

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 717)

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

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 2010 together with comparative figures for the preceding 18 months ended 30 September 2009, as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		<b>12 months ended 30 September 2010 HK\$'000</b>	<b>18 months ended 30 September 2009 HK\$'000</b>
	<i>Notes</i>		
Revenue	4	<b>201,931</b>	145,443
Other operating income		<b>3,529</b>	2,659
Staff costs		<b>(39,004)</b>	(40,414)
Commission expenses		<b>(33,986)</b>	(24,304)
Other expenses		<b>(42,850)</b>	(54,513)
Finance costs	5	<b>(2,296)</b>	(1,647)
Impairment allowance on trade receivables		<b>–</b>	(37,401)
Share of (loss) profit of an associate		<b>(2,242)</b>	979
Profit (loss) before taxation	6	<b>85,082</b>	(9,198)
Taxation	7	<b>(13,139)</b>	1,167
Profit (loss) for the year/period		<b>71,943</b>	(8,031)
Other comprehensive income for the year/period			
Exchange differences arising on translation		<b>14</b>	4
Total comprehensive income (expense) for the year/period		<b>71,957</b>	(8,027)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(Continued)*

	<b>12 months ended 30 September 2010</b>	18 months ended 30 September 2009
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Profit (loss) for the year/period attributable to:		
Owners of the Company	<b>72,106</b>	(8,031)
Non-controlling interests	<b>(163)</b>	–
	<b><u>71,943</u></b>	<b><u>(8,031)</u></b>
Total comprehensive income attributable to:		
Owners of the Company	<b>72,120</b>	(8,027)
Non-controlling interests	<b>(163)</b>	–
	<b><u>71,957</u></b>	<b><u>(8,027)</u></b>
Earnings (loss) per share	9	
Basic and diluted	<b><u>HK8.33 cents</u></b>	<b><u>(HK1.11 cents)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2010*

		As at 30 September 2010 <i>HK\$'000</i>	As at 30 September 2009 <i>HK\$'000</i>
<b>Non-current assets</b>			
Interests in an associate		–	609
Property and equipment		5,933	6,680
Intangible assets		–	–
Other assets		8,064	4,334
Amount due from an associate		4,354	5,987
Available-for-sale financial assets		136	136
Deferred tax asset		–	752
		<b>18,487</b>	18,498
<b>Current assets</b>			
Trade receivables	10	1,710,467	664,460
Loans and advances	11	30,000	55,235
Other debtors, deposits and prepayments		6,197	4,163
Tax recoverable		–	134
Bank balances and cash – trust accounts		398,125	234,229
Bank balances and cash – general accounts		110,440	210,339
		<b>2,255,229</b>	1,168,560
<b>Current liabilities</b>			
Trade payables	12	538,937	292,876
Other creditors and accrued charges		18,661	13,313
Tax liabilities		12,319	–
Short-term bank borrowings		1,116,070	352,600
		<b>1,685,987</b>	658,789
<b>Net current assets</b>		<b>569,242</b>	509,771
<b>Net assets</b>		<b>587,729</b>	528,269
<b>Capital and reserves</b>			
Share capital		8,658	8,658
Reserves		578,744	519,611
<b>Equity attributable to owners of the Company</b>		<b>587,402</b>	528,269
<b>Non-controlling interest</b>		<b>327</b>	–
		<b>587,729</b>	528,269

Notes:

## 1. 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.

## 2. 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(IFIRC) – INT 16
HKAS 1 (Revised)	Presentation 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.

Notes: (Continued)

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

*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 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>2</sup>
HKAS 24 (Revised)	Related Party disclosures <sup>3</sup>
HKAS 32 (Amendment)	Classification of right issues <sup>4</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adoptors <sup>5</sup>
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adoptors <sup>7</sup>
HKFRS 2 (Amendment)	Group cash-settled share based payment transactions <sup>5</sup>
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets <sup>8</sup>
HKFRS9	Financial instruments <sup>6</sup>
HK(IFRIC) - INT 14 (Amendment)	Prepayment of a minimum funding requirement <sup>3</sup>
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments <sup>7</sup>

Notes: (Continued)

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

- <sup>1</sup> Amendments that are effective for annual periods beginning on or after 1 January 2010
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2011
- <sup>4</sup> Effective for annual periods beginning on or after 1 February 2010
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2010
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2013
- <sup>7</sup> Effective for annual periods beginning on or after 1 July 2010
- <sup>8</sup> 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.

Notes: (Continued)

### 3. 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 revenue and results

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

##### *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>
<b>REVENUE</b>						
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.

#### RESULTS

Segment results	<u>25,283</u>	<u>45,035</u>	<u>56,767</u>	<u>819</u>		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						<u>(2,242)</u>
Profit before taxation						<u>85,082</u>

Notes: (Continued)

**3. Segment information (Continued)**

**Segment revenue and results (Continued)**

**For the 18 months ended 30 September 2009**

	Brokerage HK\$'000	Financing HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
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.

**RESULTS**

Segment profit (loss)	<u>23,498</u>	<u>(3,466)</u>	<u>14,143</u>	<u>704</u>		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						<u>979</u>
Loss before taxation						<u>(9,198)</u>

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 (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.



Notes: (Continued)

**3. Segment information (Continued)**

**Segment assets and liabilities**

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

*As at 30 September 2010*

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

*As at 30 September 2009*

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

Notes: (Continued)

### 3. Segment information (Continued)

#### Segment assets and liabilities (Continued)

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 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

	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>
<b>For the year ended</b>					
<b>30 September 2010</b>					
Additions of property and equipment	1,754	-	-	-	1,754
Depreciation of property and equipment	2,458	-	-	11	2,469
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>For the 18 months ended</b>					
<b>30 September 2009</b>					
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
Others	1,345	722
	<u>          </u>	<u>          </u>
	<b>201,931</b>	<b>145,443</b>
	<u>          </u>	<u>          </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 contributes 10% or more of the Group's revenue for the year/period.

Notes: (Continued)

**4. Revenue**

	<b>12 months ended 30 September 2010 HK\$'000</b>	18 months ended 30 September 2009 HK\$'000
Commission and brokerage fees on dealing in securities	<b>59,941</b>	69,018
Commission and brokerage fees on dealing in futures and options contracts	<b>16,341</b>	15,018
Commission from insurance brokerage and wealth management	<b>8,496</b>	2,253
Corporate finance advisory services fee income	<b>6,676</b>	5,041
Placing and underwriting commission	<b>62,295</b>	16,369
Interest income from:		
Margin and initial public offer financing	<b>33,038</b>	25,506
Loans and advances	<b>14,292</b>	10,033
Bank deposits	<b>850</b>	2,151
Others	<b>2</b>	54
	<b>201,931</b>	145,443

**5. Finance costs**

	<b>12 months ended 30 September 2010 HK\$'000</b>	18 months ended 30 September 2009 HK\$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	<b>2,206</b>	1,520
Amount due to a related company	<b>78</b>	84
Others	<b>12</b>	43
	<b>2,296</b>	1,647

Notes: (Continued)

**6. Profit (loss) before taxation**

	<b>12 months ended 30 September 2010 HK\$'000</b>	18 months ended 30 September 2009 HK\$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	<b>4,822</b>	3,620
Amortisation of intangible assets	–	317
Auditor's remuneration	<b>1,200</b>	1,259
Depreciation of property and equipment	<b>2,469</b>	2,883
Management fee to a related company	<b>5,506</b>	6,257
Net exchange (gain) loss	<b>(11)</b>	69
Operating lease rentals in respect of		
– rented premises	<b>5,507</b>	7,274
– equipment	<b>68</b>	147
Other equipment rental expense	<b>9,170</b>	12,025
Legal and professional fee	<b>814</b>	1,777
Included in other operating income:		
Handling fee income	<b>(3,250)</b>	(2,453)

**7. Taxation**

	<b>12 months ended 30 September 2010 HK\$'000</b>	18 months ended 30 September 2009 HK\$'000
Current year:		
Hong Kong Profits Tax		
– provision for the year/period	<b>12,319</b>	–
– overprovision for prior year	–	(127)
PRC Enterprise Income Tax	<b>68</b>	–
Deferred taxation		
– charge (credit) for the year/period	<b>752</b>	(1,040)
	<b>13,139</b>	(1,167)

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

Notes: (Continued)

## 8. Dividends

	<b>12 months ended 30 September 2010 HK\$'000</b>	18 months ended 30 September 2009 HK\$'000
Recognised as distribution:		
Interim paid: HK\$0.01 per share (2009: Nil)	8,658	–
Final paid in respect of 2009: HK\$0.005 per share (2009: Nil in respect of 2008)	<u>4,329</u>	<u>–</u>
	<b><u>12,987</u></b>	<b><u>–</u></b>

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

## 9. Earnings (loss) per share

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

	<b>12 months ended 30 September 2010 HK\$'000</b>	18 months ended 30 September 2009 HK\$'000
<b>Earnings</b>		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>72,106</u>	<u>(8,031)</u>
	<b>12 months ended 30 September 2010</b>	18 months ended 30 September 2009
<b>Number of shares</b>		
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 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 year ended 30 September 2010 and 18 months ended 30 September 2009.

Notes: (Continued)

## 10. Trade receivables

	<b>As at</b>	
	<b>30 September</b>	30 September
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	<b>82,306</b>	41,139
Secured margin loans	<b>440,465</b>	197,960
Initial public offering margin loans	<b>1,118,993</b>	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	<b>68,485</b>	24,923
Trade receivables from the business of corporate finance	<b>218</b>	205
	<b><u>1,710,467</u></b>	<b><u>664,460</u></b>

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, are repayable on demand. No collateral was pledged from other trade receivables.

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

Notes: (Continued)

**10. Trade receivables (Continued)**

The aged analysis of the trade receivables are as follows:

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

Notes:

- (a) The Group has policy for impairment allowance 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.
- (b) Movement in the impairment allowance on trade receivables:

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

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. Accordingly, the Directors of the Company believe that there is no further provision required in excess of the allowance for impairment.

Notes: (Continued)

**10. Trade receivables (Continued)**

(b) (Continued)

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.

**11. 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><b>30,000</b></u>	<u>55,235</u>

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

	As at	
	30 September 2010	30 September 2009
Effective interest rate:		
Fixed-rate loan receivables	<b>4.7% per month</b>	2% per month

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 of the 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.



Notes: (Continued)

## 12. Trade payables

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

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 were approximately HK\$172,000 (2009: Nil) and HK\$78,200,000 (2009: HK\$28,135,000) respectively.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group provides a wide range of financial services covering brokerage, financing, placing and underwriting, corporate finance advisory services and wealth management.

### **Market Review**

There have been signs of recovery in the United States and the Europe since mid-2009 although the global economic environment remains challenging due to the debt crisis in Greece, high unemployment rate in the United Kingdom, worries of a double-dip recession in the United States and debates over the growing expectation on RMB appreciation. Driven by the above factors, the investment behaviour of the market has changed and funds have been attracted back to developed countries in the Pacific Rim. PRC, on the other hand, continues to proactively implement its macro-economic measures, adjust its economic structure and check its pace of growth, enabling the national economy to develop as directed by the government's credit tightening policies which prevailed in early 2010. Hong Kong, being in its very nature relying on incoming overseas investments, is facing the possibility of a decline in investment appetite. In these circumstances, the government of the HKSAR has increased investment on infrastructure and actively developed RMB related products and services so as to solidify its position as a RMB off-shore settlement centre, hence enhancing investors' confidence.

## Financial Review

### Financial Highlights:

	<b>12 months ended 30 September 2010 (Audited) HK\$'000</b>	18 months ended 30 September 2009 (Audited) HK\$'000 (Note)	12 months ended 30 September 2009 (Unaudited) HK\$'000 (Note)	Changes (Year on Year)
Revenue	<b>201,931</b>	145,443	92,712	+117.8%
– Brokerage	<b>85,630</b>	88,490	60,127	+42.4%
– Financing	<b>47,330</b>	35,539	22,313	+112.1%
– Placing and Underwriting	<b>62,295</b>	16,369	7,333	+749.5%
– Corporate Finance	<b>6,676</b>	5,045	2,939	+127.2%
Profit (loss) for the year/period attributable to owners of the Company	<b>72,106</b>	(8,031)	15,701	+359.2%
Basic Earnings/(Loss) per Share	<b>HK cents 8.33</b>	HK cents (1.11)	HK cents 2.18	N/A
Dividend for the year/period per Share	<b>HK cents 2.5</b>	HK cents 0.5	HK cents 0.5	+400.0%

*Note:* Due to the change of financial year end date from 31 March to 30 September in the year of 2008/2009, the last financial period covered 18 months instead. For simplicity, presenting corresponding 12 months amounts of the last financial period (“Previous 12 Months Figures”) in the above financial highlight is more comparable with the results of the current financial year. The Previous 12 Months Figures, which represent audited financial figures for the 18 months ended 30 September 2009 minus unaudited financial figures for the 6 months ended 30 September 2008, will be used for comparison throughout this “Management Discussion and Analysis” section.

Riding on the gradual recovery of the world economy, the Group recorded satisfactory results for the 12 months ended 30 September 2010 (the “Year”).

During the Year, the Group reported revenue of approximately HK\$201.9 million, representing a significant increase of 117.8%. Thanks to the Group’s high operating efficiency and economy of scale, profit for the year attributable to owners of the Company increased by 359.2% to HK\$72.1 million. Basic earnings per share were HK8.33 cents. The Group proposed a final dividend of HK\$0.015 per share, making the total dividend for the year to HK\$0.025 per share.

### ***Liquidity And Financial Resources***

The Group financed its operations by shareholder's equity, cash generated from operations, and short-term bank borrowings.

As at 30 September 2010, the Group's current assets and current liabilities were approximately HK\$2,255.2 million and HK\$1,686.0 million respectively. Included in the current liabilities was the Group's short term bank borrowings of HK\$1,116.1 million which were repayable on demand and secured by charge over securities subscribed under initial public offering ("IPO"). The bank borrowings carried interest at HIBOR plus a spread and were dominated in Hong Kong dollars. The Group's gearing ratio (represented total borrowings over total equity) increased from 0.7 to 1.9.

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

### ***Foreign Exchange Exposure***

As at 30 September 2010, the Group did not have any material foreign exchange exposure.

### ***Contingent Liability***

As at 30 September 2010, the Group did not have any significant contingent liability.

### **Business Review**

During the Year, the Group continued to implement its strategic development plan and achieved steady growth across all business lines.

### ***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 Year, revenue generated from the brokerage services segment amounted to HK\$85.6 million, accounting for 42.4% (2009: 64.9%) of the revenue of the Group. Thanks to the outstanding achievement of the Group's frontline teams, such revenue represented an increment of 42.4% over the revenue for the same period last year.

With respect to operation developments, the Group implemented various measures such as expanding its 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 Year, the strong market sentiment provided more incentives for fund raising and corporate exercise. Revenue from this segment was up by 112.1% to HK\$47.3 million (2009: HK\$22.3 million), showing the increasing market demand from margin and IPO financing, while the IPO drew much market attention.

During the year, there were 93 companies (2009: 33 companies) newly listed on the Hong Kong Stock Exchange, showing the IPO market is more active recently.

### ***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 under review, the Group achieved outstanding performance in this segment as a result of the positive sentiment towards IPO, fund raising and corporate exercise in the market. This segment recorded revenue of HK\$62.3 million (2009: HK\$7.3 million), accounting for 30.8% of the Group's total revenue and becoming its another major revenue source and growth driver.

The Group participated in a number of IPO projects, joining the underwriting syndicates and bringing in cornerstone investors for Evergrande Real Estate Group Limited, Fantasia Holdings Group Co., Limited, Kaisa Group Holdings Ltd. and Z-Obee Holdings Limited.

### ***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 Year, this segment recorded of HK\$6.7 million (2009: HK\$2.9 million) which accounted for 3.3% of the Group's total revenue.

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

## **OUTLOOK**

The Mainland government has reiterated that it will consistently maintain a stable macro-economic policy and persist with its proactive but moderate fiscal and monetary policies so as to reinforce the bounce-back momentum of the economy, showing the tremendous potential of future business. Following the extension of the scope of pilot RMB settlement in cross-border trade, the pace of developing Hong Kong into offshore RMB financial centre is expected to accelerate. Riding on the increasing commercial opportunities from the PRC, the Group will continue to strengthen its China business to benefit from China's growing economy.

Supported by motherland's favourable policies and positive investment atmosphere, it led to growing demand of brokerage and financial services. With respect to Hong Kong, given low interest rates and abundant liquidity in the money market, it is anticipated that the fund raising activities in IPO and secondary investment market in Hong Kong will continue the momentum. The Group will continue to actively participate in a number of fund raising activities, leveraging on the Group's strong connections, effective business strategies and extensive market experiences.

With the commencement of new business in asset management, the Group will allocate more resources to provide more and better products and services to cater the various investment needs of customers.

Facing the rising use of internet, the Group has improved its current securities online trading platform for capturing the untapped market and creating value-added services to the existing customers.

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, hence further consolidating its market share, utilising competitive edges and procuring steady growth in business volume.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.015 per share ("Final Dividend") for the year ended 30 September 2010 (2009: HK\$0.005 per share), amounting to approximately HK\$13.0 million (2009: approximately HK\$4.3 million), subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 27 January 2011. If approved, the Final Dividend will be paid on 25 February 2011 to shareholders whose names appear on the register of members of the Company on 24 January 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Final Dividend, from 25 January 2011 (Tuesday) to 27 January 2011 (Thursday) (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor 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 24 January 2011 (Monday).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2010, the Group has 196 (2009: 192) account executives and 85 employees (2009: 78). Total staff costs (including Directors' remuneration but excluding commission rebate for account executives) were approximately HK\$39.0 million (2009: HK\$40.4 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.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 20 September 2007. During the Year, the Company did not grant any option under the share option scheme whilst 3,000,000 share options granted to a former executive director of the Company was lapsed in May 2010 due to his cessation of employment with the Group. The outstanding share options as at the end of the Year was 3,000,000 share options which were granted to a Director on 28 January 2008.

## **CORPORATE GOVERNANCE**

### **Code on Corporate Governance Practices**

As the Board has adopted various policies for the purpose to ensure compliance with all provisions of the Code on Corporate Governance Practices 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.emp717.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, 7 December 2010

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

<i>Executive Directors:</i>	Ms. Daisy Yeung ( <i>Managing Director</i> ) Ms. Choi Suk Hing, Louisa
<i>Independent non-executive Directors:</i>	Mr. Kwok Chi Sun, Vincent Mr. Cheng Wing Keung, Raymond Mr. Chu Kar Wing

\* *For identification purpose only*