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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

FINANCIAL HIGHLIGHTS

	For the year ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Audited)	(Audited)
Revenue	**223,801**	204,439
– Brokerage	**75,536**	99,336
– Financing	**94,395**	63,960
– Placing & Underwriting	**42,819**	28,997
– Corporate Finance	**11,051**	12,146
Profit for the year attributable to Owners of the Company	**63,411**	62,098

* *For identification purpose only*

The board of directors (the "Board" or the "Directors") of Emperor Capital Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September 2012 together with comparative figures for the corresponding year in 2011 as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	4	**223,801**	204,439
Other operating income		**4,541**	4,910
Staff costs		**(50,390)**	(43,367)
Commission expenses		**(41,214)**	(43,678)
Other expenses		**(72,926)**	(47,480)
Gain upon disposal of a subsidiary that holds available-for-sale financial assets	5	**7,900**	–
Finance costs	6	**(36)**	(1,102)
Share of profit/(loss) of an associate		**925**	(730)
Profit before taxation	7	**72,601**	72,992
Taxation	8	**(9,230)**	(11,413)
Profit for the year		**63,371**	61,579
Other comprehensive income for the year:			
Fair value gain from revaluation of available-for-sale financial assets		**–**	7,900
Reclassification adjustment for the cumulative gain on available-for-sale financial assets from other comprehensive income to profit or loss upon disposal of a subsidiary that holds available-for-sale financial assets		**(7,900)**	–
Exchange differences arising on translation		**3**	7
Total comprehensive income for the year		**55,474**	69,486
Profit for the year attributable to:			
Owners of the Company		**63,411**	62,098
Non-controlling interests		**(40)**	(519)
		63,371	61,579
Total comprehensive income attributable to:			
Owners of the Company		**55,514**	70,005
Non-controlling interests		**(40)**	(519)
		55,474	69,486
Earnings per share	10		
Basic and diluted		**HK2.44 cents**	HK4.39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Non-current assets			
Interest in an associate		**–**	–
Property and equipment		**5,694**	4,255
Intangible assets		**–**	–
Other assets		**4,563**	4,814
Amount due from an associate		**4,549**	3,624
Available-for-sale financial assets		**–**	8,036
Loans and advances	12	**49,714**	–
		64,520	20,729
Current assets			
Trade receivables	11	**697,337**	511,177
Loans and advances	12	**408,247**	184,600
Other debtors, deposits and prepayments		**13,743**	12,886
Bank balances and cash – trust accounts		**497,428**	435,073
Bank balances and cash – general accounts		**222,176**	637,327
		1,838,931	1,781,063
Current liabilities			
Trade payables	13	**621,352**	544,320
Other creditors and accrued charges		**26,033**	19,645
Tax liabilities		**6,167**	23,662
		653,552	587,627
Net current assets		**1,185,379**	1,193,436
Net assets		**1,249,899**	1,214,165
Capital and reserves			
Share capital		**25,974**	25,974
Reserves		**1,224,157**	1,188,383
Equity attributable to owners of the Company		**1,250,131**	1,214,357
Non-controlling interest		**(232)**	(192)
Total equity		**1,249,899**	1,214,165

Notes:

1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied a number of new and revised HKFRSs issued by the HKICPA that are mandatorily effective for current reporting period.

The application of the new and revised HKFRSs in the current year has had no material impact on Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[1]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[3]
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets[5]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[4]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2015.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2014.
5 Effective for annual periods beginning on or after 1 January 2012.

Notes: (Continued)

2. Application of new and revised Hong Kong Financial Reporting Standards *(Continued)*

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors of the Company anticipate that the adoption of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Segment information

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

Notes: (Continued)

3. **Segment information** *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

For the year ended 30 September 2012

	Brokerage	Financing	Placing and underwriting	Corporate finance	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
Segment revenue – external customers	**75,536**	**94,395**	**42,819**	**11,051**	**–**	**223,801**
Inter-segment sales	**–**	**7,019**	**–**	**–**	**(7,019)**	**–**
	75,536	**101,414**	**42,819**	**11,051**	**(7,019)**	**223,801**

Inter-segment sales are charged at prevailing market rate.

	Brokerage	Financing	Placing and underwriting	Corporate finance	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Segment results	**15,375**	**71,952**	**29,121**	**1,690**	**118,138**
Unallocated other operating income					**581**
Unallocated corporate expenses					
– Staff costs (including directors' remuneration)					**(35,340)**
– Management fee to a related company					**(360)**
– Management fee to a fellow subsidiary					**(6,168)**
– Others					**(13,075)**
Share of profit of an associate					**925**
Gain upon disposal of a subsidiary that holds available-for-sale financial assets					**7,900**
Profit before taxation					**72,601**

Notes: (Continued)

3. Segment information *(Continued)*

Segment revenue and results *(Continued)*
For the year ended 30 September 2011

	Brokerage	Financing	Placing and underwriting	Corporate finance	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(re-presented) *(note)*					
REVENUE						
Segment revenue – external customers	99,336	63,960	28,997	12,146	–	204,439
Inter-segment sales	–	5,638	–	–	(5,638)	–
	99,336	69,598	28,997	12,146	(5,638)	204,439

Inter-segment sales are charged at prevailing market rate.

	Brokerage	Financing	Placing and underwriting	Corporate finance	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(re-presented) *(note)*				
RESULTS					
Segment results	29,336	62,863	17,786	4,872	114,857
Unallocated other operating income					683
Unallocated corporate expenses					
– Staff costs (include directors' remuneration)					(27,140)
– Management fee to a related company					(259)
– Management fee to a fellow subsidiary					(4,580)
– Others					(9,839)
Share of loss of an associate					(730)
Profit before taxation					72,992

Note: The asset management segment is no longer a reportable and operating segment to the Group's operation due to its insignificant size of operation and the Board of Directors of the Company has included the results of this segment into the brokerage segment. The comparative figures of 2011 have been re-presented to conform to current year presentation.

The accounting policies of the reportable segments are the same as the Group's accounting policies used in consolidated financial statements of the Group. Segment profit represents the profit earned by each segment without allocation of central administrative staff costs (including directors' remuneration but excluding staff commission expenses), management fee to related companies, central administration costs and share of profit or loss of an associate. This is the measure reported to the Board of Directors of the Company for the purpose of resource allocation and performance assessment.

Notes: (Continued)

3. Segment information *(Continued)*

Other segment information

	Brokerage	Financing	Placing and underwriting	Corporate finance	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 September 2012					
Additions of property and equipment	**3,742**	**–**	**–**	**19**	**3,761**
Depreciation of property and equipment	**2,304**	**–**	**–**	**11**	**2,315**
Bad debt written off	**765**	**–**	**–**	**–**	**765**
Allowance for loans and advances	**–**	**12,000**	**–**	**–**	**12,000**
For the year ended 30 September 2011					
Additions of property and equipment	808	–	–	33	841
Depreciation of property and equipment	2,510	–	–	10	2,520

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 relation to brokerage revenue and based on the country in which the customers are located in relation to financing, placing and underwriting and corporate finance revenue.

	Revenue	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**208,327**	184,656
United States	**13,964**	16,292
Others	**1,510**	3,491
	223,801	204,439

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

Revenue from a customer of the corresponding years contributing over 10% of total revenue of the Group is as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A[1]	**26,127**	N/A[2]

[1] Revenue mainly from financing and placing and underwriting.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes: (Continued)

4. Revenue

	2012	2011
	HK$'000	*HK$'000*
Commission and brokerage fees on dealing in securities	**30,947**	55,405
Commission and brokerage fees on dealing in futures and options contracts	**20,324**	27,029
Commission from insurance brokerage and wealth management	**14,864**	14,201
Corporate finance advisory services fee income	**11,051**	12,146
Placing and underwriting commission	**42,819**	28,997
Asset management fee income	**1,982**	613
Interest income from:		
Margin and initial public offer financing	**38,432**	36,127
Loans and advances	**55,540**	27,832
Bank deposits	**7,417**	2,086
Others	**425**	3
	223,801	204,439

Notes: (Continued)

5. Disposal of a subsidiary

On 30 November 2011, the Group completed the disposal of its wholly-owned subsidiary, Emperor Gold & Silver Company Limited, details of which were set out in the Company's announcement dated 23 September 2011. Emperor Gold & Silver Company Limited, other than having a membership in The Chinese Gold & Silver Exchange Society and 136,000 shares in Hong Kong Precious Metals Exchange Limited, has no other business operations. The net assets of Emperor Gold & Silver Company Limited as at the date of disposal, being 30 November 2011, were as follows:

	HK$'000
Consideration received:	
Total cash consideration received	14,337
Analysis of assets and liabilities over which control was lost:	
Available-for-sale financial assets	8,036
Other deposits	802
Bank balances and cash	5,499
Net assets disposed of	14,337
Gain recognised on disposal of a subsidiary:	
Consideration received	14,337
Net assets disposed of	(14,337)
Reclassification adjustment for the cumulative gain on available-for-sale financial assets from other comprehensive income to profit or loss upon disposal of a subsidiary that holds available-for-sale financial assets	7,900
Gain on disposal	7,900
Net cash inflow arising on disposal:	
Cash consideration	14,337
Less: Bank balances and cash disposed of	(5,499)
	8,838

Notes: (Continued)

6. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank overdrafts and loans wholly repayable within five years	**19**	1,034
Amount due to an immediate holding company	**–**	57
Others	**17**	11
	36	1,102

7. Profit before taxation

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	**7,629**	5,803
Auditor's remuneration	**1,250**	1,254
Depreciation of property and equipment	**2,315**	2,520
Management fee to related company(ies)	**941**	989
Management fee to a fellow subsidiary	**6,168**	4,580
Net exchange loss (gain)	**13**	(12)
Operating lease rentals in respect of		
– rented premises	**10,309**	6,726
– office equipment	**2,996**	2,211
Other equipment hiring charges	**8,999**	8,930
Legal and professional fee	**6,190**	920
Bad debt written off	**765**	–
Allowance for loans and advances	**12,000**	–
Included in other operating income:		
Handling fee income	**(3,694)**	(3,409)

Notes: (Continued)

8. Taxation

	2012	2011
	HK$'000	*HK$'000*
Current year:		
Hong Kong Profits Tax provision for the year	**9,197**	11,359
PRC Enterprise Income Tax	**33**	54
	9,230	11,413

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

Under the Law of the People's Republic of China on Enterprise Income Tax ("the EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%.

9. Dividends

	2012	2011
	HK$'000	*HK$'000*
Recognised as distribution:		
Interim dividend paid: HK$0.0038 per share (2011: HK$0.01 per share)	**9,870**	8,658
Final dividend paid in respect of 2011: HK$0.0038 per share (2011: HK$0.015 per share in respect of 2010)	**9,870**	12,987
	19,740	21,645

The Directors proposed the payment of a final dividend of HK0.38 cent per share amounting to HK$9,870,000 in aggregate in respect of the year ended 30 September 2012 (2011: HK0.38 cent per share amounted to HK$9,870,000 in aggregate in respect of the year ended 30 September 2011), which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

Notes: (Continued)

10. Earnings per share

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

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**63,411**	62,098

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**2,597,434**	1,415,960

The computation of diluted earnings per share does not assume the exercise of 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 years ended 30 September 2012 and 30 September 2011.

Notes: (Continued)

11. Trade receivables

	2012	2011
	HK$'000	*HK$'000*
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	**57,235**	47,056
Secured margin loans	**573,397**	378,724
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	**65,625**	83,987
Trade receivables from the business of corporate finance	**1,080**	1,410
	697,337	511,177

The settlement terms of trade receivables, except for secured margin loans, arising from the business of dealing in securities are two days after trade date, and of 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 2012, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$6,962,608,000 (2011: HK$3,405,308,000). Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at year end, and considered that no impairment allowance is necessary. 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 2012, trade receivables from foreign brokers denominated in Japanese Yen and United States dollar were approximately HK$256,000 (2011: HK$140,000) and HK$43,942,000 (2011: HK$65,332,000) respectively.

As at 30 September 2012, trade receivables were due from various debtors, besides the top margin customer representing 22% (2011: 15%) of total balance, each remaining debtor represents less than 10% of the total balance of trade receivables. The Group did not have any significant concentration of credit risk for both years.

Notes: (Continued)

11. Trade receivables *(Continued)*

The aged analysis of the trade receivables, which are past due but not impaired, are as follows:

	2012	2011
	HK$'000	*HK$'000*
Past due:		
0 – 30 days	**1,157**	11,507
31 – 60 days	**16**	69
61 – 90 days	**–**	82
Over 90 days	**152**	4,378
Trade receivables which were past due but not impaired	**1,325**	16,036
Trade receivables which were neither past due nor impaired	**696,012**	495,141
	697,337	511,177

Note: To minimise the Group's exposure to credit risk, there is a credit risk control team responsible for the evaluation of the customers' credit rating, financial background and repayment abilities. Management had set up the credit limits for each individual customer which could be changed at the discretion of the Directors. Any further extension of credit beyond these approval limits had to be first approved by the financial controller and then by the executive Directors on individual basis. The Group has a policy for testing for impairment trade receivables without sufficient collaterals and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aged analysis of the accounts and on management's judgment including the current creditworthiness, collaterals value and the past collection history of each client.

In determining the recoverability of the trade receivables, 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.

Besides the bad debt written off of HK$765,000 (2011: Nil) relating to a client that has gone into bankruptcy placed under liquidation, the Directors of the Company believe that no other provision for impairment is necessary.

Notes: (Continued)

12. Loans and advances

	2012	2011
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**368,876**	144,600
Variable-rate loan receivables	**61,085**	–
	429,961	144,600
Loan receivables from K&L Gates *(note)*	**40,000**	40,000
Less: Allowance for loan receivables from K&L Gates	**(12,000)**	–
	28,000	40,000
	457,961	184,600
Analysed as:		
Current	**408,247**	184,600
Non-current	**49,714**	–
	457,961	184,600

Note: During the year ended 30 September 2011, the Group placed an aggregate amount of HK$40,000,000 (the "Escrow Fund") with a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent (the "Escrow Agent"), of which HK$25,000,000 and HK$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. It was reported that a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies in the escrow accounts. In early July 2011, the Group has commenced legal proceedings against the two borrowers and the partners of K&L Gates. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK$40,000,000 will be recovered. However, as the timing of recovering this amount is expected to be longer than 12 months after the end of the reporting period, the Group has recognised an allowance of HK$12,000,000 (2011: Nil) at a discount rate of 12% per annum, and the Group has reclassified the Escrow Fund to non-current asset, which was presented as a current asset under loans and advances as at 30 September 2011. If the actual recoverable amount is less than expected, a material impairment loss may arise.

Notes: (Continued)

12. Loans and advances *(Continued)*

The contractual maturity dates of the Group's fixed and variable rate loans are presented below:

	2012	2011
	HK$'000	*HK$'000*
Fixed-rate loan receivables:		
Within one year *(note)*	**368,456**	184,600
In more than one year but no more than five years	**420**	–
	368,876	184,600
Variable-rate loan receivables:		
Within one year *(note)*	**39,791**	–
In more than one year but no more than five years	**3,934**	–
Over five years	**17,360**	–
	61,085	–

Note: Included in fixed and variable rate loan receivables were balances of HK$15,000,000 (2011: nil) and HK$32,803,000 (2011: nil) respectively which had been past due but not impaired. Taking into account the creditworthiness of the borrowers, the Directors of the Company believe that no allowance for impairment is necessary. Full repayments were made by the borrowers subsequent to the end of the reporting period.

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

	2012	2011
Effective interest rate:		
Fixed-rate loan receivables	**0.28% per month – 4.7% per month**	1.5% per month – 4.7% per month
Variable-rate loan receivables	**Prime rate -3% per annum – Prime rate +5% per annum**	–

Included in the loans and advances as at 30 September 2012 were secured loans and advances with the aggregate amount of HK$188,322,000 (2011: HK$79,600,000). These secured loans and advances were secured by listed marketable securities in Hong Kong except for one secured loan which was secured with first legal charge in respect of a residential property located in Hong Kong. These loans and advances were advanced to various independent individual/corporate borrowers and will be due for repayment within one year from the date of advance. Included in the balance of loans and advances secured by listed marketable securities in Hong Kong, there was a fixed-rate loan advance made to a corporate amounting to HK$149,922,000 (2011: HK$25,000,000), representing 32% (2011: 14%) of the gross loans and advances balance. Each of the remaining loans and advances represents less than 10% of the gross balance.

12. Loans and advances *(Continued)*

The balance of the loans and advances amounting to HK$241,639,000 (2011: HK$105,000,000) were unsecured. Included in the unsecured loans and advances were advances made to corporates and individuals, which are independent third parties of the Group, amounting to HK$166,469,000 (2011: HK$65,000,000), with second legal charges in respect of commercial and residential properties located in Hong Kong, which will be due for repayment within 1 to 29 years from the respective loans' date of advance. Included in the mentioned loans receivable was a fixed-rate loan advance to a corporate amounting to HK$144,300,000 (2011: HK$65,000,000), which represents 31% (2011: 35%) of the gross loans and advances balance and which will be due for repayment within 1 year from the date of advance. Each of the remaining loans and advances with second legal charges in respect of residential properties in Hong Kong and other unsecured loans represents less than 10% (2011: 10%) of the gross balance of loans and advances.

In addition, included in the loans and advances as at 30 September 2012, there was an unsecured loan advance made to a corporate, which is an independent third party of the Group, amounting to approximately HK$5,000,000 (2011: nil). There is an option embedded in the loan whereby the Group has the contractual right to receive either in cash or the borrower's shares after successful listing on the Growth Enterprises Market Board of the Stock Exchange at maturity of the loan. Taking into account the possibility of successful listing and the related "lock-up" period, management considered that the fair value of the embedded option is immaterial.

To minimise the Group's exposure to credit risk, there was a credit risk control team responsible for the evaluation of customers' credit rating, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances that are unsecured, those that are secured but without sufficient collaterals and those with default or delinquency in interest or principal payment, on individual basis. The assessment is based on a close monitor and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collaterals value and the past collection history of each individual client. Taking into account of the above, the Directors of the Company believe that no allowance for impairment is necessary.

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 the corresponding carrying amount of the receivables because most of the loans and advances have a maturity of less than 12 months from the date of advance.

13. Trade payables

	2012	2011
	HK$'000	*HK$'000*
Trade payables from the business of dealing in securities:		
Clearing house	**22,715**	11,979
Margin and cash clients	**423,774**	328,492
Trade payables from the business of dealing in futures contracts:		
Margin clients	**174,863**	203,849
	621,352	544,320

The settlement terms of trade payables, except for margin loans, arising from the business of dealing in securities for cash clients 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 are repayable on demand subsequent to settlement date.

Included in trade payables, amounts of HK$497,428,000 and HK$435,073,000 as at 30 September 2012 and 2011 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 conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

As at 30 September 2012, trade payables denominated in Japanese Yen and United States dollars were approximately HK$1,145,000 (2011: HK$1,197,000) and HK$124,416,000 (2011: HK$114,800,000) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1993, the Group is a renowned Hong Kong based brokerage house providing a wide range of financial services including (i) brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom, as well as wealth management and asset management services; (ii) provision of margin and IPO financings as well as loans and advances such as personal money lending and second mortgage loan; (iii) placing and underwriting services; and (iv) corporate finance advisory services.

Market Review

For the year ended 30 September 2012 (the "Year"), the global economy remained unstable due to the overhang of Eurozone debt issues and the fragile recovery in the United States. Concerns over the global economy, coupled with the disappointing corporate earnings, undermined global investor confidence in equity investment.

Growing global uncertainties are causing consumers to become more cautious on spending, which has dampened demand for China's export. Facing the weakening external demand and a cooling China's property market, the China's economy has exhibited a gradual deceleration. According to the China's National Bureau of Statistics, China's year-on-year gross domestic product growth in the second quarter and third quarter of 2012 were 7.6% and 7.4% respectively, down from 8.1% in the first quarter and reached the lowest level since early 2009.

Given the uncertain market situation, investment sentiment towards local securities market had been suppressed. During the Year, the average daily turnover on the Stock Exchange was HK$54.69 billion, representing a year-on-year decline of 28.7%. Meanwhile, the corporate fund raising initiatives, including initial public offering, placing and rights issue exercises, had been downsized or even withdrawn.

Financial Review

During the Year, riding on the success of the diversification of the business line into financing and the solid client base and professional team of placing and underwriting, the Group's revenue increased by 9.5% to HK$223.8 million (2011: HK$204.4 million). Profit for the Year attributable to owners of the Company was HK$63.4 million (2011: HK$62.1 million), representing an increase of 2.1% when compared with last year. Basic earnings per share were HK2.44 cents (2011: HK4.39 cents). The Group proposed a final dividend of HK0.38 cent per share. Together with the interim dividend of HK0.38 cent per share, the total dividend per share for the Year was HK0.76 cent (2011: HK1.38 cents).

Business Review

Facing intense competition in brokerage industry in recent years, the Group has strategically diversified into other financial services including assets management and money lending business. The gains from these new businesses had helped offset the revenue decline in brokerage resulted from the weakened market sentiment. During the Year, the Group was able to deliver stable growth despite the volatile market environment, reflecting the success of new businesses diversification.

Brokerage

The Group provides brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom as well as wealth management and asset management services. During the Year, the Group was awarded as "Capital Merits of Securities Services" in the Capital Merits of Achievements in Banking and Finance annual program, the second consecutive year for recognition of its excellent service by Capital Magazine.

During the Year, revenue generated from the brokerage services segment was HK$75.5 million (2011: HK$99.3 million), accounting for 33.8% of the revenue of the Group.

In view of the growing demand of structured products, the Group extends the product range to various financial products, such as RMB-denominated ETF and new futures products. During the Year, the Group continued to explore new business opportunities and strengthened its effort to enrich the investment knowledge of retail customers by offering informative workshops and seminars.

A branch was newly established in Central in August 2012, further expanding its network to cover key areas in Hong Kong. During the Year, the Group had also set up an institutional division to serve its corporate clients by providing a full range of brokerage services.

Regarding asset management business, the Group provides customised discretionary investment services to its customers for catering various investment needs. The Group also runs a private equity fund, namely "Emperor Greater China Opportunities Fund". During the Year, the concurrent management fee and performance fee from the discretionary investment services and private equity fund served as a new revenue source.

As for the wealth management business, the Group had continued to focus on China investors seeking investments under the Capital Investment Entrant Scheme. Acting as a one-stop investment centre, the wealth management segment offers wide scope of investment tools including securities, mutual funds, insurance-linked products, as well as real estate investment advisory. During the Year, the Group had established strategic cooperation with the immigration consultancy companies in China, to fully capture the quality and potential customers.

Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances. The loans granting to customers are ranging from short-term unsecured loans to long-term second mortgage loans.

During the Year, the demand for margin financing, second mortgage loans and personal loans remained strong. Attributable to the significant growth in money lending business, revenue from the financing segment climbed by 47.6% to HK$94.4 million (2011: HK$64.0 million), accounting for 42.2% of the Group's total revenue.

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 Year, the Group secured a number of primary and secondary market financing projects. Despite the corporate fund raising initiatives over the market had been downsized or even withdrawn due to the weakened market sentiment, the Group successfully participated in several IPO related transactions and many placing and rights issue fund raising exercises. Segmental revenue increased remarkably by 47.7% to HK$42.8 million (2011: HK$29.0 million), accounting for 19.1% of the Group's total revenue.

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 on top of general corporate finance advisory services. Apart from IPO-related services, the Group offers secondary market financing services such as placing, rights issue and advisory services on various corporate transactions including merger and acquisition. In April 2012, the Group had successfully sponsored Synertone Communication Corporation to list on the main board of the Stock Exchange where the Group also acted as the Sole Lead Manager in the IPO fund raising exercise. During the Year, segmental revenue was HK$11.1 million (2011: HK$12.1 million), which accounted for 4.9% of the Group's total revenue.

Outlook

The overall investor sentiment towards the global economic environment has improved after the announcement of a third round of quantitative easing (QE3) by the United States Federal Reserve in September 2012. At the local level, the Stock Exchange has continued to initiate various supportive measures to extend the breadth and depth of local market. In the long run, the Group is optimistic towards the Hong Kong's equity market given its advantageous position as an international financial center is likely to persist. On the brokerage front, the Group will strive to capture the opportunities ahead through enhancing customers' user experience, delivering professional services and expanding its product offerings.

With the first Renminbi-traded equity security outside Mainland China commenced trading on the Stock Exchange in October 2012, the pace of transforming Hong Kong into an offshore RMB financial centre is expected to accelerate. Being one of the local leading financial institutions, the Group is poised to tap the potential growth from the trading of RMB-denominated products.

In the ever-changing financial landscape, the management believes the Group's sustainability is rooted in strategic diversification. The Group will continue to pursue a balanced mix of businesses to secure steady earnings growth. In view of the growing demand for second mortgage loans and personal loans, the Group expects the financing business will be the key driver for business growth in the near term. Riding on its well established network and clientele, the Group will further accelerate the expansion of the money lending business and second mortgage loan, and at the same time, implement a sound credit risk management framework that includes effective loan policy guidelines and independent credit analysis.

The year 2012 was a milestone for the Group as it marked the 5th anniversary of the Company's listing on the Stock Exchange. A celebration event was held on 12 July 2012 to commemorate the occasion with the frontline staff, business partners and senior management, recogising the Group's remarkable progress and development in the past 5 years since listing. The Group will continue to accelerate the business development and expansion to further put forward the next stage of growth.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK0.38 cent per share ("Final Dividend") for the year ended 30 September 2012 (2011: HK0.38 cent per share), amounting to approximately HK$9.9 million (2011: HK$9.9 million), subject to the approval of the shareholders at the forthcoming annual general meeting ("AGM") of the Company to be held on 30 January 2013 (Wednesday). If approved, the Final Dividend will be paid on 28 February 2013 (Thursday) to shareholders whose names appear on the register of members of the Company on 7 February 2013 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

<u>For ascertaining shareholders' right to attend and vote at AGM</u>

Latest time to lodge transfers	4:30 p.m. on 28 January 2013 (Monday)
Book close date	29 January 2013 (Tuesday)
Record date	29 January 2013 (Tuesday)
AGM	30 January 2013 (Wednesday)

<u>For ascertaining shareholders' entitlement to the proposed Final Dividend</u>

Latest time to lodge transfers	4:30 p.m. on 5 February 2013 (Tuesday)
Book close dates	6 to 7 February 2013 (Wednesday to Thursday)
Record date	7 February 2013 (Thursday)
Final Dividend payment date	28 February 2013 (Thursday)

In order to qualify for the right to attend and vote at the AGM and for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration before the above latest time to lodge transfers.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group mainly financed its operations by cash generated from operations and short-term bank borrowings.

As at 30 September 2012, the Group's current assets and current liabilities were HK$1,839.0 million and HK$653.6 million (2011: HK$1,781.1 million and HK$587.6 million) respectively. The Group had no bank borrowings and zero gearing ratio was recorded (calculated based on the basis of total bank and other borrowings over total equity). With the support of the Group's bank balances and cash amounting to HK$222.2 million (2011: HK$637.3 million), the Group demonstrated a strong financial position and healthy cash flow. In addition, its available unutilised banking facilities were approximately HK$420 million.

With the Group's sufficient bank balances and cash as well as its existing banking facilities, the Board considers the Group has sufficient working capital for its operation and future development.

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2012, the Group did not have any material foreign exchange exposure.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

In 2011, the Group had placed an aggregate amount of HK$40,000,000 (the "Escrow Funds") with a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent (the "Escrow Agent"), of which HK$25,000,000 and HK$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. The Escrow Funds had fallen due and became payable to the Group in June 2011. Despite the Group's repeated requests to K&L Gates for the release of the Escrow Funds, the Group had not received the Escrow Funds. It was reported that a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies held in the escrow accounts. In early July of 2011, the Group has commenced legal proceedings against the two borrowers and partners of K&L Gates. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK$40,000,000 will be recovered.

However, as the timing of recovering this amount is expected to be longer than 12 months after the end of the reporting period, the Group has recognised an allowance of HK$12,000,000 (2011: Nil) at a discount rate of 12% per annum, and the Group has reclassified the Escrow Fund to non-current asset, which was presented as a current asset under loans and advances as at 30 September 2011. If the actual recoverable amount is less than expected, a material impairment loss may arise.

Save as disclosed above, so far as known to the Directors, there was no other litigation, arbitration or claim of material importance in which the Company is engaged or pending or which was threatened against the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the Group has 198 (2011: 203) account executives and 117 employees (2011: 103). Total staff costs (including Directors' remuneration) were approximately HK$50.4 million (2011: HK$43.4 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

CORPORATE GOVERNANCE

Corporate Governance Code

During the year, the Company has complied with all the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) under Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), except with the deviation from code provision A.2.1 which requires the roles of chairman and chief executive officer be separate and not be performed by the same individual. Currently, the Board has appointed Ms. Daisy Yeung as the Managing Director of the Company, who also assumes the responsibility to lead the Board and ensure the Board works effectively. The Board is of the opinion that the current structure functions effectively and does not intend to make any change thereof.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

REVIEW OF ANNUAL RESULTS

The annual results for the Year have been reviewed by the audit committee of the Company, which comprises the three Independent Non-Executive Directors of the Company.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.emperorcapital.com). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 5 December 2012

As at the date of this announcement, the Board comprises:

Executive Directors:	Ms. Daisy Yeung
	Mr. Chan Shek Wah
	Ms. Choi Suk Hing, Louisa
	Ms. Pearl Chan
Independent Non-Executive Directors:	Mr. Kwok Chi Sun, Vincent
	Mr. Cheng Wing Keung, Raymond
	Mr. Chu Kar Wing