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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 INTERIM RESULTS
 FOR THE SIX MONTHS ENDED 31 MARCH 2012**

FINANCIAL HIGHLIGHTS: <i>HK\$'000 (Unaudited)</i>	For the six months ended 31 March	
	2012	2011
Revenue	98,691	104,123
– Brokerage	41,827	49,892
– Loans & Financing	45,532	38,214
– Placing & Underwriting	5,603	11,737
– Corporate Finance	5,729	4,280
Profit for the period attributable to owners of the Company	37,337	33,634
		(Restated)
Earnings per Share (Basic & diluted)	HK1.44 cents	HK3.20 cents

* 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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2012 (the “Period”) together with the comparative figures for the corresponding period in 2011 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 31 March	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Revenue	4	98,691	104,123
Other operating income		1,373	1,346
Staff costs		(24,613)	(19,812)
Commission expenses		(16,200)	(21,966)
Other expenses		(26,205)	(24,417)
Finance costs		(33)	(995)
Share of loss of an associate		(226)	(160)
Cumulative gain reclassified from equity to profit or loss in relation to the available-for-sale investment upon disposal of a subsidiary	5	7,900	–
Profit before taxation		40,687	38,119
Taxation	6	(3,576)	(4,897)
Profit for the period		37,111	33,222
Other comprehensive income for the period			
Exchange differences arising on translation		–	24
Reclassification adjustment for the cumulative gain included in profit or loss in relation to the available-for-sale investment upon disposal of a subsidiary		(7,900)	–
Total comprehensive income for the period		29,211	33,246

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Continued)

		Six months ended 31 March	
		2012	2011
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Profit (loss) for the period attributable to:			
Owners of the Company		37,337	33,634
Non-controlling interests		(226)	(412)
		<u>37,111</u>	<u>33,222</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		29,437	33,658
Non-controlling interests		(226)	(412)
		<u>29,211</u>	<u>33,246</u>
			(Restated)
Earnings per share	7		
– Basic		<u>HK1.44 cents</u>	<u>HK3.20 cents</u>
– Diluted		<u>HK1.44 cents</u>	<u>HK3.20 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2012 (unaudited) HK\$'000	30 September 2011 (audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Interest in an associate		–	–
Property and equipment		6,202	4,255
Other assets		4,288	4,814
Amount due from an associate		3,398	3,624
Financial asset at fair value through profit or loss	9	5,000	–
Loans and advances	10	61,378	–
Available-for-sale financial assets		–	8,036
		80,266	20,729
Current assets			
Trade receivables	11	417,430	511,177
Loans and advances	10	320,524	184,600
Other debtors, deposits and prepayments		15,034	12,886
Tax recoverable		2,597	–
Bank balances and cash – trust accounts		466,119	435,073
Bank balances and cash – general accounts		630,557	637,327
		1,852,261	1,781,063
Current liabilities			
Trade payables	12	680,980	544,320
Other creditors and accrued charges		15,319	19,645
Tax liabilities		2,722	23,662
		699,021	587,627
Net current assets		1,153,240	1,193,436
Net assets		1,233,506	1,214,165
Capital and reserves			
Share capital		25,974	25,974
Reserves		1,207,950	1,188,383
Equity attributable to owners of the Company		1,233,924	1,214,357
Non-controlling interest		(418)	(192)
Total equity		1,233,506	1,214,165

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 31 March 2012 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 September 2011.

In the Period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial period beginning on 1 October 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets
HKAS 24 (Revised)	Related party disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a minimum funding requirement

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 1 (Amendments)	Government loans ¹
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities ¹
HKFRS 9	Financial instruments ²
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures 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
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ⁴
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets ³
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
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities ⁵
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 January 2012

⁴ Effective for annual periods beginning on or after 1 July 2012

⁵ Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors of the Company anticipate that the application of the other new or revised HKFRSs will have no material impact on the Group's 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) Loans and 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 |

3. SEGMENT INFORMATION (Continued)

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

For the six months ended 31 March 2012

	Brokerage (unaudited) HK\$'000	Loans and financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	41,827	45,532	5,603	5,729	–	98,691
Inter-segment sales	–	3,510	–	–	(3,510)	–
	<u>41,827</u>	<u>49,042</u>	<u>5,603</u>	<u>5,729</u>	<u>(3,510)</u>	<u>98,691</u>

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	<u>9,235</u>	<u>45,516</u>	<u>4,099</u>	<u>1,284</u>		60,134
Unallocated other operating income						128
Unallocated corporate expenses						
– Staff costs (include directors' remuneration)						(17,775)
– Management fee to a related company						(747)
– Management fee to a fellow subsidiary						(2,590)
– Others						(6,137)
Share of loss of an associate						(226)
Reclassification adjustment for the cumulative gain included in profit or loss in relation to available-for-sale investment upon disposal of a subsidiary						<u>7,900</u>
Profit before taxation						<u>40,687</u>

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 March 2011

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

Inter-segment sales are charged at prevailing market rate.

RESULTS

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

4. REVENUE

	Six months ended 31 March	
	2012	2011
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Commission and brokerage fees on dealing in securities	18,293	31,338
Commission and brokerage fees on dealing in futures and options contracts	9,798	11,230
Commission from insurance brokerage and wealth management	8,881	7,324
Corporate finance advisory services fee income	5,729	4,280
Placing and underwriting commission	5,603	11,737
Interest income from:		
– Margin and initial public offer (“IPO”) financing	15,262	20,710
– Loans and advances	30,270	16,816
– Bank deposits	4,855	688
	<u>98,691</u>	<u>104,123</u>

5. DISPOSAL OF A SUBSIDIARY

On 30 November, 2011, the Group disposed 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:

Consideration received:

	<i>HK\$'000</i> (unaudited)
Total cash consideration received	14,337

As at
30 November 2011
(unaudited)

Analysis of assets and liabilities over which control was lost:

	<i>HK\$'000</i>
Available-for-sale financial assets	8,036
Other deposits	802
Bank balances and cash	5,499
	<hr/>
Net assets disposed of	14,337
	<hr/> <hr/>

Gain recognised on disposal of a subsidiary:

Consideration received	14,337
Net assets disposed of	(14,337)
Reclassification adjustment for the cumulative gain included in profit or loss in relation to the available-for-sale investment upon disposal of a subsidiary	7,900
	<hr/>
Gain on disposal	7,900
	<hr/>

Net cash inflow arising on disposal:

Cash consideration	14,337
Less: bank balances and cash disposed of	(5,499)
	<hr/>
	8,838
	<hr/> <hr/>

9. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount represents an investment in unlisted debt securities measured at fair value at the end of the reporting period.

10. LOANS AND ADVANCES

	As at	
	31 March 2012 (unaudited) HK\$'000	30 September 2011 (audited) HK\$'000
Fixed-rate loan receivables	359,663	184,600
Installment loan receivables	22,239	—
	<u>381,902</u>	<u>184,600</u>
Current portion included under current assets	(320,524)	(184,600)
Amount due after one year	<u>61,378</u>	<u>—</u>

The effective interest rate on the Group's loans and advances are as follows:

	As at	
	31 March 2012 (unaudited)	30 September 2011 (audited)
Effective interest rate:		
Fixed-rate loan receivables	1% to 4.7% per month	1.5%-4.7% per month
Installment loan receivables	2% to 6.3% per annum	N/A

The term of fixed-rate loan receivables entered with customers ranges from 1 month to 1 year.

The term of installment loan receivables entered with customers ranges from 1 year to 30 years.

Included in the loans and advances as at 31 March 2012 are secured loans and advances with the aggregate amount of HK\$301,579,000 (2011: HK\$144,600,000). The remaining amount of HK\$80,323,000 (2011: HK\$40,000,000) are unsecured.

As at 31 March 2012, the non-current unsecured loans and advances amounting to HK\$40,000,000 was advanced to two borrowers as a loan which was agreed to be placed in escrow in a law firm, K&L Gates, as an 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. As described in the paragraph of Litigation, Claims and Contingent Liability under Management Discussion and Analysis, the Group has commenced legal proceedings against the borrowers and the partners of K&L Gates. Based on the opinion of the Group's legal advisors, the management of the Group is of the view that there is no impairment loss being recognized as at 31 March 2012.

As the timing of recovering this amount may now be longer than twelve months, the Group has reclassified the said amount as a non-current asset, which was presented as a current asset under loans and advances for the year ended 30 September 2011.

The Group has policy for impairment on loans and advances for those without sufficient collaterals or with default or delinquency in interest or principal payment, which is based on the closely monitor of evaluation of collectability and aged analysis of accounts and on management's judgment including the current creditworthiness, collaterals value and the past collection history of each client. Accordingly, the Directors of the Company believe that there is no allowance for impairment is made.

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

11. TRADE RECEIVABLES

The aged analysis of the trade receivables are as follows:

	As at	
	31 March 2012 (unaudited) HK\$'000	30 September 2011 (audited) HK\$'000
Past due:		
0–30 days	5,275	11,507
31–60 days	3	69
61–90 days	5	82
Over 90 days	164	4,378
Trade receivables which were past due but not impaired	5,447	16,036
Trade receivables which were neither past due nor impaired	411,983	495,141
	417,430	511,177

No aged analysis for loans to margin clients is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 March 2012 and 30 September 2011, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$4,749,641,000 and HK\$3,405,308,000 respectively.

The Group has policy for impairment on trade receivables for those without sufficient collaterals or with default or delinquency in interest or principal payment, which is based on the closely monitor of evaluation of collectability and aged analysis of accounts and on management's judgment including the current creditworthiness, collaterals value and the past collection history of each client. Accordingly, the Directors of the Company believe that there is no allowance for impairment is made.

12. TRADE PAYABLES

	As at	
	31 March 2012 (unaudited) HK\$'000	30 September 2011 (audited) HK\$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	207,789	203,849
Trade payables from the business of dealing in securities:		
Clearing house	12,255	11,979
Margin and cash clients	460,936	328,492
	<u>680,980</u>	<u>544,320</u>

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

Included in trade payables amounts of HK\$466,119,000 and HK\$435,073,000 at 31 March 2012 and 30 September 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 the conduct of regulated activities.

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.

Market Review

In the Period, triggered by the unresolved European debt issue and the tightening of monetary policy in China, the market sentiment remained weak although the Hang Seng Index exhibited gradual pick-up. The average daily turnover on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) plummeted by 24.6% to HK\$61.26 billion, compared with the same period last year. Meanwhile, the fund raising activities, including initial public offering, placing and rights issue exercises, have reduced significantly in terms of the numbers of projects completed and the fund raising sizes.

Financial Review

Despite the general economy and financial environment were exceptionally complex and volatile for the Period, the Group was still able to maintain stable results riding on its balanced and diversified mix of businesses and wide base of clientele.

During the Period, the Group reported revenue of approximately HK\$98.7 million (2011: HK\$104.1 million). The profit for the Period attributable to owners of the Company was HK\$37.3 million (2011: \$33.6 million), representing an increase of 11.0% when compared to the first half of the last financial year. Basic earnings per share were HK1.44 cents. The Group proposed an interim dividend of HK0.38 cent per share.

Business Review

During the Period, the Group continued to implement its strategic development plan. Leveraging on its balanced mix of businesses, the Group strived to secure its market position, outperforming the market with impressive growth in loan interest income and corporate finance segments.

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 Period, revenue generated from the brokerage services segment decreased by 16.2% to HK\$41.8 million (2011: HK\$49.9 million), accounting for 42.4% of the revenue of the Group. Such decrease was relatively small when compared with the total decline of market turnover recorded by the Stock Exchange.

As a move to expand the Group's presence in northern China, a liaison office has been set up in Beijing since October 2011.

With the commencement of new business in asset management, the Group continued to allocate more resources to widen the product range for catering various investment needs of customers. The discretionary portfolio management service provides affluent clients with highly customised investment portfolios.

Emperor Greater China Opportunities Fund, the first equity fund managed by the Group with the focus on equities in the Greater China region, has been launched since October 2011. The concurrent management fee and performance fee were the new revenue sources during the Period.

With respect to the wealth management team, the Group continued to focus on investors from the mainland seeking investments under the Capital Investment Entrant Scheme (the "CIES"). In order to grasp the market opportunities on the growing customers' demand for diversifying its assets, the wealth management team acted as a one-stop investment centre providing various products and services such as mutual funds, insurance-linked products, as well as real estate investment advisory.

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.

Revenue from this segment was up by 19.2% to HK\$45.5 million (2011: HK\$38.2 million), accounting for 46.1% of the Group's total revenue. The increase was largely attributable to the strong growth from money lending business and second mortgage loan.

Placing and Underwriting

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

During the Period, the segment recorded revenue of HK\$5.6 million (2011: HK\$11.7 million), accounting for 5.7% of the Group's total revenue. The Group participated in 3 IPO related transactions and 9 placing and rights issue fund raising exercises during the Period.

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.

During the Period, this segment was up by 33.9% to HK\$5.7 million (2011: HK\$4.3 million), which accounted for 5.8% of the Group's total revenue. With the strong support of corporate finance team, we secured several corporate transactions and IPO sponsor mandates for companies seeking to be listed on both the Main Board and the GEM Board of the Stock Exchange.

OUTLOOK

Facing the growing demand of CIES customers on shifting their investment portfolio from real estate to securities and bonds, the Group will capture this market window and allocate more resources for catering various investment needs.

To continue the outperforming track record of Emperor Greater China Opportunities Fund, the Group will seek to enlarge the fund size and diversify the investment portfolio to achieve better return.

Riding on its well established network and clientele, the Group will further accelerate the expansion of the money lending business and second mortgage loan as new business drivers for generating stable income steam.

With the gradual stabilisation of the financial markets as well as the Group's balanced mix of businesses, the Group will continue to pursue strategies that can deliver sustainable long term growth. 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.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2012, the Group's current assets and current liabilities were approximately HK\$1,852 million and HK\$699 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\$630.6 million (2011: HK\$637.3 million), the Group demonstrated a strong financial position and healthy cash flow. In addition, its available unutilised bank 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 the future development of the Group.

As at 31 March 2012, the Group has operating lease commitment of approximately HK\$14.4 million.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2012, the Group did not have any material foreign exchange exposure.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

During the last financial year, the Group had advanced an aggregate amount of HK\$40,000,000 (the "Escrow Funds") to two borrowers as a loan which were agreed to be held in escrow by a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent. Despite the Group's repeated requests, K&L Gates had not returned the overdue 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 escrow account. The Group had commenced legal proceedings against the two borrowers and all the partners of K&L Gates for recovery of the Escrow Funds.

Based on the opinion of the Group's legal advisors, the management of the Group is of the view that there is no impairment loss being recognised as at 31 March 2012.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2012, the Group has 214 (2011: 216) account executives and 113 employees (2011: 87). Total staff costs (including Directors' remuneration) were approximately HK\$24.6 million (2011: HK\$19.8 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.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK0.38 cent per share (2011: HK1.00 cent per share) for the financial year ending 30 September 2012 ("Interim Dividend"), amounting to approximately HK\$9.87 million. The Interim Dividend will be paid on 22 June 2012 (Friday) to shareholders whose names appear on the register of members of the Company on 12 June 2012 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 11 June 2012 (Monday) to 12 June 2012 (Tuesday), during which period no share transfer will be effected.

In order to qualify for the Interim 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, Hong Kong for registration no later than 4:30 p.m. on 8 June 2012 (Friday).

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

During the Period, the Board has complied with all code provisions of the Code on Corporate Governance Practices under Appendix 14 of the 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 had 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, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

REVIEW OF INTERIM RESULTS

These condensed consolidated interim financial statements of the Group have not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

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 Period.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.emperorcapiatal.com>). The interim 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, 23 May 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