share capital of which is indirectly held by STC International Limited, being the trustee of AY Trust, a trust of which Dr. Yeung Sau Shing, Albert is the founder. Ms. Daisy Yeung was deemed to be interested in the above shares held by Win Move by virtue of being one of the eligible beneficiaries of AY Trust.
- As at the Latest Practicable Date, the Share Option holder has signed an irrevocable undertaking to the Company and pursuant to such undertaking, the Share Option holder has undertaken with the Company that she shall not exercise any of her conversion right under the Outstanding Share Options up to and including the Record Date.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment company and its subsidiaries are principally engaging in the provision of financial services in Hong Kong, including (i) brokerage services for securities, futures and options, (ii) providing margin and IPO financings as well as loans and advances to its clients, and (iii) corporate finance advisory and wealth management services.

The Directors consider that the Rights Issue, which is on a fully underwritten basis, will allow the Group to (i) strengthen its financial position without having to incur interest expenses as compared to debt financing; (ii) increase the capital base of the Company for future business development; and (iii) provide funding to capture suitable investment opportunities when arises. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, hence the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Rights Issue will be approximately HK\$585.3 million while the estimated net proceeds of the Rights Issue will be approximately HK\$578.7 million respectively. The Company intends to apply the proceeds from the Rights Issue in the following manner:

- as to approximately 20% for the working capital of the Group for the existing business;
- as to approximately 50% for expansion of existing business; and
- as to the remaining balance to finance the future development of the Group

The Group has recorded substantial growth since 2009. In order to capture the growth of business, additional working capital is needed to support the business operations and development of the Group. Especially when the initial public offering market is hot, surplus cash is needed to provide loan financing to customers. The Group has sufficient working capital to meet its present requirements, however, there is no certainty that such cash resources will be sufficient or be available for its future investments or business developments as the Group continues to expand its business. The Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to raise sufficient working capital to maintain its day-to-day operation and seize any opportunities arise in future.

As at the Latest Practicable Date, the Company does not have any intention for future fund raisings.

No fund raising exercise was carried out during the twelve months period immediately preceding the Latest Practicable Date.

Save as the transactions contemplated under the Rights Issue and the transactions contemplated under the Underwriting Agreement, as at the Latest Practicable Date, Win Move, the controlling shareholder of the Company does not have intention to sell or buy Shares of the Company up to the completion of the Rights Issue.

LETTER FROM THE BOARD

WHITEWASH WAIVER

As at the Latest Practicable Date, Win Move, the Controlling Shareholder of the Company, is beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the voting rights of the Company. Pursuant to the Underwriting Agreement, Win Move has provided the Irrevocable Undertaking dated 31 May 2011 to the Company, undertaking among other things, that Win Move will not dispose of its Shares up to the Record Date. Win Move has further agreed to (i) accept its respective entitlement to the provisional allotment of 829,456,604 Rights Shares as at the date of the Underwriting Agreement; and (ii) make payment in full in respect of its respective acceptance in accordance with the acceptance instructions contained in the Prospectus Documents. Win Move has further conditionally agreed to underwrite 702,165,940 Rights Shares pursuant to the Underwriting Agreement. In the event that Win Move is called upon to subscribe for the underwritten Rights Shares pursuant to its obligations under the Underwriting Agreement, the shareholding of Win Move and parties acting in concert with it in the Company would increase from approximately 47.90% of the voting rights of the Company to a maximum of approximately 74.93%. Under Rule 26 of the Takeovers Code, if Win Move acquires all its underwritten and undertaking Rights Shares or if it acquires such number of underwritten Rights Shares resulting in increasing the Concert Group's holding of voting rights of the Company by more than 2% from their lowest collective percentage holding in the 12 month period ending on and inclusive of the date of the relevant acquisition, the Concert Parties will require to make a mandatory general offer for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group, unless, among others, the Whitewash Waiver is obtained from the Executive and approved by the Independent Shareholders by way of poll. An application has been made by Win Move to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted subject to the approval of the Independent Shareholders on a vote taken by way of a poll at the SGM. Win Move, its associates and parties acting in concert with any of them, and all parties who are involved in or interested in the proposed Rights Issue, Underwriting Agreement and/or the Whitewash Waiver will abstain from voting on the proposed resolutions approving the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not become unconditional and will not proceed.

Based on the shareholding structure of the Company as at the Latest Practicable Date and assuming no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date up to completion of the Rights Issue save for the issue of the Rights Shares, upon completion of the Rights Issue, the Concert Group may in aggregate hold more than 50% of the total voting rights of the Company. The Concert Group may thereafter increase its holding of Shares without incurring any further obligation to make a general offer under Rule 26 of the Takeovers Code. However, there may be circumstances where there are changes in the make-up of the Concert Group and the holdings of each party in the Concert Group may change from time to time. This being the case, any party in the Concert Group holding less than 50% of the voting rights of the Company may incur an obligation to make a mandatory general offer under Rule 26.1 of the Takeovers Code upon further acquisition of the Shares by any of them unless a waiver from the Executive is granted.

LETTER FROM THE BOARD

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS

As a result of the Rights Issue, the exercise price and the number of Shares to be issued pursuant to the Outstanding Share Options may be adjusted in accordance with the respective terms and conditions of the Share Option Scheme and the Listing Rules or guidelines issued by the Stock Exchange from time to time. The Company will instruct its auditors or an independent financial adviser to certify the adjustments, if any, to the Outstanding Share Options and will inform the holders of the Outstanding Share Options of the adjustments, if any, accordingly. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

As at the Latest Practicable Date, Win Move is a Controlling Shareholder of the Company and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement (including the payment of the underwriting commission) constitutes a connected transaction under Chapter 14A of the Listing Rules but are, pursuant to Rule 14A.31(2) (in respect of the payment of the underwriting commission) and Rule 14A.31(3)(c) (in respect of the allotment and issue of the Underwritten Shares) of the Listing Rules, exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules.

On the other hand, in accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by Shareholders in general meeting by a resolution on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. According to the Takeovers Code, parties who are involved in or interested in the proposed Rights Issue, Underwriting Agreement and/or the Whitewash Waiver are also required to abstain from voting on the proposed resolution approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

To the best of the Company's information and belief after having made reasonable enquiries, as at the Latest Practicable Date, Win Move, the Controlling Shareholder of the Company, is beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the issued share capital of the Company. Accordingly, Win Move and parties acting in concert with it, its respective associates are required to abstain from voting in favour of the proposed resolutions approving the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

As at the Latest Practicable Date, (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) had been entered into by or binding upon any of such persons; (ii) there was no obligation or entitlement of any of such persons whereby any of such persons had or might have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis; and (iii) such persons had not stated that they intended to vote against the proposed resolutions approving the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTOR

Pursuant to the terms of appointment of Ms. Pearl Chan as Executive Director of the Company, her initial term of service shall be up to the closure of the forthcoming general meeting and she shall then be eligible for re-election at that meeting.

Accordingly, Ms. Pearl Chan, who was appointed as Director by the Board on 1 June 2011, will retire at the SGM and will offer herself for re-election. Details of Ms. Pearl Chan that are required to be disclosed under the Listing Rules are set out in Appendix IV to this Circular.

THE SGM

Set out on pages 117 to 119 of this Circular is a notice convening the SGM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Wednesday, 13 July 2011 at 10:30 a.m. at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.

A form of proxy for use at the SGM is enclosed with this Circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Trior Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish. Voting on the proposed resolutions at the SGM will be taken by poll.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 22 of this Circular and the letter from Guangdong Securities on pages 24 to 42 of this Circular which contains their advice to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue, the Underwriting Agreement and the Whitewash Waiver as well as the principal factors and reasons taken into consideration in arriving at their advice.

The Directors consider that the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Further, the Directors consider the re-election of Ms. Pearl Chan is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend (i) the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (ii) the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the re-election of Ms. Pearl Chan. You are advised to read the letter from the Independent Board Committee and the letter from Guangdong Securities mentioned above before deciding how to vote on the resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Circular.

By order of the Board of
Emperor Capital Group Limited
Daisy Yeung
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver prepared for the purpose of incorporation in this Circular.



英皇證券集團有限公司*
Emperor Capital Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 717)

23 June 2011

To the Independent Shareholders

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE
ON THE BASIS OF TWO RIGHTS SHARES FOR
EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE
AND
(II) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company dated 23 June 2011 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. Guangdong Securities has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 24 to 42 of the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendices thereto.

* for identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver, and taking into account the advice of Guangdong Securities, in particular the principal factors, reasons and recommendation as set out in their letter, we consider that the Rights Issue, the entering into of the Underwriting Agreement and the performance of the transactions contemplated thereunder and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole, and the terms of the Rights Issue and the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Yours faithfully,

Independent Board Committee

Kwok Chi Sun, Vincent

Cheng Wing Keung, Raymond

Chu Kar Wing

Independent non-executive Directors

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Rights Issue and the Whitewash Waiver for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

23 June 2011

*To: The independent board committee and the independent shareholders
of Emperor Capital Group Limited*

Dear Sirs,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES
FOR
EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE;
AND
(II) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 23 June 2011 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Rights Issue

On 2 June 2011, the Board announced that the Company proposed to raise approximately HK\$585.3 million before expenses, by issuing 1,731,622,544 Rights Shares (assuming (i) none of the Outstanding Share Options has been exercised; (ii) the Issue Mandate Limit is not utilised; and (iii) no other issue of Shares, on or before the Record Date) to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$0.338 per Rights Share on the basis of two Rights Shares for every one existing Share held on the Record Date.

LETTER FROM GUANGDONG SECURITIES

As at the Latest Practicable Date, Win Move, the Controlling Shareholder of the Company, was beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the issued share capital of the Company. Win Move has provided the Irrevocable Undertaking to the Company, undertaking that, among other things, Win Move will not dispose of its Shares up to the Record Date. Win Move has further agreed to (i) accept its entitlement to the provisional allotment of 829,456,604 Rights Shares as at the date of the Underwriting Agreement; and (ii) make payment in full in respect of its acceptance in accordance with the acceptance instructions contained in the Prospectus Documents.

The Rights Issue is fully underwritten by Win Move and Chung Nam, the Underwriters, in the manner of the first 702,165,940 Rights Shares underwritten by Win Move and the balance of 200,000,000 Rights Shares underwritten by Chung Nam. The Directors confirmed that the terms of the Rights Issue were agreed after arm's length negotiations among the Company and the Underwriters.

With reference to the Board Letter, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM whereby Win Move and its associates shall abstain from voting in favour of the relevant resolution(s) as required under the Listing Rules.

The Whitewash Waiver

In addition, the aforesaid undertaking and the underwriting in respect of the Rights Shares by Win Move will trigger an obligation on Win Move and parties acting in concert with it to make a mandatory general offer for all the issued Shares not already owned or agreed to be subscribed for by them.

An application has been made by Win Move to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to the approval of the Independent Shareholders on a vote taken by way of a poll at the SGM and the fulfillment of such other condition(s) as may be imposed by the Executive. Win Move, its associates, parties acting in concert with any of them, and all parties who are involved in or interested in the Underwriting Agreement and/or the Whitewash Waiver will abstain from voting on the relevant resolutions approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not become unconditional and will not proceed.

An Independent Board Committee comprising Mr. Kwok Chi Sun, Vincent, Mr. Cheng Wing Keung, Raymond and Mr. Chu Kar Wing, all being independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the terms of each of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Rights Issue and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote on the relevant resolutions to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the respective transactions contemplated thereunder at the SGM. All members of the Independent Board Committee have confirmed to the Company that they are (i) independent of and not parties acting in concert with the Underwriters and their respective associates and parties acting in concert with any of them; and (ii) independent in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and our appointment has been approved by the Independent Board Committee.

LETTER FROM GUANGDONG SECURITIES

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the despatch of the Circular, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

Furthermore, the Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, also confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Underwriters or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue and the Whitewash Waiver. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GUANGDONG SECURITIES

PRINCIPAL FACTORS AND REASONS CONSIDERED

(I) THE RIGHTS ISSUE

In arriving at our opinion in respect of the Rights Issue, we have taken into consideration the following principal factors and reasons:

(1) Background of and reasons for the Rights Issue

Business overview of the Group

The Company is an investment company and its subsidiaries are principally engaging in the provision of financial services in Hong Kong, including (i) brokerage services for securities, futures and options; (ii) providing margin and IPO financings as well as loans and advances to its clients; and (iii) corporate finance advisory and wealth management services.

Set out below are the financial information of the Group for (i) the six months ended 31 March 2011; (ii) the year ended 30 September 2010; and (iii) the 18 months ended 30 September 2009, as extracted from the Company's interim report for the six months ended 31 March 2011 (the "2011 Interim Report") and the Company's annual report for the year ended 30 September 2010:

	For the six months ended 31 March 2011	For the year ended 30 September 2010	For the 18 months ended 30 September 2009
	(unaudited)	(audited)	(Note) (audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	104,123	201,931	145,443
– Brokerage	49,892	85,630	88,490
– Financing	38,214	47,330	35,539
– Placing and underwriting	11,737	62,295	16,369
– Corporate finance	4,280	6,676	5,045
Total comprehensive income (expense) for the period/year	33,246	71,957	(8,027)
	As at 31 March 2011	As at 30 September 2010	As at 30 September 2009
	(unaudited)	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	607,969	587,729	528,269
Bank balances and cash	134,012	110,440	210,339

Note: There was a change of financial year end date from 31 March to 30 September in 2009.

LETTER FROM GUANGDONG SECURITIES

From the above table, we noted that the Group made a turnaround in its loss making position and recorded total comprehensive income of approximately HK\$71.96 million for the year ended 30 September 2010. Moreover, the net assets of the Group also increased by approximately 15.09% from approximately HK\$528.27 million as at 30 September 2009 to approximately HK\$607.97 million as at 31 March 2011.

According to the 2011 Interim Report and as further confirmed by the Directors, the Group will continue to strengthen its PRC business to benefit from the growing economy of the PRC. In addition, with the commencement of the new business in asset management during the six months ended 31 March 2011, the Group will allocate more resources to provide better products and services to cater for the various investment needs of its customers. The Group will also continue to provide a comprehensive one-stop investment platform and strive to explore both the domestic and international markets and expand its institutional and retail clientele.

Reasons for the Rights Issue

As referred to in the Board Letter, the Directors consider that the Rights Issue will allow the Group to (i) strengthen its financial position without having to incur interest expenses as compared to debt financing; (ii) increase the capital base of the Company for future business development; and (iii) provide funding to capture suitable investment opportunities when such opportunities arise. The Rights Issue will also give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company. In view of the above, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

As extracted from the Board Letter, the estimated net proceeds from the Rights Issue will be approximately HK\$578.70 million and the Company intends to apply such net proceeds from the Rights Issue (i) as to approximately 20% for the working capital of the Group for its existing businesses; (ii) as to approximately 50% for expansion of the Group's existing businesses; and (iii) as to the remaining balance to finance the future development of the Group. Upon our enquiry, the Directors further confirmed that as at the Latest Practicable Date, the Company had not identified any suitable investment for its future business development. However, given that any suitable investment opportunities may arise at any time, we concur with the Directors that it would be beneficial for the Group to spare for sufficient internal resources in order to capture those suitable investment opportunities (if they arise) in a timely manner.

Taking into account the foregoing reasons for the Rights Issue, we are of the opinion that the reasons for the Rights Issue are justifiable.

Financing alternatives available to the Group

According to the Board Letter, no fund raising exercise was carried out during the twelve months period immediately preceding the Latest Practicable Date.

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In this respect, we have enquired into the Directors and were informed by the Directors that they have considered both debt financing and equity financing for the proposed fund raising of the Group this time. As aforementioned, since debt financing would increase the interest burden on the Group, the Directors considered debt financing to be less preferable to the Group.

With regard to equity financing, the Directors advised us that due to the fact that the Board is confident in the future business development of the Group, the Board would like to provide a chance for all Shareholders to share the potential prospects of the Group. Although both open offer and rights issue would allow all Shareholders to participate in the enlargement of the capital base of the Company and to maintain their proportionate shareholding interests in the Company, the Directors advised us that a rights issue would further allow those Shareholders who do not want to participate in the fund raising of the Company to dispose of their rights shares entitlements in the market in nil-paid form. As a result, the Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to raise fund through the Rights Issue.

Having taken into consideration the aforesaid weaknesses of the other financing alternatives and the possible benefits of the Rights Issue, we concur with the Directors that the Rights Issue is an appropriate financing method currently available to the Company and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

(2) Principal terms of the Rights Issue

The table below summarises the major terms of the Rights Issue:

Basis of the Rights Issue:	Two Rights Shares for every one existing Shares held on the Record Date
Number of Shares in issue as at the Latest Practicable Date:	865,811,272 Shares
Number of Rights Shares:	1,731,622,544 Rights Shares (assuming no further Shares will be issued prior to the Record Date)
The Subscription Price:	HK\$0.338 per Rights Share with nominal value of HK\$0.01 each

The Subscription Price of HK\$0.338 per Rights Share represents:

- (i) a discount of approximately 15.50% to the closing price of HK\$0.400 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 39.64% to the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM GUANGDONG SECURITIES

- (iii) a discount of approximately 38.99% to the average closing price of approximately HK\$0.554 per Share for the five consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 17.96% to the theoretical ex-rights price of approximately HK\$0.412 per Share after the Rights Issue, based on the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on the Last Trading Day.

With reference to the Board Letter, the Subscription Price was determined after arm's length negotiations among the Company and the Underwriters with reference to the prevailing market price and trading liquidity of the Shares prior to the Last Trading Day. Moreover, the Directors confirmed that the Subscription Price has been set at a reasonable discount to the recent closing prices of the Shares with an objective of encouraging the Qualifying Shareholders to take up their entitlements so as to participate in the potential prospects of the Group. As such, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Analyses on the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we set out the following informative analyses for illustrative purpose:

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(i) Review on Share prices

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each of the 12 months during the period commencing from 1 June 2010 up to and including the Latest Practicable Date (the “**Review Period**”) are shown as follows:

Month	Highest closing price (HK\$)	Lowest closing price (HK\$)	Average daily closing price (HK\$)	No. of trading days in each month
2010				
June	0.430	0.400	0.413	21
July	0.410	0.385	0.402	21
August	0.440	0.410	0.419	22
September	0.460	0.410	0.437	21
October	0.500	0.460	0.485	20
November	0.760	0.510	0.681	22
December	0.730	0.610	0.670	22
2011				
January	0.700	0.630	0.667	21
February	0.650	0.580	0.632	18
March	0.630	0.560	0.597	23
April	0.620	0.580	0.602	18
May (<i>Note 1</i>)	0.590	0.550	0.571	19
June (Up to and including the Latest Practicable Date) (<i>Note 2</i>)	0.550	0.400	0.431	12

Source: the Stock Exchange web-site (www.hkex.com.hk)

Notes:

1. Trading in the Shares was suspended on 31 May 2011.
2. Trading in the Shares was suspended on 1 June 2011.

During the Review Period, the average daily closing price of the Shares ranged from approximately HK\$0.402 to HK\$0.681 per Share in each month. The highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.760 per Share recorded on 8 November 2010 and HK\$0.385 per Share recorded on 19 July 2010. We noted that the Subscription Price had been below the closing prices of the Shares in the open market during the entire Review Period.

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(ii) Review on trading liquidity of the Shares

The average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the public as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as follows:

Month	No. of trading days in each month	Average daily trading volume (the "Average Volume") <i>Shares</i>	% of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date <i>%</i> <i>(Note 3)</i>	% of the Average Volume to total number of issued Shares as at the Latest Practicable Date <i>%</i> <i>(Note 4)</i>
2010				
June	21	1,255,387	0.28	0.14
July	21	1,225,333	0.27	0.14
August	22	1,917,582	0.43	0.22
September	21	3,475,790	0.77	0.40
October	20	3,999,526	0.89	0.46
November	22	15,557,073	3.45	1.80
December	22	7,426,730	1.65	0.86
2011				
January	21	2,574,877	0.57	0.30
February	18	1,805,378	0.40	0.21
March	23	1,301,571	0.29	0.15
April	18	1,366,911	0.30	0.16
May <i>(Note 1)</i>	19	592,053	0.13	0.07
June (Up to and including the Latest Practicable Date) <i>(Note 2)</i>	12	4,413,751	0.98	0.51

Source: the Stock Exchange web-site (www.hkex.com.hk)

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Notes:

1. Trading in the Shares was suspended on 31 May 2011.
2. Trading in the Shares was suspended on 1 June 2011.
3. Based on 451,082,970 Shares held in public hands as at the Latest Practicable Date.
4. Based on 865,811,272 Shares in issue as at the Latest Practicable Date.

The above table illustrates that the average daily trading volume of the Shares per month had been thin during the Review Period. Save as and except for November 2010, during the Review Period, the volume of Shares traded was below 1% of the total number of issued Shares as at the Latest Practicable Date. Since the Shares were highly illiquid in the open market, we concur with the Directors that it would be difficult to attract the Qualifying Shareholders to further invest in the Company through the Rights Issue if the Subscription Price was not set at discount to the historical closing prices of the Shares. For this reason, we are of the view that the discount to the Share price as represented by the Subscription Price is justifiable.

(iii) Comparison with other rights issue transactions

As part of our analyses, we have identified all those rights issue transactions (the “**Comparables**”) from 1 March 2011 up to the Latest Practicable Date, being the approximate three-month period prior to and including the Latest Practicable Date, by companies listed on the main board of the Stock Exchange. We are of the view that unlike acquisitions or disposals under which the price multiples ratios of companies with similar businesses, operations and prospects are important for comparison and reference purpose, stock market conditions and sentiments are the more crucial factors to consider in rights issue transactions. Besides that, we noted that the stock market conditions and sentiments are ever-changing and have thus identified all Comparables which took place from 1 March 2011 up to the Latest Practicable Date, being the recent period around the time the Rights Issue was proposed, for comparison purpose. We consider that the terms of the Comparables were determined under similar market conditions and sentiments as the Rights Issue.

To the best of our knowledge and as far as we are aware of, we found 16 transactions which met the above criteria. The purpose of the Comparables is to provide a general reference for the common market practice in recent rights issue transactions conducted by main board listed companies in Hong Kong regardless of their respective businesses, operations and prospects. Summarised below is our relevant finding:

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Company name	Stock code	Principal business	Date of announcement	Discount of the subscription price to the closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue %	Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue %	Underwriting commission %	Market capitalisation as at the Latest Practicable Date HK\$ million
Pacific Plywood Holdings Limited	767	Manufacture, distribution and sale of plywood, veneer, jamb and moulding, structural, flooring and other wood related products.	8 March 2011	(88.89)	(20.00)	2.50	274
China State Construction International Holdings Limited	3311	Construction activities, generation and supply of heat and electricity, provision of connection services, infrastructure project investment.	18 March 2011	(16.67)	(14.29)	2.50	25,642
Cinda International Holdings Limited	111	Corporate finance, securities broking, commodities and futures broking, financial planning and insurance broking, asset management.	29 March 2011	(38.90)	(34.50)	0.50	840
Willie International Holdings Limited	273	Property investment, investment in securities trading, money lending, investment holding and acquiring, exploring and developing natural resources.	8 April 2011	(82.88)	(73.70)	2.50	272
Radford Capital Investment Limited	901	Investments in listed securities in Hong Kong.	8 April 2011	(55.13)	(19.72)	2.50	422
China Star Entertainment Limited	326 (Note)	Film production, distribution of film and television drama series, provision of post-production services, investing in operations which receive profit streams from the gaming promotion business and property and hotel investment.	18 April 2011	(54.55)	(23.08)	2.50	485

LETTER FROM GUANGDONG SECURITIES

Company name	Stock code	Principal business	Date of announcement	Discount of the subscription price to the closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue %	Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue %	Underwriting commission %	Market capitalisation as at the Latest Practicable Date <i>HKS million</i>
Bao Yuan Holdings Limited	692	Sales of fabric, garment and accessories.	18 April 2011	(83.05)	(17.49)	3.00	883
CITIC Resources Holdings Limited	1205	Production and sale of aluminum smelter, coal, manganese, crude oil, import and export of commodities.	3 May 2011	(25.81)	(21.10)	1.50	10,147
Media China Corporation Limited	419 (Note)	Television advertising business and content production business.	6 May 2011	(25.00)	(18.18)	3.00	695
21 Holdings Limited	1003 (Note)	Trading of toy, gift and premium products; securities trading and investments; provision of property agency and related services.	6 May 2011	(88.80)	(46.80)	2.00	79
Midas International Holdings Limited	1172	Manufacturing and trading of printed products and packaging printed products; sales of grave plots, niches for cremation urns and tomb sets.	18 May 2011	(45.40)	(29.30)	1.00	232
Central China Real Estate Limited	832	Residential property development in Henan Province, the PRC.	25 May 2011	(21.20)	(18.20)	1.50	4,225
Waytung Global Group Limited	21	Treasury and Investment, property and securities trading.	26 May 2011	(33.33)	(11.17)	1.00	533
Vitop Bioenergy Holdings Limited	1178	Manufacturing and trading of BIOenergy products, healthcare food products, multi-functional water generators and other healthcare products in the PRC.	31 May 2011	(48.98)	(41.86)	4.00	471

LETTER FROM GUANGDONG SECURITIES

Company name	Stock code	Principal business	Date of announcement	Discount of the subscription price to the closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue %	Discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to/on the date of the announcement in relation to the respective rights issue %	Underwriting commission %	Market capitalisation as at the Latest Practicable Date <i>HKS million</i>
Simsen International Corporation Limited	993	Broking and dealing of securities and futures contracts, margin financing, investment holding, broking and dealing of bullion and forex contracts, loan financing, management and consultancy services, mining operations in Mainland China.	2 June 2011	(87.12)	(25.00)	2.50	274
China Agri-Products Exchange Limited	149	Agricultural produce exchanges and the food and beverage business.	9 June 2011	(87.09)	(17.72)	2.50	134
Range				(16.67) to (88.89)	(11.17) to (73.70)	0.50 to 4.00	
Average				(55.18)	(27.01)	2.19	
The Company	717	Provision of securities, options, futures, insurance and other wealth management products broking services; margin financing and money lending services; placing and underwriting services; and corporate finance advisory.	2 June 2011	(39.64)	(17.96)	2.00	346

Source: the relevant announcements posted on the Stock Exchange web-site (www.hkex.com.hk)

Note:

The calculation was adjusted for the effect of the capital reorganisation of the respective company immediately prior to their rights issue exercise.

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Shareholders can also note from the Comparables that while main board listed companies differ from one another in terms of businesses, operations and prospects, it is common market practice to price a rights issue at a discount to the market price of the relevant shares in order to encourage subscription by their shareholders. In addition, the market conditions and sentiments at the relevant time may also affect the determination of the subscription price.

(3) The Irrevocable Undertaking of Win Move and the underwriting arrangements

The Rights Issue is fully underwritten, with Win Move and Chung Nam as the Underwriters.

With reference to the Board Letter, as at the Latest Practicable Date, Win Move was beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, Win Move has provided the Irrevocable Undertaking to the Company, undertaking that, among other things, Win Move will not dispose of its Shares up to the Record Date. Win Move has further agreed to (i) accept its entitlement to the provisional allotment of 829,456,604 Rights Shares as at the date of the Underwriting Agreement; and (ii) make payment in full in respect of its acceptance in accordance with the acceptance instructions contained in the Prospectus Documents.

On the other hand, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Chung Nam and its ultimate beneficial owners are Independent Third Parties. As at the Latest Practicable Date, Chung Nam and its associates were not interested in any Shares.

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite 902,165,940 Rights Shares (being the total number of Rights Shares to be issued less the Shares subject to the Irrevocable Undertaking) in total, subject to the terms and conditions of the Underwriting Agreement with an underwriting commission of 2% of the aggregate Subscription Price in respect of the number of Underwritten Shares as determined on the Record Date (the “**Underwriting Commission**”).

From the table under the section headed “Comparison with other rights issue transactions” of this letter, we noted that the Underwriting Commission falls within the range of commissions of 0.5 to 3% received by underwriters in other recent rights issue transactions. Accordingly, we are of the opinion that the underwriting arrangements for the Rights Issue and the Underwriting Commission are in line with common market practice.

We have also reviewed the other major terms of the Rights Issue and the Underwriting Agreement and are not aware of any major terms which are uncommon. Accordingly, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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(4) Application for excess Rights Shares

As stated in the Board Letter, Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares on pro-rata basis to the number of excess Rights Shares applied for and round down to the nearest whole number of Rights Share.

(5) Potential dilution of the shareholding interests of the existing public Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. In such case, where all Qualifying Shareholders do not accept the Rights Issue and hence the Underwriters are obligated to take up the unsubscribed Rights Shares, the shareholding interests of the existing public Shareholders in the Company will be diluted by a maximum of 34.73 percent point. Details of such dilution effect are presented in the table under the section headed “Shareholding structure of the Company” in the Board Letter.

Meanwhile, those Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue may (i) subject to availability, acquire additional nil-paid rights in the market; and (ii) apply for the excess Rights Shares since the Rights Issue also allows for excess application of the Rights Shares.

We are aware of the aforementioned potential dilution to the existing public Shareholders’ shareholding interests in the Company. Nonetheless, we consider that the foregoing should be balanced against by the following factors:

- Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue and the Underwriting Agreement through their votes at the SGM;
- Qualifying Shareholders have their choice whether to accept the Rights Issue or not;
- Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market;

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- the Rights Issue offers Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market price of the Shares; and
- those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue.

Having considered the above, we consider the potential dilution effect on the shareholding interests of the existing public Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, to be acceptable.

(6) Financial effects of the Rights Issue

Effect on NTAV

An unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company based on the unaudited consolidated net tangible asset value (“NTAV”) of the Group as at 31 March 2011 as if the Rights Issue had taken place on 31 March 2011 is set out in Appendix II to the Circular (the “Statement”).

Based on the Statement, the unaudited pro forma adjusted consolidated NTAV of the Group was approximately HK\$607.97 million as at 31 March 2011. Upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated NTAV of the Group would increase to approximately HK\$1,186.65 million according to the Statement. Furthermore, the Statement also stated that the unaudited pro forma adjusted consolidated NTAV per Share was approximately HK\$0.702 as at 31 March 2011. Upon completion of the Rights Issue, the unaudited pro forma adjusted consolidated NTAV per Share would be reduced to approximately HK\$0.457.

We are of the view that such decrease in the consolidated NTAV per Share upon completion of the Rights Issue is rather inevitable because the Rights Issue will be issued at a discount to the net tangible assets per Share. The reduction in the consolidated NTAV per Share would be unfavourable to the Shareholders. However, Shareholders should also note the benefits of the Rights Issue as set forth in the foregoing sections of this letter, and that all the Qualifying Shareholders are offered the same opportunity to enjoy the benefit of subscribing for the Rights Shares at the Subscription Price which is at a discount to the market prices of the Shares.

Effect on gearing position

With reference to the 2011 Interim Report, the gearing ratio of the Group (calculated as total bank and other borrowings over total equity) was nil as at 31 March 2011. Given that the Rights Issue would not increase the total bank and other borrowings of the Group, the Directors expect that the Group’s gearing ratio would remain as nil due to the Rights Issue.

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Effect on working capital

As mentioned under the section headed “Reasons for the Rights Issue” of this letter, the Company intends to apply the net proceeds from the Rights Issue partly for the working capital of the Group for its existing businesses. Accordingly, the Directors expected that the Rights Issue would improve the working capital position of the Group.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

RECOMMENDATION ON THE RIGHTS ISSUE

Having taken into account the above principal factors and reasons, as summarise below:

- (a) The Rights Issue would increase the capital base of the Company for future business development and provide funding for the Group to capture suitable investment opportunities when such opportunities arise;
- (b) The Rights Issue is an appropriate financing method currently available to the Company;
- (c) All Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue to take up their pro-rata Rights Shares to maintain their respective existing shareholding interests in the Company and participate in the potential prospects of the Group;
- (d) The principal terms of the Rights Issue, including the Subscription Price which was arrived at after arm’s length negotiations among the parties to the Underwriting Agreement with reference to the market price of the Shares under the prevailing market conditions, given the relatively poor trading liquidity of the Shares during the Review Period and it is normal market practice to offer discount to enhance the attractiveness of a rights issue, are fair and reasonable so far as the Independent Shareholders are concerned;
- (e) The principal terms of the Underwriting Agreement, including the Underwriting Commission, being in line with the market; and

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- (f) The overall financial effects of the Rights Issue (i.e. (i) increase in NTAV but decrease in NTAV per share based on the Statement; (ii) gearing ratio remains as nil; and (iii) improvement in working capital position),

we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders to vote in favour of the relevant resolution(s) at the SGM to approve the Rights Issue, the Underwriting Agreement and the respective transactions contemplated thereunder.

(II) THE WHITEWASH WAIVER

As mentioned in the foregoing section of this letter, as at the Latest Practicable Date, Win Move, the Controlling Shareholder of the Company, was beneficially interested in 414,728,302 Shares, representing approximately 47.90% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, Win Move has provided the Irrevocable Undertaking to the Company, undertaking that, among other things, Win Move will not dispose of its Shares up to the Record Date. Win Move has further agreed to (i) accept its entitlement to the provisional allotment of 829,456,604 Rights Shares as at the date of the Underwriting Agreement; and (ii) make payment in full in respect of its acceptance in accordance with the acceptance instructions contained in the Prospectus Documents. Win Move has further conditionally agreed to underwrite 702,165,940 Rights Shares pursuant to the Underwriting Agreement. In the event that Win Move is called upon to subscribe for all the Underwritten Shares pursuant to its obligations under the Underwriting Agreement, the shareholding of Win Move and parties acting in concert with it in the Company would increase from approximately 47.90% of the voting rights of the Company to a maximum of approximately 74.93%.

Under Rule 26 of the Takeovers Code, if Win Move acquires all of its underwritten and undertaking Rights Shares or it acquires such number of the Underwritten Shares resulting in increasing the Concert Group's holding of voting rights of the Company by more than 2% from their lowest collective percentage holding in the 12-month period ending on and inclusive of the date of the relevant acquisition, Win Move and parties acting in concert with it will be obligated to make a mandatory general offer for all the issued Shares not already owned or agreed to be subscribed for by them, unless, amongst others, the Whitewash Waiver is obtained from the Executive and approved by the Independent Shareholders by way of poll at the SGM.

An application has been made by Win Move to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the SGM by way of poll and the fulfilment of such other condition(s) as may be imposed by the Executive.

LETTER FROM GUANGDONG SECURITIES

Completion of the Rights Issue is conditional upon, among other things, the grant of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not become unconditional and will not proceed.

In view of (i) the reasons for and the possible benefits of the Rights Issue to the Company as set forth under the section headed “Background of and reasons for the Rights Issue” of this letter; and (ii) the terms of the Rights Issue and the Underwriting Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the completion of the Rights Issue, is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Rights Issue.

RECOMMENDATION ON THE WHITEWASH WAIVER

Having taken into account the reasons for and possible benefits of the Rights Issue and the Underwriting Agreement, and that the Rights Issue is conditional upon the grant of the Whitewash Waiver, we consider that the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Whitewash Waiver and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated results and financial position of the Group for the financial periods ended 30 September 2010, 30 September 2009 and 31 March 2008, as extracted from the respective annual report of the Company, and the unaudited consolidated interim results and financial position of the Group for the six months ended 31 March 2011.

Summary of results

	Six months ended 31 March 2011 (unaudited) HK\$'000	Twelve months ended 30 September 2010 (audited) HK\$'000	Eighteen months ended 30 September 2009 (audited) HK\$'000	Twelve months ended March 2008 (audited) HK\$'000
Revenue	104,123	201,931	145,443	185,259
Other operating income	1,346	3,529	2,659	3,188
Staff costs	(19,812)	(39,004)	(40,414)	(29,697)
Commission expenses	(21,966)	(33,986)	(24,304)	(40,004)
Other expenses	(24,417)	(42,850)	(54,513)	(29,537)
Finance costs	(995)	(2,296)	(1,647)	(33,627)
Impairment allowance on trade receivables	–	–	(37,401)	(533)
Gain on disposal of intangible assets	–	–	–	701
Share of (loss) profit of an associate	(160)	(2,242)	979	(371)
Profit (loss) before taxation	38,119	85,082	(9,198)	55,379
Taxation	(4,897)	(13,139)	1,167	(9,437)
Profit (loss) for the year/period	33,222	71,943	(8,031)	45,942
Other comprehensive income for the year/period				
Exchange differences arising on translation	24	14	4	–
Total comprehensive income (expense) for the year/period	<u>33,246</u>	<u>71,957</u>	<u>(8,027)</u>	<u>45,942</u>
Profit (loss) for the year/period attributable to:				
Owners of the Company	33,634	72,106	(8,031)	45,942
Non-controlling interests	(412)	(163)	–	–
	<u>33,222</u>	<u>71,943</u>	<u>(8,031)</u>	<u>45,942</u>
Total comprehensive income attributable to:				
Owners of the Company	33,658	72,120	(8,027)	45,942
Non-controlling interests	(412)	(163)	–	–
	<u>33,246</u>	<u>71,957</u>	<u>(8,027)</u>	<u>45,942</u>
Earnings (loss) per share				
Basic	<u>HK3.88 cents</u>	<u>HK8.33 cents</u>	<u>(HK1.11 cents)</u>	<u>HK7.39 cents</u>
Diluted	<u>HK3.88 cents</u>	<u>HK8.33 cents</u>	<u>(HK1.11 cents)</u>	<u>HK7.39 cents</u>

Summary of financial position

	As at 31 March 2011 (unaudited) HK\$'000	As at 30 September 2010 (audited) HK\$'000	As at 30 September 2009 (audited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Total assets	1,127,099	2,273,716	1,187,058	731,595
Total liabilities	519,130	(1,685,987)	(658,789)	(255,145)
Net assets	607,969	587,729	528,269	476,450
Equity attributable to owners of the Company	608,054	587,402	528,269	476,450
Non-controlling interest	(85)	327	–	–
Total equity	<u>607,969</u>	<u>587,729</u>	<u>528,269</u>	<u>476,450</u>

Notes:

1. There was a change of year end date from 31 March to 30 September in 2009.
2. The auditor of the Company, Deloitte Touche Tohmatsu, has provided unqualified opinion on the auditors' report in respect of the consolidated financial statements of the Group for each of the three financial periods ended 30 September 2010, 30 September 2009 and 31 March 2008.
3. There was no extraordinary or exceptional item affecting the consolidated financial statements of the Group for the three financial periods ended 30 September 2010, 30 September 2009 and 31 March 2008.
4. The dividends were declared HK2.5 cents, HK0.5 cents and HK1 cent for the financial periods ended 30 September 2010, 30 September 2009 and 31 March 2008 respectively. The amount absorbed by dividends were approximately HK\$21.6 million, approximately HK\$4.3 million and approximately HK\$7.2 million for the three financial periods ended 30 September 2010, 30 September 2009 and 31 March 2008 respectively.

2. UNAUDITED INTERIM RESULT OF THE GROUP FOR THE SIX MONTHS ENDED 31 MARCH 2011

Set out below are the unaudited interim result of the Group for the six months ended 31 March 2011, together with the notes thereto, as extracted from the interim report of the Company for the six months ended 31 March 2011.

Condensed Consolidated Statement of Comprehensive Income

	<i>Notes</i>	Six months ended 31 March	
		2011 (unaudited) <i>HK\$'000</i>	2010 (unaudited) <i>HK\$'000</i>
Revenue	4	104,123	117,107
Other operating income		1,346	1,226
Staff costs		(19,812)	(22,223)
Commission expenses		(21,966)	(16,558)
Other expenses		(24,417)	(20,488)
Finance costs		(995)	(1,438)
Share of loss of an associate		(160)	(528)
		<hr/>	<hr/>
Profit before taxation		38,119	57,098
Taxation	5	(4,897)	(8,500)
		<hr/>	<hr/>
Profit for the period		33,222	48,598
Other comprehensive income for the period			
Exchange differences arising on translation		24	–
		<hr/>	<hr/>
Total comprehensive income for the period		<u>33,246</u>	<u>48,598</u>
Profit (loss) for the period attributable to:			
Owners of the Company		33,634	48,598
Non-controlling interests		(412)	–
		<hr/>	<hr/>
		<u>33,222</u>	<u>48,598</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		33,658	48,598
Non-controlling interests		(412)	–
		<hr/>	<hr/>
		<u>33,246</u>	<u>48,598</u>
Earnings per share	6		
– Basic		<u>HK3.88 cents</u>	<u>HK5.61 cents</u>
– Diluted		<u>HK3.88 cents</u>	<u>HK5.61 cents</u>

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As at	
		31 March 2011 (unaudited) <i>HK\$'000</i>	30 September 2010 (audited) <i>HK\$'000</i>
Non-current assets			
Property and equipment		4,965	5,933
Other assets		4,507	8,064
Amount due from an associate		4,194	4,354
Available-for-sale financial assets		136	136
		13,802	18,487
Current assets			
Trade receivables	8	550,078	1,710,467
Loans and advances	9	114,000	30,000
Other debtors, deposits and prepayments		4,758	6,197
Bank balances and cash – trust accounts		310,449	398,125
Bank balances and cash – general accounts		134,012	110,440
		1,113,297	2,255,229
Current liabilities			
Trade payables	10	487,496	538,937
Other creditors and accrued charges		14,433	18,661
Tax liabilities		17,201	12,319
Short-term bank borrowings		–	1,116,070
		519,130	1,685,987
Net current assets		594,167	569,242
Net assets		607,969	587,729
Capital and reserves			
Share capital		8,658	8,658
Reserves		599,396	578,744
Equity attributable to			
Owners of the Company		608,054	587,402
Non-controlling interest		(85)	327
Total equity		607,969	587,729

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 September 2010.

In the Period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 27 and HKAS 28, HKAS 31 and HKAS 21
HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK-Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of these new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ⁴
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁵
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³

¹ Effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 July 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group’s operating segments, based on information reported to the chief operating decision maker, for the purposes of resource allocation and performance assessment are as follows:

- | | | | |
|-----|--------------------------|---|--|
| (a) | Brokerage | – | Provision of securities, options, futures, insurance and other wealth management products broking services |
| (b) | Financing | – | Provision of margin financing and money lending services |
| (c) | Placing and underwriting | – | Provision of placing and underwriting services |
| (d) | Corporate finance | – | Provision of corporate finance advisory services |

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 31 March 2011

	Brokerage (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	49,892	38,214	11,737	4,280	–	104,123
Inter-segment sales	–	2,128	–	–	(2,128)	–
	<u>49,892</u>	<u>40,342</u>	<u>11,737</u>	<u>4,280</u>	<u>(2,128)</u>	<u>104,123</u>

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	<u>13,324</u>	<u>37,219</u>	<u>6,326</u>	<u>820</u>		57,689
Unallocated other operating income						150
Unallocated corporate expenses						
– Administrative staff costs (include directors' remuneration)						(12,450)
– Management fee to a related company						(2,361)
– Others						(4,749)
Share of loss of an associate						(160)
Profit before taxation						<u>38,119</u>

For the six months ended 31 March 2010

	Brokerage (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	42,703	19,538	51,979	2,887	–	117,107
Inter-segment sales	–	2,041	–	–	(2,041)	–
	<u>42,703</u>	<u>21,579</u>	<u>51,979</u>	<u>2,887</u>	<u>(2,041)</u>	<u>117,107</u>

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	<u>13,709</u>	<u>18,106</u>	<u>47,731</u>	<u>409</u>		79,955
Unallocated other operating income						76
Unallocated corporate expenses						
– Administrative staff costs (include directors' remuneration)						(14,920)
– Management fee to a related company						(2,221)
– Others						(5,264)
Share of loss of an associate						(528)
Profit before taxation						<u>57,098</u>

4. REVENUE

	Six months ended 31 March	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Commission and brokerage fees on dealing in securities	31,338	33,343
Commission and brokerage fees on dealing in futures and options contracts	11,230	6,578
Commission from insurance brokerage and wealth management	7,324	2,371
Corporate finance advisory services fee income	4,280	2,887
Placing and underwriting commission	11,737	51,979
Interest income from:		
– Margin and initial public offer financing	20,710	14,732
– Loans and advances	16,816	4,806
– Bank deposits	688	409
– Others	–	2
	<u>104,123</u>	<u>117,107</u>

5. TAXATION

	Six months ended 31 March	
	2011 (unaudited) <i>HK\$'000</i>	2010 (unaudited) <i>HK\$'000</i>
Current period:		
Hong Kong Profits Tax		
– provision for the period	4,897	8,500
	<u>4,897</u>	<u>8,500</u>
	<u><u>4,897</u></u>	<u><u>8,500</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 31 March 2011 is based on the profit for the Period attributable to owners of the Company of approximately HK\$33,634,000 (2010: HK\$48,598,000) and on the weighted average number of 865,811,272 ordinary shares (2010: 865,811,272) in issue during the six months ended 31 March 2011.

The computation of diluted earnings per share does not take into consideration the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market price of the Company's shares during both periods.

7. DIVIDENDS

A dividend of HK\$0.015 per share with an aggregate amount of approximately HK\$12,987,000 (2010: HK\$4,329,000) was paid to the shareholders of the Company during the Period as the final dividend for the year ended 30 September 2010.

8. TRADE RECEIVABLES

The aged analysis of the trade receivables are as follows:

	As at	
	31 March 2011 (unaudited) <i>HK\$'000</i>	30 September 2010 (audited) <i>HK\$'000</i>
Past due:		
0–30 days	8,151	6,404
31–60 days	2,103	72
61–90 days	21	50
Over 90 days	190	63
	<u>10,465</u>	<u>6,589</u>
Trade receivables which were past due but not impaired	539,613	1,703,878
	<u>550,078</u>	<u>1,710,467</u>
	<u><u>550,078</u></u>	<u><u>1,710,467</u></u>

Notes:

- (a) No aged analysis for loans to margin clients is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.
- (b) As at 31 March 2011 and 30 September 2010, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$4,900,555,000 and HK\$4,645,505,000 respectively.

9. LOANS AND ADVANCES

	As at	
	31 March 2011 (unaudited) HK\$'000	30 September 2010 (audited) HK\$'000
Unsecured short-term fixed-rate loan receivables	114,000	30,000

The effective interest rate on the Group's loan receivables are as follows:

	As at	
	31 March 2011 (unaudited)	30 September 2010 (audited)
Effective interest rate:		
Fixed-rate loan receivables	1% to 4.4% per month	4.7% per month

The fair values of the Group's loans and advances at the end of each reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period approximate to the corresponding carrying amount of the receivables.

10. TRADE PAYABLES

	As at	
	31 March 2011 (unaudited) HK\$'000	30 September 2010 (audited) HK\$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	130,251	132,976
Trade payables from the business of dealing in securities:		
Margin and cash clients	334,420	405,961
Broker	22,825	–
	<u>487,496</u>	<u>538,937</u>

No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of these businesses.

Included in trade payables amounts of HK\$310,449,000 and HK\$398,125,000 at 31 March 2011 and 30 September 2010 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2010

Set out below are the audited consolidated financial statements of the Group for the year ended 30 September 2010, together with the notes thereto, as extracted from the annual report of the Company for the year ended 30 September 2010.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2010

	<i>Notes</i>	1.10.2009 to 30.9.2010 HK\$'000	1.4.2008 to 30.9.2009 HK\$'000
Revenue	9	201,931	145,443
Other operating income		3,529	2,659
Staff costs	10	(39,004)	(40,414)
Commission expenses		(33,986)	(24,304)
Other expenses		(42,850)	(54,513)
Finance costs	11	(2,296)	(1,647)
Impairment allowance on trade receivables		–	(37,401)
Share of (loss) profit of an associate		(2,242)	979
		<hr/>	<hr/>
Profit (loss) before taxation	14	85,082	(9,198)
Taxation	15	(13,139)	1,167
		<hr/>	<hr/>
Profit (loss) for the year/period		71,943	(8,031)
Other comprehensive income for the year/period			
Exchange differences arising on translation		14	4
		<hr/>	<hr/>
Total comprehensive income (expense) for the year/period		<u>71,957</u>	<u>(8,027)</u>
Profit (loss) for the year/period attributable to:			
Owners of the Company		72,106	(8,031)
Non-controlling interests		(163)	–
		<hr/>	<hr/>
		<u>71,943</u>	<u>(8,031)</u>
Total comprehensive income attributable to:			
Owners of the Company		72,120	(8,027)
Non-controlling interests		(163)	–
		<hr/>	<hr/>
		<u>71,957</u>	<u>(8,027)</u>
Earnings (loss) per share	17		
Basic		<u>HK8.33 cents</u>	<u>(HK1.11 cents)</u>
Diluted		<u>HK8.33 cents</u>	<u>(HK1.11 cents)</u>

Consolidated Statement of Financial Position*At 30 September 2010*

		As at	
	<i>Notes</i>	30 September 2010	30 September 2009
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Interests in an associate	20	–	609
Property and equipment	18	5,933	6,680
Intangible assets	19	–	–
Other assets	21	8,064	4,334
Amount due from an associate	20	4,354	5,987
Available-for-sale financial assets	23	136	136
Deferred tax asset	15	–	752
		<hr/>	<hr/>
		18,487	18,498
		<hr/>	<hr/>
Current assets			
Trade receivables	24	1,710,467	664,460
Loans and advances	22	30,000	55,235
Other debtors, deposits and prepayments		6,197	4,163
Tax recoverable		–	134
Bank balances and cash – trust accounts	25	398,125	234,229
Bank balances and cash – general accounts	25	110,440	210,339
		<hr/>	<hr/>
		2,255,229	1,168,560
		<hr/>	<hr/>
Current liabilities			
Trade payables	26	538,937	292,876
Other creditors and accrued charges		18,661	13,313
Tax liabilities		12,319	–
Short-term bank borrowings	27	1,116,070	352,600
		<hr/>	<hr/>
		1,685,987	658,789
		<hr/>	<hr/>
Net current assets		569,242	509,771
		<hr/>	<hr/>
Net assets		587,729	528,269
		<hr/>	<hr/>
Capital and reserves			
Share capital	28	8,658	8,658
Reserves		578,744	519,611
		<hr/>	<hr/>
Equity attributable to owners of the Company		587,402	528,269
Non-controlling interest		327	–
		<hr/>	<hr/>
Total equity		587,729	528,269
		<hr/>	<hr/>

Consolidated Statement of Changes in Equity*For the year ended 30 September 2010*

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Capital contribution reserve	Translation reserve	Retained profits	Share option reserve	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	7,215	221,296	124,174	2,004	-	119,428	2,045	476,162	-	476,162
Other comprehensive income for the period	-	-	-	-	4	-	-	4	-	4
Loss for the period	-	-	-	-	-	(8,031)	-	(8,031)	-	(8,031)
Total comprehensive income for the period	-	-	-	-	4	(8,031)	-	(8,027)	-	(8,027)
Issue of shares	1,443	59,163	-	-	-	-	-	60,606	-	60,606
Transaction costs attributable to issue of shares	-	(472)	-	-	-	-	-	(472)	-	(472)
At 30 September 2009	8,658	279,987	124,174	2,004	4	111,397	2,045	528,269	-	528,269
Other comprehensive income for the period	-	-	-	-	14	-	-	14	-	14
Profit for the year	-	-	-	-	-	72,106	-	72,106	(163)	71,943
Total comprehensive income for the year	-	-	-	-	14	72,106	-	72,120	(163)	71,957
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	490	490
Dividend recognised as distribution	-	-	-	-	-	(12,987)	-	(12,987)	-	(12,987)
Effect of share options forfeited	-	-	-	-	-	1,022	(1,022)	-	-	-
At 30 September 2010	8,658	279,987	124,174	2,004	18	171,538	1,023	587,402	327	587,729

Special reserve represents the difference between the nominal value of the ordinary shares of the subsidiaries of the Company in issue and the nominal value of the shares issued by the Company for acquisition of a subsidiary pursuant to the group reorganisation effective on 2 April 2007.

Capital contribution reserve represents the deemed contribution arising from a fellow subsidiary waiving certain amount of management fee in previous years.

Consolidated Statement of Cash Flows*For the year ended 30 September 2010*

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit (loss) before taxation	85,082	(9,198)
Adjustments for:		
Interest expenses	2,296	1,647
Depreciation of property and equipment	2,469	2,883
Amortisation of intangible assets	–	317
Impairment allowance on trade receivables	–	37,401
Share of loss (profit) of an associate	2,242	(979)
Loss on disposal of property and equipment	–	3
	<hr/>	<hr/>
Operating cash flows before movements in working capital	92,089	32,074
Increase in trade receivables	(1,046,007)	(411,049)
Increase in other assets	(3,730)	(105)
Decrease (increase) in loans and advances	25,235	(55,235)
Decrease in investments held for trading	–	2,163
(Increase) decrease in other debtors, deposits and prepayments	(2,034)	1,316
Increase in bank balances and cash – trust accounts	(163,896)	(60,784)
Increase in trade payables	246,061	59,032
Increase (decrease) in other creditors and accrued charges	5,348	(4,079)
	<hr/>	<hr/>
Cash used in operations	(846,934)	(436,667)
Hong Kong Profits Tax refunded (paid)	134	(3,540)
PRC Tax paid	(68)	–
Interest paid	(2,296)	(1,647)
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(849,164)	(441,854)
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,754)	(6,177)
Increase in amount due from an associate	–	(4,616)
Proceeds on disposal of property and equipment	32	24
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(1,722)	(10,769)

	1.10.2009	1.4.2008
	to	to
	30.9.2010	30.9.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
FINANCING ACTIVITIES		
Drawdown on bank borrowings	19,681,629	9,741,200
Repayment of bank borrowings	(18,918,159)	(9,388,600)
Advance from a related company	300,000	360,000
Repayment to a related company	(300,000)	(360,000)
Proceeds from issue of shares	–	60,606
Expenses for issue of shares	–	(472)
Dividend paid	(12,987)	–
Contribution from non-controlling interest	490	–
	<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES	750,973	412,734
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(99,913)	(39,889)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	14	4
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR/PERIOD	210,339	250,224
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR/PERIOD	110,440	210,339
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	110,440	210,339
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements

For the year ended 30 September 2010

1. GENERAL

The Company is incorporated and registered as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and acts as an investment holding company. The controlling shareholder as defined in Securities and Futures Ordinance and ultimate controlling shareholder of the Company are Win Move Group Limited (“Win Move”) and Million Way Holdings Limited (“Million Way”) respectively, both companies are limited liability companies incorporated in the British Virgin Islands (the “BVI”). The entire issued share capital of Win Move is held by Million Way which in turn is wholly-owned by STC International, being the trustee of The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24 April 2007. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The Company acts as an investment holding company. The principal activities of the Company’s subsidiaries are set out in note 34.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the current year covered the twelve months period from 1 October 2009 to 30 September 2010. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered an eighteen months period from 1 April 2008 to 30 September 2009 and therefore are not comparable with amounts for the current year.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to HKFRS 2, HKAS 18, HKAS 38, HKAS 39, HK(IFRIC) – INT 9 and HK(IFRIC) – INT 16
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard and it has not resulted in a redesignation of the Group's reportable segments (see note 8) or changed in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

HKFRS 3 (Revised) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 October 2009. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 October 2009.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendment to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17 and HKAS 36 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ²
HKAS 24 (Revised)	Related Party disclosures ³
HKAS 32 (Amendment)	Classification of right issues ⁴
HKFRS 1 (Amendment)	Additional exemptions for first-time adoptors ⁵
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adoptors ⁷
HKFRS 2 (Amendment)	Group cash-settled share based payment transactions ⁵
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets ⁸
HKFRS 9	Financial instruments ⁶
HK(IFRIC) – INT 14 (Amendment)	Prepayment of a minimum funding requirement ³
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments ⁷

¹ Amendments that are effective for annual periods beginning on or after 1 January 2010

² Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 January 2010

⁶ Effective for annual periods beginning on or after 1 January 2013

⁷ Effective for annual periods beginning on or after 1 July 2010

⁸ Effective for annual periods beginning on or after 1 July 2011

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Group anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with the following accounting policies which conform with Hong Kong Financial Reporting Standards issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of the Company. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decision of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in an associate are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable arising from financial services and is recognised on the following basis:

- Commission income for broking business of securities, futures and option dealing is recorded as income when the trades are executed.
- Insurance brokerage commission is recognised when the services are rendered or on straight-line basis over the claw back period, as appropriate.
- Advisory and other corporate finance services fee income are recognised when the services are rendered.
- Underwriting commission income, sub-underwriting income, placing commission and handling fee are recognised when the services are rendered.
- Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Leasing

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.

The Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Equity-settled share-based payment transactions

Share options granted to directors

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Retirement benefit costs

Payments to the Group's retirement benefits scheme which are defined contribution plans are charged as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets represent the trading rights, with which the holders have the rights to trade on the Stock Exchange and Hong Kong Futures Exchange Limited (“HKFE”). On initial recognition, intangible assets acquired separately are recognised at cost. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group’s financial assets are classified into two categories, including loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, loans and advances, other debtors, deposits, amount due from an associate and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets of fair value through profit or loss and loans and receivables.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments measured at cost will not be reversed in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables, other creditors and short-term bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the amounts recognised in the consolidated financial statements within the next financial year.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise in future financial periods.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which include short-term bank borrowings, capital and reserves, which include issued share capital and reserves as set out on the consolidated statement of financial position, consolidated statement of changes in equity and respective notes. The Group's overall strategy remains unchanged throughout both periods.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group manages its overall capital structure through the drawdown and repayment of bank borrowings, payment of dividends and issue of share capital.

Several subsidiaries of the Group (the "Regulated Subsidiaries") are registered with Securities and Futures Commission ("SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") adopted by the SFC. Under the SF(FR)R, the Regulated Subsidiaries must maintain their liquid capital in excess of HK\$3 million or 5% of their total adjusted liabilities, whichever is higher. The required information is filed with SFC on a monthly basis.

Another subsidiary of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK\$100,000 at all times.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010 HK\$'000	2009 HK\$'000
Financial assets		
Available-for-sale financial assets, at cost	136	136
Loans and receivables (including bank balances and cash)	2,259,583	1,174,413
	<u>2,259,583</u>	<u>1,174,413</u>
Financial liabilities		
Amortised cost	1,673,668	657,949
	<u>1,673,668</u>	<u>657,949</u>

Financial risk management objectives and policies

The Group's major financial instruments include other debtors and deposits, trade receivables, loans and advances, amount due from an associate, bank balances and cash, trade payables, other creditors and short-term bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk is the risk of loss due to adverse movements in foreign exchange rates relating to receivable from and payable to foreign brokers and foreign currency deposits with banks. The management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

It is the Group's policy for each operating entity to operate in local currencies as far as possible to minimise currency risks. Most of the Group's principal businesses are conducted and recorded in Hong Kong dollar, the functional currency of respective group entities, with some receivables from and payable to foreign brokers and bank deposits are denominated in United States dollar, Renminbi and Japanese Yen. The Directors of the Company considered that the effect of currency risk is insignificant as the Group has minimal exposure in Japanese Yen and Renminbi and there is the linked exchange rate system of Hong Kong dollar against United States dollar. Accordingly, no sensitivity analysis in relation to foreign currency exposure has been carried out by the management.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate trade receivables, bank balances and trade payables (see notes 24, 25 and 26 for details of these financial instruments). The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans and advances and bank borrowings as at 30 September 2010 (see notes 22 and 27 for details).

The Group's cash flow interest rate risk is mainly relating to the fluctuation of HIBOR or best lending rate arising from the Group's interest bearing financial instruments. The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

Financial instruments with variable interest-bearing in nature

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Trade receivables	1,561,782	642,711
Bank balances	165,630	160,831
Liability		
Trade payables	321,815	203,541
	<u> </u>	<u> </u>

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and it is assumed that the amount of the above assets and liabilities at the end of the reporting period was in existence for the whole year and all other variables were held constant throughout the respective year. For the year ended 30 September 2010, in view of the current market interest rate is low, no interest rate sensitivity is prepared for the bank balances and trade payables as the impact is not significant. A 50 basis point (2009: 50 basis point) change represents management's assessment of the reasonably possible change in interest rates in respect of trade receivables.

	2010		2009	
	Change in basis points		Change in basis points	
	+50	-50	+50	-50
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase (decrease) in profit after tax for the year/period	6,521	(6,521)	2,684	(2,684)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 September 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has a delegated team to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. The Group has no significant concentration of credit risk by any single debtor, except for the loans and advances as disclosed in note 22, with exposure spread over a number of clients and brokers.

Bank balances are placed in various authorised institutions and the Directors of the Company consider the credit risk for such instruments is minimal.

Liquidity risk

Internally generated cash flow and bank borrowings are the sources of funds to finance the operations of the Group. Majority of the Group's banking facilities are subject to floating rate and are renewable annually. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews the major funding positions to ensure adequate financial resources are available to meet their respective financial obligations.

As at 30 September 2010, the Group has available unutilised banking facilities of approximately HK\$170 million (30 September 2009: HK\$80 million).

No analysis of maturity profile on financial liabilities is prepared. The Group's financial liabilities are repayable on demand by virtue of its nature, except for the short-term bank borrowings of HK\$1,116,070,000 (2009: HK\$352,600,000), which was due within one month from the end of the reporting period and full repayment (together with interest) of HK\$1,116,200,000 (2009: HK\$352,670,000) had been made in October 2010 (2009: October 2009) respectively.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 – Operating Segments with effect from 1 October 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 – Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. Nevertheless, the Group’s reportable segments identified under HKFRS 8 are consistent with the primary reportable format – business segments as determined under HKAS 14.

According to HKFRS 8, the Group has the following operating and reportable segments:

- | | | | |
|-----|--------------------------|---|--|
| (a) | Brokerage | – | Provision of securities, options, futures, insurance and other wealth management products broking services |
| (b) | Financing | – | Provision of margin financing and money lending services |
| (c) | Placing and underwriting | – | Provision of placing and underwriting services |
| (d) | Corporate finance | – | Provision of corporate finance advisory services |

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable segment:

For the year ended 30 September 2010

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
Segment revenue – external customers	85,630	47,330	62,295	6,676	–	201,931
Inter-segment sales	–	3,668	–	–	(3,668)	–
	<u>85,630</u>	<u>50,998</u>	<u>62,295</u>	<u>6,676</u>	<u>(3,668)</u>	<u>201,931</u>

Inter-segment sales are charged at prevailing market rate.

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
RESULTS					
Segment results	25,283	45,035	56,767	819	127,904
Unallocated other operating income					211
Unallocated corporate expenses					
– Administrative staff costs (include directors' remuneration)					(25,830)
– Management fee to a related company					(4,539)
– Others					(10,422)
Share of loss of an associate					(2,242)
Profit before taxation					<u>85,082</u>

For the 18 months ended 30 September 2009

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
Segment revenue – external customers	88,490	35,539	16,369	5,045	–	145,443
Inter-segment sales	–	701	–	–	(701)	–
	<u>88,490</u>	<u>36,240</u>	<u>16,369</u>	<u>5,045</u>	<u>(701)</u>	<u>145,443</u>

Inter-segment sales are charged at prevailing market rate.

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
RESULTS					
Segment results	23,498	(3,466)	14,143	704	34,879
Unallocated other operating income					207
Unallocated corporate expenses					
– Administrative staff costs (include directors' remuneration)					(27,582)
– Management fee to a related company					(5,639)
– Others					(12,042)
Share of profit of an associate					979
Loss before taxation					<u>(9,198)</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit earned by/loss from each segment without allocation of central administrative staff costs (include directors' remuneration), management fee to a related company, central administration costs and share of profit (loss) of associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

As at 30 September 2010

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS					
Segment assets	1,003,720	1,148,992	–	12	2,152,724
Unallocated corporate assets					
– Bank balance and cash-general accounts					110,440
– Amount due from an associate					4,354
– Others					6,198
Consolidated assets					<u>2,273,716</u>
LIABILITIES					
Segment liabilities	542,786	1,120,307	–	–	1,663,093
Unallocated corporate liabilities					
– Tax liabilities					12,319
– Other creditors and accrued charges					10,575
Consolidated liabilities					<u>1,685,987</u>

As at 30 September 2009

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS					
Segment assets	471,050	493,519	–	369	964,938
Unallocated corporate assets					
– Bank balance and cash-general accounts					210,339
– Interest in and amount due from an associate					6,596
– Others					5,185
Consolidated assets					<u>1,187,058</u>
LIABILITIES					
Segment liabilities	295,891	357,256	–	–	653,147
Unallocated corporate liabilities					
– Other creditors and accrued charges					5,642
Consolidated liabilities					<u>658,789</u>

For the purposes of monitoring segment performances and allocating resources between segments:

All assets are allocated to reportable segments other than bank balances and cash-general accounts, interest in an associate and amount due from associate and certain corporate assets. All liabilities are allocated to reportable segments other than current tax liabilities and certain corporate payables and accrued charges.

Other segment information**For the year ended 30 September 2010**

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions of property and equipment	1,754	–	–	–	1,754
Depreciation of property and equipment	2,458	–	–	11	2,469

For the 18 months ended 30 September 2009

	Brokerage <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions of property and equipment	6,177	–	–	–	6,177
Amortisation of intangible assets	317	–	–	–	317
Depreciation of property and equipment	2,815	–	–	68	2,883
Impairment allowance on trade receivables	–	37,401	–	–	37,401
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical information

The following illustrates the geographical analysis of the Group's revenue from its external customers, based on the country from which the trades are derived in the case of brokerage revenue and based on the country in which the customers are located in the case of financing, placing and underwriting and corporate finance revenue.

	Revenue	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong	191,187	136,103
United States	9,399	8,618
Other	1,345	722
	<u> </u>	<u> </u>
	<u>201,931</u>	<u>145,443</u>

All non-current assets held by the Group (other than interests in an associate and other assets) are located in Hong Kong.

Information about major customer

There is no single customer who contribute 10% or more of the Group's revenue for both years/period.

9. REVENUE

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Commission and brokerage fees on dealing in securities	59,941	69,018
Commission and brokerage fees on dealing in futures and options contracts	16,341	15,018
Commission from insurance brokerage and wealth management	8,496	2,253
Corporate finance advisory services fee income	6,676	5,041
Placing and underwriting commission	62,295	16,369
Interest income from:		
Margin and initial public offer financing	33,038	25,506
Loans and advances	14,292	10,033
Bank deposits	850	2,151
Others	2	54
	<u> </u>	<u> </u>
	<u>201,931</u>	<u>145,443</u>

10. STAFF COSTS

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Staff costs represent the amounts paid and payable to the directors and employees and comprise:		
Salaries, bonus, allowances and commission	38,190	39,105
Contributions to retirement benefits scheme	814	1,309
	<u>39,004</u>	<u>40,414</u>

11. FINANCE COSTS

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Interest on:		
Bank overdrafts and loans wholly repayable within five years	2,206	1,520
Amount due to a related company	78	84
Others	12	43
	<u>2,296</u>	<u>1,647</u>

12. DIRECTORS' REMUNERATION

The remuneration paid or payable to each of the directors were as follows:

For the year ended 30 September 2010

	Yeung Daisy <i>HK\$'000</i>	Chan Pak Lam, Tom <i>HK\$'000</i>	Choi Suk Hing, Louisa <i>HK\$'000</i>	Cheung Wing Keung, Raymond <i>HK\$'000</i>	Fung Chi Kin <i>HK\$'000</i>	Kwok Chi Sun, Vincent <i>HK\$'000</i>	Chu Kar Wing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Fees	100	67	100	150	100	150	50	717
Other remuneration								
Salaries and allowances	1,494	700	1,359	-	-	-	-	3,553
Discretionary bonus (<i>note</i>)	800	260	370	-	-	-	-	1,430
Contributions to retirement benefits scheme	17	46	97	-	-	-	-	160
Total remuneration	<u>2,411</u>	<u>1,073</u>	<u>1,926</u>	<u>150</u>	<u>100</u>	<u>150</u>	<u>50</u>	<u>5,860</u>

For the 18 months ended 30 September 2009

	Yeung Daisy HK\$'000	Chan Pak Lam, Tom HK\$'000	Choi Suk Hing, Louisa HK\$'000	Yeung Kun Lee, Sunny HK\$'000	Cheung Wing Keung, Raymond HK\$'000	Fung Chi Kin HK\$'000	Kwok Chi Sun, Vincent HK\$'000	Total HK\$'000
Fees	150	150	155	17	225	225	225	1,147
Other remuneration								
Salaries, allowances and benefits in kind	2,110	1,364	1,647	238	-	-	-	5,359
Discretionary bonus (<i>note</i>)	-	-	-	93	-	-	-	93
Contributions to retirement benefits scheme	25	97	117	-	-	-	-	239
Total remuneration	<u>2,285</u>	<u>1,611</u>	<u>1,919</u>	<u>348</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>6,838</u>

Note: Discretionary bonus are determined as regard to the Company's operating results, individual performance and comparable market statistics.

13. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group, included two directors of the Company for the year ended 30 September 2010 and for the period from 1 April 2008 to 30 September 2009, details of whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining individuals for the year/period were as follows:

	1.10.2009 to 30.9.2010 HK\$'000	1.4.2008 to 30.9.2009 HK\$'000
Salaries, allowances, bonus and benefits in kind	3,904	7,888
Contributions to retirement benefits scheme	94	43
	<u>3,998</u>	<u>7,931</u>

Their remuneration were within the following bands:

	Number of employees	
	1.10.2009 to 30.9.2010	1.4.2008 to 30.9.2009
Nil to HK\$1,000,000	-	-
HK\$1,000,001 to HK\$1,500,000	3	-
HK\$1,500,001 to HK\$2,000,000	-	1
HK\$2,000,001 to HK\$2,500,000	-	1
HK\$2,500,001 to HK\$3,000,000	-	-
HK\$3,000,001 to HK\$3,500,000	-	-
HK\$3,500,001 to HK\$4,000,000	-	1

During the year/period, no remuneration has been paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during the year/period.

14. PROFIT (LOSS) BEFORE TAXATION

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Profit (loss) before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	4,822	3,620
Amortisation of intangible assets	–	317
Auditor's remuneration	1,200	1,259
Depreciation of property and equipment	2,469	2,883
Management fee to a related company	5,506	6,257
Net exchange (gain) loss	(11)	69
Operating lease rentals in respect of		
– rented premises	5,507	7,274
– equipment	68	147
Other equipment rental expense	9,170	12,025
Legal and professional fee	814	1,777
Included in other operating income:		
Handling fee income	(3,250)	(2,453)
	<u><u> </u></u>	<u><u> </u></u>

15. TAXATION

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Current year:		
Hong Kong Profits Tax		
– provision for the year/period	12,319	–
– Overprovision for prior year	–	(127)
PRC Enterprise Income Tax	68	–
Deferred taxation		
– charge (credit) for the year/period	752	(1,040)
	<u><u> </u></u>	<u><u> </u></u>
	13,139	(1,167)
	<u><u> </u></u>	<u><u> </u></u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year/period.

The taxation for the year/period can be reconciled to the profit (loss) before taxation per the consolidated statement of comprehensive income as follows:

	1.10.2009 to 30.9.2010 HK\$'000	1.4.2008 to 30.9.2009 HK\$'000
Profit (loss) before taxation	85,082	(9,198)
Taxation at income tax rate of 16.5%	14,038	(1,518)
Tax effect of expenses not deductible for tax purpose	15	60
Tax effect of income not taxable for tax purpose	(143)	(358)
Overprovision in prior year	–	(127)
Utilisation of tax losses previously not recognised	(1,066)	(356)
Tax effect of tax losses not recognised	148	1,458
Tax effect of share of loss (profit) of an associate	370	(162)
Others	(223)	(164)
Taxation charge (credit) for the year/period	13,139	(1,167)

The following are the major deferred tax (asset) liabilities recognised and the movements thereon during the current period and prior year:

	Tax loss HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2008	–	288	288
(Credited) charged to profit or loss	(1,200)	160	(1,040)
At 30 September 2009	(1,200)	448	(752)
Charged (credited) to profit or loss	1,200	(448)	752
At 30 September 2010	–	–	–

As at 30 September 2010, the Group had unused estimated tax losses of HK\$22,465,000 (2009: HK\$35,302,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of HK\$22,465,000 (2009: HK\$28,029,000) due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely. As at 30 September 2009, deferred tax asset of HK\$1,200,000 has been recognised in respect of tax loss amounted to HK\$7,273,000.

16. DIVIDENDS

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Recognised as distribution:		
Interim dividend paid: HK\$0.01 (2009: HK\$nil) per share	8,658	–
Final dividend paid in respect of 2009: HK\$0.005 per share (2009: Nil in respect of 2008)	4,329	–
	<u>12,987</u>	<u>–</u>

The Directors proposed the payment of a final dividend of HK\$0.015 per share (18 months ended 30 September 2009: HK\$0.005) for the year ended 30 September 2010, which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

17. EARNINGS (LOSS) PER SHARE

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

	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Earnings		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>72,106</u>	<u>(8,031)</u>
	1.10.2009 to 30.9.2010	1.4.2008 to 30.9.2009
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share	<u>865,811,272</u>	<u>723,881,163</u>

The computation of diluted earnings (loss) per share does not take into consideration the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market price of the Company's shares for the year ended 30 September 2010 and 18 months ended 30 September 2009.

18. PROPERTY AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Computer and equipment <i>HK\$'000</i>	Air- conditioners <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST							
At 1 April 2008	3,428	989	2,799	89	9,668	489	17,462
Additions	2,928	440	1,091	–	1,507	211	6,177
Disposals	–	–	–	–	(35)	–	(35)
At 30 September 2009	6,356	1,429	3,890	89	11,140	700	23,604
Additions	1,181	58	96	–	355	64	1,754
Disposals	–	–	–	(89)	–	–	(89)
At 30 September 2010	7,537	1,487	3,986	–	11,495	764	25,269
ACCUMULATED DEPRECIATION							
At 1 April 2008	2,628	873	2,422	1	7,665	460	14,049
Eliminated on disposals	–	–	–	–	(8)	–	(8)
Provided for the period	935	143	345	48	1,325	87	2,883
At 30 September 2009	3,563	1,016	2,767	49	8,982	547	16,924
Provided for the period	1,243	115	308	8	743	52	2,469
Eliminated on disposals	–	–	–	(57)	–	–	(57)
At 30 September 2010	4,806	1,131	3,075	–	9,725	599	19,336
CARRYING VALUES							
At 30 September 2010	<u>2,731</u>	<u>356</u>	<u>911</u>	<u>–</u>	<u>1,770</u>	<u>165</u>	<u>5,933</u>
At 30 September 2009	<u>2,793</u>	<u>413</u>	<u>1,123</u>	<u>40</u>	<u>2,158</u>	<u>153</u>	<u>6,680</u>

All the above items of property and equipment are depreciated on a straight-line basis at the rate of 20% per annum.

19. INTANGIBLE ASSETS

	<i>HK\$'000</i>
COST	
At 1 April 2008, 30 September 2009 and 30 September 2010	9,802
AMORTISATION AND IMPAIRMENT	
At 1 April 2008	9,485
Charged for the period	317
At 30 September 2009	9,802
Charged for the year	–
At 30 September 2010	9,802
CARRYING VALUES	
At 30 September 2010	–
At 30 September 2009	–

Trading rights are amortised over 10 years from the effective day of the merger of the Stock Exchange, the HKFE and the Hong Kong Securities Clearing Company Limited in year 2000.

20. INTERESTS IN AN ASSOCIATE

	As at	
	30 September 2010	30 September 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investment in an unlisted associate	1	1
Share of post-acquisition (loss) profit	(1)	608
	–	609
Amount due from an associate	5,987	5,987
Less: loss allocated in excess of cost of investment	(1,633)	–
	4,354	5,987

As at 30 September 2009 and 2010, the Group had interests in the following associate:

Name of entity	Form of business structure	Place of incorporation	Class of share held	Proportion of nominal value of issued capital held by the Group		Principal activity
				2010	2009	
Boom High Investment Limited ("Boom High")	Incorporated	British Virgin Islands	Ordinary shares	28%	28%	Trading in securities and investment in funds

The summarised financial information in respect of the Group's associate is set out below:

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Total assets	15,563	23,717
Total liabilities	(21,395)	(21,542)
Net (liabilities) assets	<u>(5,832)</u>	<u>2,175</u>
Group's share of net (liabilities) assets of the associate	<u>(1,633)</u>	<u>609</u>
	1.10.2009 to 30.9.2010 <i>HK\$'000</i>	1.4.2008 to 30.9.2009 <i>HK\$'000</i>
Revenue	<u>—</u>	<u>—</u>
(Loss) profit for the year/period	<u>(8,007)</u>	<u>3,496</u>
Group's share of (loss) profit of the associate for the year/period	<u>(2,242)</u>	<u>979</u>

The amount due from an associate is unsecured, non-interest bearing and has no fixed term of repayment. The Group has no intention to exercise its right to demand repayment of its advance to Boom High within the next twelve months from the end of the reporting period. The directors believe the settlement of the advances to Boom High is not likely to occur in the foreseeable future and hence the advances are, in substance, a part of the Group's net investment in the associate.

21. OTHER ASSETS

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Statutory and other deposits	<u>8,064</u>	<u>4,334</u>

Statutory and other deposits represent deposits with various exchanges and clearing houses. They are non-interest bearing.

22. LOANS AND ADVANCES

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Unsecured short-term fixed-rate loan receivables	<u>30,000</u>	<u>55,235</u>

The effective interest rate on the Group's loan receivables are as follows:

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Effective interest rate:		
Fixed-rate loan receivables	<u>4.7% per month</u>	<u>2% per month</u>

The fair values of the Group's loans and advances at the end of the reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period approximate to the corresponding carrying amount of the receivables. The loans and advances are concentrated with one (2009: two) individual borrowers and the balances had been subsequently settled in full in October 2010 and 2009 respectively.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Unlisted securities		
– Equity securities of Hong Kong Precious Metals Exchange Limited	136	136
– Equity securities in the Chinese Gold and Silver Exchange Society	1,300	1,300
Less: Impairment for unlisted securities	(1,300)	(1,300)
	<u>136</u>	<u>136</u>

The unlisted securities are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. TRADE RECEIVABLES

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	82,306	41,139
Secured margin loans	440,465	197,960
Initial public offering margin loans	1,118,993	438,284
Less: Impairment allowance on trade receivables from the business of dealing in securities:		
Secured margin loans	–	(38,051)
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	68,485	24,923
Trade receivables from the business of corporate finance	218	205
	<u>1,710,467</u>	<u>664,460</u>

The settlement terms of trade receivables arising from the business of dealing in securities are two days after trade date, and trade receivables arising from the business of dealing in futures contracts are one day after trade date. No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of this business.

For secured margin loans, as at 30 September 2010 and 2009, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$4,645,505,000 and HK\$1,769,907,000 respectively. The loans to margin clients bear variable interest at commercial rate, and are repayable on demand. No collateral was pledged for other trade receivables.

As at 30 September 2010, trade receivables denominated in Japanese Yen and United States dollar, were approximately HK\$30,000 (2009: HK\$Nil) and HK\$46,047,000 (2009: HK\$20,436,000) respectively.

The aged analysis of the trade receivables are as follows:

	As at	
	30 September 2010	30 September 2009
	HK\$'000	HK\$'000
Past due:		
0 – 30 days	6,404	3,065
31 – 60 days	72	1,166
61 – 90 days	50	1
Over 90 days	63	35
	<hr/>	<hr/>
Trade receivable which were past due but not impaired	6,589	4,267
Trade receivables which were neither past due nor impaired	1,703,878	655,832
Gross impaired trade receivables	–	42,412
Less: Impairment allowance on trade receivables (<i>Note b</i>)	–	(38,051)
	<hr/>	<hr/>
	<u>1,710,467</u>	<u>664,460</u>

Note a:

The Group has policy for impairment on trade receivables for those trade receivables without sufficient collaterals and with default or delinquency in interest or principal payment, which is based on the evaluation of collectability and aged analysis of accounts and on management's judgement including the current creditworthiness, collaterals value and the past collection history of each client.

Note b:

Movement in the impairment allowance on trade receivables:

	As at	
	30 September 2010	30 September 2009
	HK\$'000	HK\$'000
Balance at the beginning of the year/period	38,051	650
Charge for the year/period	–	37,401
Amounts written off as uncollectible	(38,051)	–
	<hr/>	<hr/>
Balance at the end of the year/period	<u>–</u>	<u>38,051</u>

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors of the Company believe that there is no further provision required in excess of the allowance for impairment.

Included in the Group's trade receivables are debtors which are past due at the reporting date for which the Group has not provided as the Group believes that the amounts are recoverable and no impairment is made.

Included in trade receivables from the business of dealing in securities are amounts due from the directors and disclosed pursuant to Section 161B of the Companies Ordinance, the details of which are as follows:

	Balance at the beginning of the year/period <i>HK\$'000</i>	Balance at the end of the year/period <i>HK\$'000</i>	Maximum amount outstanding during the period/year <i>HK\$'000</i>	Market value of pledged securities at fair value at the end of the year/period <i>HK\$'000</i>
Directors of the Company				
Ms. Yeung Daisy				
(1.10.2009 to 30.9.2010)	6,340	1,785	2,062	4,347
(1.4.2008 to 30.9.2009)	10,373	6,340	241,557	1,042,459
Mr. Chan Pak Lam, Tom				
(1.10.2009 to 30.9.2010)	13	–	1,148	1,474
(1.4.2008 to 30.9.2009)	104	13	1,616	–
Ms. Choi Suk Hing, Louisa				
(1.10.2009 to 30.9.2010)	–	–	–	–
(1.4.2008 to 30.9.2009)	–	–	132	–
Mr. Yeung Kun Lee, Sunny				
(1.10.2009 to 30.9.2010)*	N/A	N/A	N/A	N/A
(1.4.2008 to 30.9.2009)	–	–	51	–

The above balances are repayable on demand and bear interest at commercial rates. In the opinion of Directors, all amounts are expected to be recovered within 12 months after the end of the reporting period.

* The director resigned during the 18 months ended 30 September 2009.

25. BANK BALANCES AND CASH

	30 September 2010 <i>HK\$'000</i>	As at 30 September 2009 <i>HK\$'000</i>
Bank balances		
– trust accounts (<i>Note</i>)	398,125	234,229
– general accounts and cash	110,440	210,339
	<u>508,565</u>	<u>444,568</u>

Note: The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts, bear interest at commercial rate. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

As at 30 September 2010, bank balances and cash denominated in Japanese Yen, United States dollar and Renminbi, are approximately HK\$163,000 (2009: HK\$22,000), HK\$32,622,000 (2009: HK\$22,720,000) and HK\$523,000 (2009: HK\$572,000) respectively.

The general accounts and cash comprise cash held by the Group and bank deposits bearing interest at commercial rate with original maturity of three months or less. The fair values of these assets at the end of the reporting period approximate their carrying amounts.

26. TRADE PAYABLES

	30 September 2010	30 September 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables from the business of dealing in futures contracts:		
Margin clients	132,976	51,482
Trade payables from the business of dealing in securities:		
Margin and cash clients	405,961	241,394
	<u>538,937</u>	<u>292,876</u>

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date and trade payables arising from the business of dealing in futures contracts are one day after trade date. No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of this business.

Trade payables to certain margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and repayable on demand subsequent to settlement date.

Included in trade payables amounts of HK\$398,125,000 and HK\$234,229,000 as at 30 September 2010 and 2009 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

As at 30 September 2010, trade payables denominated in Japanese Yen and United States dollars, are approximately HK\$172,000 (2009: HK\$Nil) and HK\$78,200,000 (2009: HK\$28,135,000) respectively.

27. SHORT-TERM BANK BORROWINGS

The amounts represent short-term bank borrowings of HK\$1,116,070,000 (2009: HK\$352,600,000) which was secured by a charge over securities subscribed under each initial public offering and margin deposit as required for the initial public offerings as at 30 September 2010, and was fully repaid in October 2010. The prior year's short-term bank borrowings were fully repaid in October 2009.

The bank borrowings carried interest at fixed rate and were denominated in Hong Kong dollar.

28. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$'000
Authorised:			
As at 1 April 2008, 30 September 2009 and 30 September 2010		500,000,000,000	5,000,000
Issued and fully paid:			
As at 1 April 2008		721,511,272	7,215
Issue of shares	(a)	144,300,000	1,443
As 30 September 2009 and 30 September 2010		865,811,272	8,658

Note:

- (a) Pursuant to the Subscription Agreement dated 5 August 2009 and the Supplemental Subscription Agreement dated 19 August 2009 both entered into between the Company and Win Move Group Limited (“Win Move”), a shareholder of the Company, a total of 144,300,000 new shares at a price of HK\$0.42 were allotted to Win Move upon completion of both agreements which took place on 22 September 2009. The new shares were issued under the specific mandate granted to the Directors on 22 September 2009 and rank *pari passu* with other shares in issue in all respects.

29. SHARE OPTIONS

The Company adopted a share option scheme (the “Scheme”) which became effective on 20 September 2007 (the “Adoption Date”). The primary purpose of the Scheme is to provide incentives or rewards to the participants including the Directors and eligible employees of the Group, for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest.

Under the Scheme, the Directors of the Company are authorised, at any time within ten years after the Effective Date, to offer to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company’s shares on the date of grant; (ii) the average closing price of the Company’s shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Company’s share. The total number of shares in respect of which options may be granted under the Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any Participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within five years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

On 28 January 2008, a total of 6,000,000 share options were granted to two directors of the Company at an exercise price of HK\$1.2 under the terms of the Scheme.

A summary of movements of the outstanding share options, which were granted to the directors of the Company under the Scheme, during the period ended and balance outstanding at 30 September 2010 is as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Granted on 28 January 2008 and outstanding at 30 September 2009	Lapsed during the year	Outstanding at 30 September 2010
28 January 2008	28 January 2008 – 27 January 2013	1.2	6,000,000	(3,000,000)	3,000,000

The fair value of each option was HK\$0.3408 at the date of grant. The variables and assumptions used in computing the fair value of the share options are based on Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the year ended 30 September 2010, the share options with amount HK\$1,022,000 had been forfeited and the amount in share option reserve had been transferred to retained profits.

30. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution scheme which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 7% of the employee's basic salary, depending on the length of service with the Group.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme with maximum cap at HK\$1,000, which contribution is matched by the employee.

The retirement benefit cost charged to the profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At 30 September 2009 and 2010, no forfeited contributions arose upon employees leaving the ORSO Scheme.

31. RELATED PARTY TRANSACTIONS

- (a) At the end of the reporting period, the balances and transactions of the Group with related parties are set out in the consolidated statement of financial position and notes 11, 14 and 24 to the consolidated financial statements.

During the year/period, the Group had the following significant transactions with related parties:

	2010 HK\$'000	2009 HK\$'000
(i) Advisory income from related companies (<i>Note a</i>)	2,534	3,263
(ii) Commission paid to the associates of a director	–	108
(iii) Management fee to a related company (<i>Note a</i>)		
– computer services	697	1,500
– administrative services and staff costs	4,809	4,757
	5,506	6,257
(iv) Operating lease rentals expenses to a related company (<i>Note b</i>)	4,290	6,361
(v) Commission and brokerage income from (<i>Note b</i>)		
– a related company	–	2
– directors	43	1,938
(vi) Placing and underwriting commission income from related companies (<i>Note b</i>)	4,490	387
(vii) Interest income from (<i>Note b</i>)		
– Directors	136	1,005
(viii) Interest expenses paid (<i>Note c</i>)		
– a related company	78	84
(ix) Printing, advertising and promotion expenses to related companies (<i>Note a</i>)	445	643
(x) Trade payables to margin and cash clients arising from business dealing in securities (<i>Note a</i>)		
– an associate	215	–
– related companies	–	–
– directors	244	5,206
	459	5,206
(xi) Deposits paid to related companies (<i>Note d</i>)	1,389	1,387

Remark: The related companies represented subsidiaries controlled by a controlling shareholder of the Company.

Notes:

- (a) These transactions are connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.
- (b) Included in these transactions are those continuing connected transactions (as defined under the Chapter 14A of the Listing Rules) of the Company with details set out in the section headed "Directors' Interest in Contracts of Significance and Connected Transactions" of the Directors' Report and connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.
- (c) This transaction involved the payment of interest to a subsidiary of the major shareholder of the Company for the provision of financial assistance from such company on normal commercial terms and no security over the assets of the Group was granted in respect of the financial assistance. The transaction is an exempted continuing connected transaction fall under Rule 14A.65 of the Listing Rules.
- (d) This amount represents refundable rental deposits paid for the continuing connected transactions as set out in item 1 of the section headed "Directors' Interest in Contracts of Significance and Connected Transactions" of the Directors' Report.
- (b) The compensation of key management personnel was disclosed in note 12.

32. OPERATING LEASE COMMITMENTS

At the end of each of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and office equipment which fall due as follows:

	As at			
	30 September 2010		30 September 2009	
	Rental premises <i>HK\$'000</i>	Hired equipment <i>HK\$'000</i>	Rental premises <i>HK\$'000</i>	Hired equipment <i>HK\$'000</i>
Within one year	3,278	65	5,246	148
In the second to fifth years inclusive	847	3	2,083	65
	<u>4,125</u>	<u>68</u>	<u>7,329</u>	<u>213</u>

For office premises and office equipment, leases are mainly negotiated and rentals are fixed for an average term of two years.

33. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	As at	
	30 September 2010 <i>HK\$'000</i>	30 September 2009 <i>HK\$'000</i>
Investment in a subsidiary	219,003	219,003
Amount due from a subsidiary	289,328	284,860
Other assets	466	7,531
	<hr/>	<hr/>
Total assets	508,797	511,394
Total liabilities	(775)	(807)
	<hr/>	<hr/>
Net assets	<u>508,022</u>	<u>510,587</u>

34. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 30 September 2009 and 2010 are as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			30.9.2010	30.9.2009	
			%	%	
Emperor Asset Management Limited**	Hong Kong 4 July 2008	HK\$5,000,000	100	100	Provision of asset management services
Emperor Capital Limited	Hong Kong 28 September 1993	HK\$10,000,000	100	100	Provision of corporate finance advisory services
Emperor China Business Development Limited	Hong Kong 25 May 2007	HK\$100,000	100	100	Provision of promotion and marketing services in the PRC
Emperor Credit Limited	Hong Kong 2 June 1994	HK\$2	100	100	Provision of money lending services
Emperor Futures Limited	Hong Kong 12 May 1989	HK\$50,000,000	100	100	Provision of futures brokerage
Emperor Gold & Silver Company Limited	Hong Kong 3 March 1994	HK\$7,000,000	100	100	Holding of membership in the Hong Kong Precious Metals Exchange Limited and The Chinese Gold & Silver Exchange Society

Name of subsidiary	Place and date of incorporation	Issued and fully paid capital	Proportion of nominal value of issued share capital held by the Company		Principal activities
			30.9.2010 %	30.9.2009 %	
Emperor Securities Limited	Hong Kong 6 July 1990	HK\$170,000,000	100	100	Provision of securities brokerage, money lending and margin financing services
Emperor Securities Nominees Limited	Hong Kong 27 August 1996	HK\$2	100	100	Provision of securities nominee services
Emperor Wealth Management Limited	Hong Kong 23 September 2006	HK\$6,500,000	100	100	Provision of insurance and other securities brokerage services
Profit Ascent Group Limited*	British Virgin Islands 26 July 2006	US\$5	100	100	Investment holding
#英証管理諮詢 (上海)有限公司**	People's Republic of China 22 September 2008	HK\$1,000,000	100	100	Business development in PRC
#英譽投資管理諮詢 (上海)有限公司***	People's Republic of China 8 March 2010	HK\$1,000,000	51	–	Business development in PRC

* Directly held by the Company.

** Incorporated/established during the period from 1 April 2008 to 30 September 2009.

*** Incorporated/established during the year ended 30 September 2010.

The subsidiary is a wholly owned foreign enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or net assets of the Group.

To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year/period, or at any time during the year/period.

3. INDEBTEDNESS

At the close of business on 31 May 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the total indebtedness of the Group amounted to approximately HK\$204.6 million for initial public offering financing which had been paid off on 2 June 2011.

In addition, as at 31 May 2011, the Group had hire purchase commitment for office equipments amounted to approximately HK\$5,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 May 2011, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

Provided that the Rights Issues is completed as scheduled (the Directors draw Shareholders' attention to the section headed "Reasons for the Rights Issue and use of proceeds" of this Circular), the Directors, after due and careful consideration, are of the opinion that, taking into account (i) the internal financial resources; (ii) the estimated net proceeds from the Rights Issues, and (iii) the available credit facilities, the Group will have sufficient working capital for at least the next twelve months from the date of this Circular.

5. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there was no material change in the financial or trading position or outlook of the Group subsequent to 30 September 2010, being the date to which the latest published audited consolidated financial statement of the Group was made up.

- (i) The revenue of the Group from placing and underwriting had decreased by 77.4% to approximately HK\$11.7 million for the six months ended 31 March 2011 ("2011 Interim Period") from approximately HK\$52.0 million for the six months ended 31 March 2010 ("2010 Interim Period") as published in the unaudited interim results of the Company. The decrease was mainly due to the Group secured more sizable placing and underwriting engagements in the 2010 Interim Period as compared to 2011 Interim Period;
- (ii) the revenue of the Group from financing had increased by 91.6% to approximately HK\$38.2 million for the 2011 Interim Period from approximately HK\$19.9 million for the 2010 Interim Period as published in the unaudited interim results of the Company. The increase was mainly driven by clients demand in this service.

6. BUSINESS REVIEW FOR THE SIX MONTHS ENDED 31 MARCH 2011 AS PUBLISHED IN INTERIM RESULTS

Business Review

During the Period, the Group reported revenue and profit attributable to owners of the Company of approximately HK\$104.1 million and HK\$33.6 million respectively, representing a decrease of 11.1% and 30.8% respectively when comparing to first half of the last financial year. On the other hand, it recorded a growth of 22.8% and 43.1% respectively when comparing to second half of the last financial year. Basic earnings per share were HK cents 3.88. The Group proposed an interim dividend of HK cent 1 per share.

During the Period, the Group continued to implement strategic development plans and better allocation of resources. Dedicated to the Group's continuous efforts on business development and comprehensive services, the Group was ranked as the Top 5 "2010 Best Overall Local Brokerage" in Asia Money Magazine.

Brokerage

The Group provides brokerage services for securities, futures, options and commodities traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom as well as insurance-linked products and estate agency brokerage. During the Period, revenue generated from the brokerage services segment amounted to HK\$49.9 million (1H2010: HK\$42.3 million; 2H2010: HK\$43.3 million), accounting for 47.9% of the revenue of the Group. Riding on the strong customer loyalty and extensive branch network, the Group's frontline teams is able to drive a recordable revenue growth of 18.0%, comparing the same period last year.

With respect to operation developments, the Group implemented various measures such as expanding the retail brokerage teams and improving its service, resulting in a notable surge in trading amount of institutional and retail investors. Meanwhile, the Group continued its efforts on expanding a division of wealth management to grasp the market opportunities on growing customers' demand for diversifying its assets under management.

Loans and Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances.

During the Period, market sentiment provided incentives for fund raising and corporate exercise. Driven by the market demand, revenue from this segment was up by 91.6% to HK\$38.2 million (1H2010: HK\$19.9 million; 2H2010: HK\$27.4 million), comparing the same period last year.

Placing and Underwriting

The Group offers placing and underwriting services, and acts as placing agents and underwriters for various Hong Kong listed companies.

During the Period, this segment recorded revenue of HK\$11.7 million (1H2010: HK\$52.0 million; 2H2010: HK\$10.3 million), accounting for 11.3% of the Group's total revenue. The Group participated in several engagements during the Period while the number of non-IPO engagements increased. Riding on the solid client base and professional team, the Group secured more encore clients to do the secondary market financing services.

Corporate Finance

The division holds a full corporate finance licence under the Securities and Futures Ordinance, allowing it to advise on Takeovers Code related transactions and undertake sponsor work for IPO in addition to general corporate finance advisory services. Apart from IPO-related services, the Group offers secondary market financing services such as placing, rights issues and advisory services on various corporate transactions including merger and acquisition.

During the Period, this segment recorded revenue of HK\$4.3 million (1H2010: HK\$2.9 million; 2H2010: HK\$3.8 million) which accounted for 4.1% of the Group's total revenue.

During the Period, it has been appointed financial adviser for a number of corporate transactions and secured several IPO sponsor mandates for companies seeking to be listed on both the Main Board and the GEM Board of the Stock Exchange.

7. BUSINESS AND TRADING PROSPECTS

Riding on the increasing business opportunities from the PRC, the Group will continue to strengthen its China business to benefit from China's growing economy. Following the extension of the scope of pilot RMB settlement in cross-border trade, the pace of developing Hong Kong into an offshore RMB financial centre is expected to accelerate. Dedicated to the Group's continuous efforts, the Group is fully capable of handling the trading and settlement of RMB-denominated stocks(s) listed on the Stock Exchange.

With the commencement of new business in asset management, the Group will allocate more resources to provide better products and services to cater the various investment needs of customers. More importantly, the first Emperor Fund is planning to be launched in the third quarter of 2011 to focus on the equities in the Greater China.

The Group has improved its current securities online trading platform for capturing the untapped market and creating value-added services to the existing customers. The mobile trading platforms through iPhone, iPad and Android were launched in April 2011.

The Group will continue to expand its wealth management business to meet the growing demand from customers to seek for professional advice to manage their assets. In the meantime, the Group will put more efforts to secure more placing and underwriting engagements to grasp the opportunities arise from the equity capital market. The Group will continue to provide quality service to the customers in respect of the initial public offering financing and loans and advances.

Looking forward, the Group will continue to provide a comprehensive one-stop investment platform, adopt the scientific outlook on development and push forward the implementation of its strategic development plan amid a complex and volatile economic environment. The Group will also strive to explore both the domestic and international markets and expand its institutional and retail clientele, and therefore further consolidating its market share, utilising competitive edges and procuring steady growth.

Rights Issue will provide the Company a stronger capital based and additional flexibility for any investment opportunities that may arise in the future, as well as strengthening the competitiveness of the Group in terms of improving the existing business, which can benefit the future business development of the Company. As at the Latest Practicable Date, the Company has not identified any suitable investment opportunities and the Company has not negotiated or signed any memorandum of understanding or agreement in relation to such investment.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 March 2011.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group following the Rights Issue.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 31 March 2011, extracted from the published interim report of the Group and the adjustments described below.

Unaudited consolidated net tangible assets attributable to owners of the Company as at 31 March 2011 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated net proceeds from Rights Issue <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company immediately after the Rights Issue
607,969	578,678	1,186,647
Unaudited consolidated net tangible assets per share attributable to owners of the Company as at 31 March 2011 before the completion of the Right Issue <i>(Note 3)</i>		HK\$0.702
Unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company immediately after the completion of the Rights Issue <i>(Note 4)</i>		HK\$0.457

Notes:

1. The unaudited consolidated net tangible assets of the Group as at 31 March 2011 are extracted from the unaudited condensed consolidated financial statements of the Group as set out in interim report of the Company for the six months ended 31 March 2011 issued on 19 May 2011.
2. The amount represents the estimated net proceeds from the Right Issue that based on 1,731,622,544 rights shares to be issued at a price of HK\$0.338 per rights share after the deduction of the estimated related expenses of approximately HK\$6,611,000. The estimated related expenses are the fees paid or payable to various professional parties that directly attributable to the Rights Issue.
3. The number of shares used for the calculation of the unaudited consolidated net tangible asset per share attributable to owners of the Company as at 31 March 2011 before the issue of rights shares is based on 865,811,272 shares in issue as at 31 March 2011.
4. The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company immediately after the completion of the Rights Issue is based on 2,597,433,816 shares (on the basis that there were 865,811,272 shares in issue as at 31 March 2011 and 1,731,622,544 rights shares were issued under the rights issue) were in issue upon completion of the Rights Issue.
5. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 March 2011.

2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of an accountants' report dated 23 June 2011, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, in respect of the unaudited pro forma financial information of the Group.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**TO THE DIRECTORS OF EMPEROR CAPITAL GROUP LIMITED**

We report on the unaudited pro forma financial information of Emperor Capital Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the rights issue on the basis of two rights share for every one existing share held on the record date might have affected the financial information presented, for inclusion in Appendix II of the circular dated 23 June 2011 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page 96 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 March 2011 or any future date.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong,
23 June 2011

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Circular, the omission of which would make any statement in this Circular misleading.

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. SHARE CAPITAL

(a) Share Capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>500,000,000,000</u>	Shares of HK\$0.01 each	<u>5,000,000,000.00</u>
<i>Issued:</i>		
<u>865,811,272</u>	Shares of HK\$0.01 each	<u>8,658,112.72</u>

(ii) immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
<u>500,000,000,000</u>	Shares of HK\$0.01 each	<u>5,000,000,000.00</u>

<i>Issued and to be issued:</i>		<i>HK\$</i>
865,811,272	Shares of HK\$0.01 each	8,658,112.72
1,731,622,544	Rights Share to be allotted and issued under the Rights Issue	17,316,225.44
<u>2,597,433,816</u>	Shares in issue immediately after the completion of the Rights Issue	<u>25,974,338.16</u>

All the existing Shares in issue are fully paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Company has not issued any new Shares since 30 September 2010 and up to the Latest Practicable Date.

(b) Options, derivatives, warrants and conversion rights

Set as below were the details of the Outstanding Share Options granted under the Share Option Scheme of the Company as at the Latest Practicable Date:

Date of grant	Number of underlying Shares which are subject of the Outstanding Share Options	Exercise price per Share HK\$	Exercise period
28 January 2008	3,000,000	1.2	28 January 2008 to 27 January 2013

As at the Latest Practicable Date, there are Outstanding Share Options held by Ms. Daisy Yeung, the Managing Director of the Company, to subscribe for an aggregate of 3,000,000 Shares. On 31 May 2011, Ms. Yeung has signed an irrevocable undertaking to the Company and pursuant to such undertaking, Ms. Yeung has undertaken with the Company that she shall not exercise any of her conversion right under the Outstanding Share Options up to and including the Record Date.

Save for the Outstanding Share Options, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

3. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share <i>HK\$</i>
30 November 2010	0.62
31 December 2010	0.65
31 January 2011	0.63
28 February 2011	0.60
31 March 2011	0.58
29 April 2011	0.59
30 May 2011 (Last Trading Day)	0.56
Latest Practicable Date	0.40

The highest and lowest closing prices of the Shares as recorded on the Stock Exchange during the Relevant Period were HK\$0.73 per Share on 6 December 2010 and HK\$0.40 per Share on 20 June 2011 respectively.

4. DISCLOSURE OF INTERESTS

(i) Interests of Directors in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of the existing issued share capital
Ms. Daisy Yeung (<i>Note</i>)	Beneficiary of a trust	1,946,350,846	74.93%

Note: These Shares comprise: (1) 414,728,302 Shares held by Win Move, a wholly-owned subsidiary of Million Way Holdings Limited (“Million Way”). Million Way was held by STC International Limited (“STC International”) acting as the trustee of AY Trust; (2) 829,456,604 Shares which were agreed by Win Move to accept its entitlement to the provision allotment of Rights Shares and (3) 702,165,940 Shares which might be issued to Win Move pursuant to the Underwriting Agreement in relation to the Rights Issue, details of which are set out in the section headed “Letter from the Board” in this Circular. Ms. Daisy Yeung was deemed to be interested in the above shares by virtue of being one of the eligible beneficiaries of the AY Trust.

(ii) *Long positions in underlying shares of the Company*

Name of Director	Capacity/ Nature of interest	Number of underlying Shares	Approximate percentage of the existing issued share capital
Ms. Daisy Yeung (<i>Note</i>)	Beneficial owner	3,000,000	0.35%

Note: These are Share Options granted to the Director pursuant to the Share Option Scheme of the Company. There is no vesting period for the options granted.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) **Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long position in the Shares

Name of shareholder	Capacity/ Nature of interest	Number of Shares interested or deemed to be interested	Approximate percentage of the existing issued share capital
Win Move (<i>Note</i>)	Beneficial owner	1,946,350,846	74.93%
Million Way (<i>Note</i>)	Interested in a controlled corporation	1,946,350,846	74.93%
STC International (<i>Note</i>)	Trustee	1,946,350,846	74.93%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") (<i>Note</i>)	Founder of a trust	1,946,350,846	74.93%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (<i>Note</i>)	Family	1,946,350,846	74.93%

Note: The entire issued share capital of Win Move was held by Million Way which was in turn wholly-owned by STC International. STC International and Dr. Yeung were the trustee and settlor of the AY Trust respectively. By virtue of the SFO, each of STC International and Dr. Albert Yeung was deemed to be interested in the 414,728,302 shares held by Win Move, the 829,456,604 Shares which were agreed by Win Move to accept its entitlement to the provision allotment of Rights Shares and the 702,165,940 Shares which might be issued to Win Move pursuant to the Underwriting Agreement in relation to the Rights Issue, details of which are set out in the section headed "Letter from the Board" in this Circular. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares. The said shares were the same shares as those set out under Section (i) "Interests of Directors in the Company" above.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Announcement; (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates has any interest in businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

7. ARRANGEMENTS AFFECTING DIRECTORS AND DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

- (a) Ms. Daisy Yeung's deemed interest by virtue of being one of the eligible beneficiaries of AY Trust which in the following premises: (1) Shops 2-6 on G/F, 1/F and canopy adjacent thereto, 2/F, reserved flat roof portion, first and second advertising walls, East Ocean Court, 525 Shanghai Street, Mongkok, Kowloon with a gross floor area of 5,548 sq.ft., (2) Unit 1702, 17/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 989 sq. ft (3) 24/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 9,323 sq. ft., which EIHL, through its indirect wholly owned subsidiaries are the landlord to lease the above mentioned premises to the Company. AY Trust was a deemed controlling shareholder of EIHL at the date of entering into agreements in respect of premises (1), (2) and (3). Details of which have been set out in the announcements of the Company dated 31 March 2011 and 28 February 2011.

Save as aforesaid, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 30 September 2010 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (b) An agreement dated 26 March 2010 entered into between the Company and Ms. Daisy Yeung in relation to the financial services to be provided by the Group to the Yeung Family and the Underwriting Agreement entered into between, inter alia, the Company and Win Move (which Ms. Daisy Yeung is deemed to be interested in the underwritten and undertaken Rights Shares by virtue of her being one of the eligible beneficiaries of AY trust). Save for the above, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.
- (c) No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Underwriting Agreement and/or the Rights Issue and/or the Whitewash Waiver.
- (d) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Underwriting Agreement and/or the Rights Issue and/or the Whitewash Waiver or otherwise connected with the Underwriting Agreement and/or the Rights Issue and/or the Whitewash Waiver.
- (e) Save for the Underwriting Agreement entered into by Win Move, of which Ms. Daisy Yeung is deemed to be interested in by virtue of her being one of the eligible beneficiaries of the AY Trust, as at the Latest Practicable Date, there was no material contract entered into by any of the Underwriters in which any Director had a material personal interest.

8. OTHER DISCLOSURE

- (a) As at the Latest Practicable Date, save as disclosed in the section headed “Shareholding structure of the Company” in the “Letter from the Board” of this Circular, “Disclosure of Interests” above in this appendix and the 3,000,000 Outstanding Share Options held by Ms. Daisy Yeung, the Managing Director of the Company, none of the Directors and none of the parties in the Concert Group own, control or direct any Shares, convertible securities, warrants, options or derivatives in respect of the Shares, and there is no outstanding derivative in respect of securities in the Company which has been entered into by any of the parties in the Concert Group.
- (b) Save for the entering into of the Underwriting Agreement, none of the Directors and none of the parties in the Concert Group had dealt for value in any Shares, convertibles securities, warrants, options or derivatives of the Company during the Relevant Period.
- (c) None of the advisers to the Company as specified in class (2) of the definition of associate in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the period beginning from the date of the Announcement and ending on the Latest Practicable Date.
- (d) Save for non-discretionary dealings in the Shares for and on behalf of its individual clients by Emperor Securities Limited, none of the subsidiaries of the Company, or pension fund of the Company or of a subsidiary of the Company owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the period beginning from the date of the Announcement and ending on the Latest Practicable Date.
- (e) No fund managers connected with the Company managed on a discretionary basis any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date nor had any of them dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis during the period beginning from the date of the Announcement and ending on the Latest Practicable Date.
- (f) As at the Latest Practicable Date, none of the Independent Shareholders had irrevocably committed themselves to vote for or against the proposed resolutions approving the Underwriting Agreement and/or the Rights Issue and/or the Whitewash Waiver.
- (g) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the members of the Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Underwriting Agreement and/or Rights Issue and/or the Whitewash Waiver.

- (h) As at the Latest Practicable Date, none of the members of the Concert Group had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.
- (i) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any member of the Concert Group or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code.
- (j) As at the Latest Practicable Date, neither the Company nor any of the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company.
- (k) It is the intention of the Concert Group to continue the existing business of the Group and to continue the employment of the employees of the Group. The Concert Group have no intention to redeploy the fixed assets of the Group or to introduce major changes to the business of the Group.
- (l) Win Move will abstain from voting on the proposed resolutions approving the Rights Issue and the Underwriting Agreement and the Whitewash Waiver. As at the Latest Practicable Date, none of the Directors hold any Shares and none of them will be voting at the SGM approving the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.
- (m) As at the Latest Practicable Date, there was no agreement, arrangement or understanding pursuant to which the Rights Shares that might be issued to the Underwriters pursuant to the Underwriting Agreement would be transferred, charged or pledged to any other persons.
- (n) Saved as the underwriting and undertaking of Win Move of which Ms. Daisy Yeung was deemed to be interested in the Shares held by Win Move by virtue of being one of the eligible beneficiaries of AY Trust. None of the Directors will subscribe for the Rights Shares.
- (o) As at the Latest Practicable Date, the Company does not have any shareholdings in Win Move.

9. LITIGATION

In March 2009, Emperor Securities Limited, an indirect wholly-owned subsidiary of the Company, commenced legal actions against its six clients for recovery of outstanding debts in the aggregate amount of approximately HK\$39.2 million. The claims are pending. Impairment allowance on trade receivables for those trade receivables with default or delinquency in principal payment has been fully provided in financial period ended 30 September 2009.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group or to which any member of the Group was, or might become, a party.

10. CORPORATE INFORMATION**REGISTERED OFFICE**

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

24th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

AUTHORISED REPRESENTATIVES

Daisy Yeung
Choi Suk Hing, Louisa

AUDIT COMMITTEE

Kwok Chi Sun, Vincent (*Chairman*)
Cheng Wing Keung, Raymond
Chu Kar Wing

REMUNERATION COMMITTEE

Daisy Yeung (*Chairperson*)
Kwok Chi Sun, Vincent
Cheng Wing Keung, Raymond

COMPANY SECRETARY

Choi Suk Hing, Louisa *FCIS, FCS*

FINANCIAL ADVISER TO THE COMPANY

Emperor Capital Limited
28/F, Emperor Group Centre,
288 Hennessy Road, Wanchai,
Hong Kong

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE
AND THE INDEPENDENT SHAREHOLDERS**

Guangdong Securities Limited
Units 2505-06, 25/F.
Low Block, Grand Millennium Plaza
181 Queen's Road Central,
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor
1 Pacific Place
88 Queensway
Hong Kong

REGISTRAR (in Bermuda)

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

REGISTRAR (in Hong Kong)

Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Nanyang Commercial Bank, Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China
(Asia) Limited
Wing Hang Bank Limited
Hang Seng Bank Limited

STOCK CODE

717

WEBSITE

www.emperorcapi.com

11. PARTICULARS OF THE DIRECTORS**(a) Board***Executive Directors*

Daisy Yeung (*Managing Director*)
24/F, Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

Choi Suk Hing, Louisa
28/F, Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

Pearl Chan
28/F, Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

Independent Non-Executive Directors

Kwok Chi Sun, Vincent
Messrs. Vincent Kwok & Co.
at Units A-C, 25/F, Seabright Plaza,
No. 9-23 Shell Street,
North Point,
Hong Kong

Cheng Wing Keung, Raymond
Messrs. Chiu, Szeto & Cheng, Solicitors,
at Unit 818, 8/F, China Insurance Group Building,
No. 73 Connaught Road,
Central,
Hong Kong

Chu Kar Wing
Flat 8A, Tower 1,
Redhill Peninsula,
18 Pak Pat Shan Road,
Tai Tam,
Hong Kong

Senior management

Chan Shek Wan (*Managing Director of Emperor Capital Limited*)
24/F, Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

Li Bo Chai, Vincent (*Financial Controller*)
24/F, Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

(a) Board

Daisy Yeung, aged 45, Managing Director joined the Group in January 1996. She is the Managing Director and the Chairperson of the Remuneration Committee of the Company as well as a director and responsible officer under the Securities and Futures Ordinance of Emperor Securities Limited, Emperor Futures Limited, Emperor Wealth Management Limited and Emperor Asset Management Limited, all are wholly-owned subsidiaries of the Company. She is responsible for the formulation of corporate strategy, overseeing operations and the overall steering of the Company's management focusing in the areas of marketing and business development. Ms. Yeung has obtained a Bachelor's Degree of Science in Business Administration in 1988. Since then, she has accumulated over 14 years industrial experience and has been active in driving the development of the local industry. She is now a Vice-Chairman of The Institute of Securities Dealers Limited and a General Committee member of The Chamber of Hong Kong Listed Companies.

Choi Suk Hing, Louisa, aged 47, Executive Director And Company Secretary, joined the Board of the Company in March 2008. She is an Executive Director and the Company Secretary of the Company. She is also a director and responsible officer under the Securities and Futures Ordinance of Emperor Capital Limited, a wholly-owned subsidiary of the Company and a corporation licensed to carry on corporate finance advisory business. Ms. Choi holds a Master's Degree in Applied Finance from the Macquarie University in Australia. She is a fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Ms. Choi has over 12 years of experience in the finance industry covering securities, futures and corporate finance. Before that, she had worked in the company secretary profession in both listed companies as well as professional firms for over 8 years.

Pearl Chan, aged 37, Executive Director, joined the Board of the Company in June 2011. Ms. Chan has been working in the corporate finance field for more than 10 years and is now a director and responsible officer under the Securities and Futures Ordinance of Emperor Capital Limited. She is also a representative under the Securities and Futures Ordinance of Emperor Securities Limited, being a wholly-owned subsidiary of the Company and a licensed corporation carrying on securities advisory business. Ms. Chan holds a Bachelor of Laws degree from University of Hong Kong and a Master's Degree in Management from Macquarie University, Australia. Ms. Chan was a practising lawyer in Hong Kong before joining the Group.

Kwok Chi Sun, Vincent, aged 48, Independent Non-Executive Directors, joined the Board of the Company as an Independent Non-executive Director in March 2007. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He holds a Bachelor's Degree in Economics from University of Sydney. Mr. Kwok is a Certified Public Accountant (Practising) and a member of both The Hong Kong Institute of Certified Public Accountants and Institute of Chartered Accountants in Australia. He is the sole proprietor of Vincent Kwok & Co., Certified Public Accountants. He is an independent non-executive director of the following listed companies in Hong Kong, namely Palmpay China (Holdings) Limited, China Digital Licensing (Group) Limited, Magnificent Estates Limited, Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited and Evergreen International Holdings Limited.

Cheng Wing Keung, Raymond, aged 51, Independent Non-Executive Directors, joined the Board of the Company as an Independent Non-executive Director in March 2007. He is a member of the Audit Committee and Remuneration Committee of the Company. He holds a Degree in Laws from the University of London and a Master's Degree in Business Administration from the University of Strathclyde. Mr. Cheng is a solicitor practising in Hong Kong and has over 20 years of experience in company secretarial affairs. He is an independent non-executive director of three listed companies in Hong Kong, namely China Investment Fund Company Limited, Skyfame Realty (Holdings) Limited and Sino Resources Group Limited (carrying on business in Hong Kong as Sino Gp Limited).

Chu Kar Wing, aged 53, Independent Non-Executive Director, joined the Board of the Company as an Independent Non-executive Director in May 2010. He is a member of the Audit Committee of the Company. He holds a Bachelor's Degree in Social Science majoring in Economics. He has extensive experience in the banking and finance sector for several well-known corporations. Mr. Chu is an independent non-executive director of China Power New Energy Development Company Limited, a listed company in Hong Kong. He was previously appointed as independent non-executive director of ZMAY Holdings Limited and China 3D Digital Entertainment Limited (formerly known as Dragonlott Entertainment Group Limited), listed companies in Hong Kong, and resigned on 20 November 2009 and 30 April 2010 respectively.

(b) Senior management

Chan Shek Wah, aged 47, Managing Director of Emperor Capital Limited, a wholly owned subsidiary of the Company, joined the Group in June 2011. He has more than 20 years of professional experiences in the financial services industry. He has been engaged in the sales, proprietary trading, structuring of equity derivatives and equity capital market products as well as the provision of corporate finance advisory services to listed issuers. He was the senior management and the executive directors in several international financial institutions. He is an independent non-executive director of CST Mining Group Limited and Future Bright Holdings Limited, which shares are listed on the Stock Exchange.

Li Bo Chai, Vincent, aged 33, Financial Controller, joined the Company in November 2010 as the Financial Controller. Mr. Li obtained a Bachelor's Degree in Accountancy from the University of Southern California and is a member of the American Institute of Certified Public Accountants. Mr. Li has over 10 years of experience in the field of auditing, finance, and accounting gained from an international accounting firm and listed companies.

12. CORPORATE INFORMATION ABOUT WIN MOVE

REGISTERED OFFICE

P.O. Box 957, Offshore Incorporations Centre,
Road Town, Tortola, British Virgin Islands

CORRESPONDENCE ADDRESS

28th Floor, Emperor Group Centre,
288 Hennessy Road, Wanchai, Hong Kong.

PARTICULARS OF DIRECTORS

Bright Queen Limited
 P.O. Box 957, Offshore Incorporations Centre,
 Road Town, Tortola, British Virgin Islands

Dr. Yeung Sau Shing, Albert is the sole director of Bright Queen Limited.

The principal member of the parties acting in concert with Win Move is AY Trust, and its correspondence address is at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.

13. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given advices and/or reports contained in this Circular:

Name	Qualification
Guangdong Securities	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (assets management) regulated activities under the SFO
Deloitte Touche Tohmatsu (“ Deloitte ”)	Certified Public Accounts

Guangdong Securities and Deloitte (collectively the “**Experts**”) have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their advices and/or reports and references to their name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the Experts:

- (a) did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, save for the shares of Emperor Entertainment Hotel Limited held and dealt for the accounts of the non-discretionary clients by the brokerage division of Guangdong Securities; and
- (b) did not have any direct or indirect interest in any assets which have been, since 30 September 2010 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

14. EXPENSES

The expenses in connection with the Rights Issue including, among others, listing application fee, financial and legal advisory fee, underwriting commission, printing, registration, translation and accounting are estimated to be approximately HK\$6.6 million and will be payable by the Company.

15. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by the members of the Group after the date falling two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date which are or may be material:

- (a) the top-up subscription agreement dated 5 August 2009 entered into between the Company and Win Move for the subscription of 72,150,000 top-up new Shares by Win Move at a price of HK\$0.42 per share, which agreement was lapsed on 19 August 2009;
- (b) the subscription agreement dated 5 August 2009 entered into between the Company and Win Move for the subscription of 72,150,000 new Shares by Win Move at a price of HK\$0.42 per share. Details of which have been set out in the circular of the Company dated 4 September 2009;
- (c) the supplemental subscription agreement dated 19 August 2009 entered into between the Company and Win Move for the subscription of 72,150,000 new Shares by Win Move at a price of HK\$0.42 per share in addition to the subscription shares stated in (b) above, details of which have been set out in the circular of the Company dated 4 September 2009;
- (d) an agreement dated 26 March 2010 entered into between the Company and EIHL in relation to the financial services to be provided by the Group to EIHL, its subsidiaries and associates. The annual caps are HK\$12.1 million, HK\$13.1 million and HK\$14.1 million for the years ended/ending 30 September 2010, 2011 and 2012 respectively. Details of which have been set out in the circular of the Company dated 23 April 2010;
- (e) an agreement dated 26 March 2010 entered into between the Company and Ms. Daisy Yeung in relation to the financial services to be provided by the Group to the Yeung Family. The annual caps are HK\$301 million for each of the years ended/ending 30 September 2010, 2011 and 2012. Details of which have been set out in the circular of the Company dated 23 April 2010; and
- (f) the Underwriting Agreement, the terms of which are set out in this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the office of the Company at 24/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the Company's website at www.emperorcapital.com, from the date of this Circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of Win Move;
- (c) the annual reports of the Company for the two financial periods ended 30 September 2009 and 2010 and the interim report of the Company for the six months ended 31 March 2011;
- (d) the written consents as referred to under the paragraph headed "Experts and consents" in this appendix;
- (e) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" of this Circular;
- (f) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this Circular;
- (g) the letter of advice from Guangdong Securities to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from Guangdong Securities" of this Circular;
- (h) the report from Deloitte on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Circular; and
- (i) the material contracts as referred to under the paragraph headed "Material contracts" in this appendix.

17. MISCELLANEOUS

In the event of inconsistency, the English texts of this Circular and the accompanying form of proxy prevail over their respective Chinese texts.

Ms. Pearl Chan*Executive Director*

Ms. Chan, aged 37, joined the Company in June 2011. She joined Emperor Capital Limited, being a wholly-owned subsidiary of the Company and a licensed corporation carrying on corporate finance advisory business, in 2001. Ms. Chan has been working in the corporate finance field for more than 10 years and is now a director and responsible officer under the SFO of Emperor Capital Limited. She is also a representative under the SFO of Emperor Securities Limited, being a wholly-owned subsidiary of the Company and a licensed corporation carrying on securities advisory business. Ms. Chan holds a Bachelor of Laws degree from University of Hong Kong and a Master's Degree in Management from Macquarie University, Australia. Ms. Chan was a practising lawyer in Hong Kong before joining the Group.

Save as disclosed above, Ms. Chan did not hold any other major appointment or professional qualification and she has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does she hold any other positions with the Company and other members of the Group.

Pursuant to the terms of appointment of Ms. Chan, her initial term of service shall be up to the closure of the forthcoming general meeting and she shall then be eligible for re-election at that meeting. In accordance with the Bye-Laws of the Company, Ms. Chan shall be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since her last re-election. Ms. Chan shall be entitled to receive a director's fee of HK\$100,000 per annum which was determined by the Remuneration Committee as delegated by the Board with reference to the duties and responsibilities undertaken by her as director of the Company.

Ms. Chan does not have any relationship with any Director, senior management or substantial or controlling shareholder (as defined in the Listing Rules) of the Company, nor does she have any interests in the securities (within the meaning of Part XV of the SFO) of the Company as at the Latest Practicable Date.

Save as disclosed above, the Board is not aware of any other information in relation to proposed re-election of Ms. Chan that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules or any other matter that needs to be brought to the attention of Shareholders of the Company.

NOTICE OF SGM



英皇證券集團有限公司*

Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

NOTICE IS HEREBY GIVEN THAT a special general meeting (“SGM”) of Emperor Capital Group Limited (the “Company”) will be held at 28/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Wednesday, 13 July 2011 at 10:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass with or without amendment, the following resolutions as ordinary resolutions of the Company:

1. **“THAT:**

- (a) conditional upon the ordinary resolution numbered 2. set out in the notice convening this meeting being passed, the issue by way of rights (“Rights Issue”) of new ordinary shares of HK\$0.01 each in the share capital of the Company (the “Shares”) in a total number of 1,731,622,544 (such Shares collectively referred to as the “Rights Shares”) at the price of HK\$0.338 per Rights Share on the basis of two (2) Rights Share for every one (1) Share held on such record date as determined by the directors of the Company (“Directors”) from time to time by reference to which date the entitlement under the Rights Issue will be determined and on the terms and conditions as described in the Company’s circular dated 23 June 2011 of which this notice forms part (“Circular”) and the transactions contemplated under the Rights Issue be and are hereby approved;
- (b) the underwriting agreement dated 31 May 2011 (“Underwriting Agreement”), a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification, between the Company, Win Move Group Limited (“Win Move”) and Chung Nam Securities Limited as the underwriters (collectively the “Underwriters”) and in respect of the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of all and any Rights Shares thereunder) be and are hereby approved and the execution and entering into the Underwriting Agreement by any Director be and is hereby approved, confirmed and ratified;

* *for identification purposes only*

NOTICE OF SGM

- (c) the Directors be and are hereby authorised to allot and issue such Rights Shares by way of rights and otherwise on the terms and conditions of the Rights Issue as set out in the Circular, notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholders of the Company (including without limitation by reason of the exclusion of Non-Qualifying Shareholders Shareholders (as defined in the Circular)) and pursuant to the Underwriting Agreement, and such authorisation hereunder shall be a specific authorisation granted to the Directors to issue, allot and deal in or with Shares in the Company in accordance with the Listing Rules (as defined in the Circular) in addition to, and shall not revoke or vary, any existing authority given to the Directors by way of general mandate; and
- (d) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue and the Underwriting Agreement or as he/she considers necessary, desirable or expedient in connection with or for the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”
2. “**THAT** the waiver (the “Whitewash Waiver”) granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission pursuant to Note 1 on Dispensations from Rule 26 of the Code on Takeovers and Mergers (“Takeovers Code”) waiving any obligation on the part of the Underwriters (as defined in the Circular to make a general offer for all the securities of the Company other than those already owned or agreed to be acquired by Win Move and any parties acting in concert (as defined in the Takeovers Code) with any of them, that will otherwise arise as a result of the allotment and issue of the Rights Shares (as defined in the Circular) to Win Move in performance of the obligations and undertakings of the Underwriter under the Underwriting Agreement (as defined in the Circular), and the transactions contemplated therein, be and are hereby approved and any director of the Company be and is hereby authorised to do all such things and take all such action as he/she may consider to be necessary or desirable to give effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”
3. “**THAT** Ms. Pearl Chan be re-elected as Director of the Company.”

By Order of the Board
Emperor Capital Group Limited
Choi Suk Hing, Louisa
Company Secretary

Hong Kong, 23 June 2011

NOTICE OF SGM

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office:

24th Floor, Emperor Group Centre,
288 Hennessy Road,
Wanchai,
Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member. A form of proxy for use at the SGM is enclosed herewith.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's branch share registrar, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
- (3) In the case of joint registered holders of any share in the capital of the Company ("Share"), any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Shares as if he/she was solely entitled thereto, but if more than one of such joint registered holders is present at the SGM, either personally or by proxy, that one of the said persons so present whose name stands first on the registrar of the members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (4) Completion and return of the form of proxy will not preclude members from attending and voting at the SGM or any adjourned meeting if you so wish. If a member attends the SGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
- (5) Ordinary resolutions nos. 1 and 2 shall be voted by the Independent Shareholders (as defined in the Circular dated 23 June 2011). All the ordinary resolutions shall be voted by way of poll.

This Circular (in both English and Chinese versions) is available to any shareholder either in printed form or on the Company's website at <http://www.emperorcapiatal.com>. In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Circular. Upon written request, a free printed version of this Circular will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to the Circular through the Company's website. Shareholders may have the right to change their choice of receipt of all future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's share registrar in Hong Kong, Tricor Secretaries Limited, by post at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.