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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)

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE 18 MONTHS ENDED 30 SEPTEMBER 2009**

The board of directors (the “Board” or the “Directors”) of Emperor Capital Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the 18 months ended 30 September 2009 together with comparative figures for the preceding 12 months ended 31 March 2008, as follows:

**CONSOLIDATED INCOME STATEMENT**

		<b>18 months ended 30 September 2009 HK\$'000</b>	<b>12 months ended 31 March 2008 HK\$'000</b>
	<i>Notes</i>		
Revenue	4	<b>145,443</b>	185,259
Other operating income		<b>2,659</b>	3,188
Staff costs		<b>(40,414)</b>	(29,697)
Commission expenses		<b>(24,304)</b>	(40,004)
Other expenses		<b>(54,513)</b>	(29,537)
Finance costs	5	<b>(1,647)</b>	(33,627)
Impairment allowance on trade receivables		<b>(37,401)</b>	(533)
Gain on disposal of intangible assets		<b>–</b>	701
Share of profit (loss) of an associate		<b>979</b>	(371)
		<hr/>	<hr/>
(Loss) profit before taxation	6	<b>(9,198)</b>	55,379
Taxation	7	<b>1,167</b>	(9,437)
		<hr/>	<hr/>
(Loss) profit for the period/year		<b>(8,031)</b>	45,942
		<hr/> <hr/>	<hr/> <hr/>
Dividends	8		
– Interim paid		<b>–</b>	7,215
		<hr/> <hr/>	<hr/> <hr/>
– Final proposed		<b>4,329</b>	–
		<hr/> <hr/>	<hr/> <hr/>
(Loss) earnings per share	9		
Basic		<b>(HK1.11 cents)</b>	HK7.39 cents
		<hr/> <hr/>	<hr/> <hr/>
Diluted		<b>N/A</b>	N/A
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED BALANCE SHEET

		As at	
		30 September 2009	31 March 2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Interests in an associate		609	–
Property and equipment		6,680	3,413
Intangible assets		–	317
Other assets		4,334	4,229
Amount due from an associate		5,987	1,001
Available-for-sale financial assets		136	136
Deferred tax asset		752	–
		<u>18,498</u>	<u>9,096</u>
<b>Current assets</b>			
Trade receivables	10	664,460	290,812
Loans and advances	11	55,235	–
Other debtors, deposits and prepayments		4,163	5,479
Investments held for trading		–	2,163
Tax recoverable		134	376
Bank balances and cash – trust		234,229	173,445
Bank balances and cash – general		210,339	250,224
		<u>1,168,560</u>	<u>722,499</u>
<b>Current liabilities</b>			
Trade payables	12	292,876	233,844
Other creditors and accrued charges		13,313	17,392
Tax liabilities		–	3,909
Short-term bank borrowings		352,600	–
		<u>658,789</u>	<u>255,145</u>
<b>Net current assets</b>		<u>509,771</u>	<u>467,354</u>
<b>Total assets less current liabilities</b>		<u><u>528,269</u></u>	<u><u>476,450</u></u>
<b>Capital and reserves</b>			
Share capital		8,658	7,215
Reserves		519,611	468,947
<b>Total capital and reserves</b>		<u>528,269</u>	<u>476,162</u>
<b>Non-current liability</b>			
Deferred taxation		–	288
		<u>528,269</u>	<u>476,450</u>

Notes:

**1. Change of financial year end date**

The financial year end date of the Company and its subsidiaries (collectively, the “Group”) has been changed from 31 March to 30 September. Accordingly, the current financial period covered a 18 months period from 1 April 2008 to 30 September 2009 and the comparatives covered a 12 months period from 1 April 2007 to 31 March 2008.

**2. Basis of preparation of consolidated financial statements**

The consolidated financial statements for the current period cover the 18 months period ended 30 September 2009. The corresponding comparative amounts shown for the income statement, statement of changes in equity, cash flow statement and related notes cover a 12 months period from 1 April 2007 to 31 March 2008 and therefore may not be comparable with amounts for the current period.

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

In the current period, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
HK(IFRIC) – INT 18	Transfer of assets from customers

The adoption of those new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

Notes: (Continued)

## 2. Basis of preparation of consolidated financial statements (Continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 1 (Revised)	Presentation of financial statements <sup>3</sup>
HKAS 23 (Revised)	Borrowing costs <sup>3</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>7</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>4</sup>
HKAS 32 (Amendment)	Classification of right issues <sup>4</sup>
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation <sup>3</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>4</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters <sup>9</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate <sup>3</sup>
HKFRS 2 (Amendment)	Group cash – settled share-based payment <sup>9</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>3</sup>
HKFRS 3 (Revised)	Business combinations <sup>4</sup>
HKFRS 7 (Amendment)	Improving disclosures about financial instrument <sup>3</sup>
HKFRS 8	Operating segments <sup>3</sup>
HKFRS 9	Financial Instruments <sup>10</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>5</sup>
HK(IFRIC) – INT 15	Agreements for the construction of real estate <sup>3</sup>
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation <sup>6</sup>
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2008.

<sup>6</sup> Effective for annual periods beginning on or after 1 October 2008.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>8</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>9</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>10</sup> Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 October 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. 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. Business and geographical segments

#### Business segments

The Group is principally engaged in four main operating divisions, namely, broking, financing, placing and underwriting, and corporate finance. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking	–	Provision of securities, options, futures, insurance and other wealth management products broking services
Financing	–	Provision of margin financing and money lending services
Placing and underwriting	–	Provision of placing and underwriting services
Corporate finance	–	Provision of corporate finance advisory services

All of the activities of the Group are based in Hong Kong and all of the Group's revenue is derived from Hong Kong. Accordingly, no analysis by geographical segments is presented.

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

	Broking 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	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 results	<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						(45,263)
Share of profit of an associate						979
Loss before taxation						(9,198)
Taxation						1,167
Loss for the period						<u>(8,031)</u>

Notes: (Continued)

**3. Business and geographical segments (Continued)**

**Business segments (Continued)**

As at 30 September 2009

	Broking HK\$'000	Financing HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>					
Segment assets	<u>471,050</u>	<u>493,519</u>	<u>–</u>	<u>369</u>	964,938
Unallocated corporate assets					<u>222,120</u>
Consolidated total assets					<u>1,187,058</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>648,491</u>	<u>4,656</u>	<u>–</u>	<u>–</u>	653,147
Unallocated corporate liabilities					<u>5,642</u>
Consolidated total liabilities					<u>658,789</u>
<b>OTHER INFORMATION</b>					
Additions to 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	<u>–</u>	<u>37,401</u>	<u>–</u>	<u>–</u>	<u>37,401</u>

Notes: (Continued)

**3. Business and geographical segments (Continued)**

**Business segments (Continued)**

*For the 12 months ended 31 March 2008*

	<b>Broking</b>	<b>Financing</b>	<b>Placing and underwriting</b>	<b>Corporate finance</b>	<b>Elimination</b>	<b>Consolidated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>						
Segment revenue	121,759	51,764	11,386	350	–	185,259
Inter-segment sales	95	2,660	2,333	50	(5,138)	–
	<u>121,854</u>	<u>54,424</u>	<u>13,719</u>	<u>400</u>	<u>(5,138)</u>	<u>185,259</u>

Inter-segment sales are charged at prevailing market rate.

**RESULTS**

Segment results	<u>69,476</u>	<u>18,809</u>	<u>5,321</u>	<u>314</u>		93,920
Unallocated other operating income						833
Unallocated corporate expenses						(39,003)
Share of loss of an associate						<u>(371)</u>
Profit before taxation						55,379
Taxation						<u>(9,437)</u>
Profit for the year						<u>45,942</u>

Notes: (Continued)

**3. Business and geographical segments (Continued)**

**Business segments (Continued)**

As at 31 March 2008

	Broking HK\$'000	Financing HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>					
Segment assets	241,272	219,710	–	11,234	472,216
Unallocated corporate assets					259,379
Consolidated total assets					731,595
<b>LIABILITIES</b>					
Segment liabilities	224,628	–	–	11,000	235,628
Unallocated corporate liabilities					19,805
Consolidated total liabilities					255,433
<b>OTHER INFORMATION</b>					
Additions to property and equipment	2,121	–	–	–	2,121
Amortisation of intangible assets	355	–	–	–	355
Depreciation of property and equipment	965	–	–	2	967
Gain on disposal of intangible assets	701	–	–	–	701
Impairment allowance on trade receivables	–	533	–	–	533



Notes: (Continued)

**4. Revenue**

	<b>18 months ended 30 September 2009 HK\$'000</b>	12 months ended 31 March 2008 HK\$'000
Commission and brokerage fees on dealing in securities	<b>69,018</b>	99,559
Commission and brokerage fees on dealing in futures and options contracts	<b>15,018</b>	14,237
Commission from insurance brokerage and wealth management	<b>2,253</b>	871
Corporate finance advisory services fee income	<b>5,041</b>	350
Placing and underwriting commission	<b>16,369</b>	11,386
Interest income from:		
Margin and initial public offer financing	<b>25,506</b>	51,534
Loans and advances	<b>10,033</b>	230
Bank deposits	<b>2,151</b>	6,960
Others	<b>54</b>	132
	<b>145,443</b>	185,259

**5. Finance costs**

	<b>18 months ended 30 September 2009 HK\$'000</b>	12 months ended 31 March 2008 HK\$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	<b>1,520</b>	31,645
Amount due to a related company	<b>84</b>	–
Amount due to a former controlling shareholder company	<b>–</b>	1,310
Others	<b>43</b>	672
	<b>1,647</b>	33,627

Notes: (Continued)

**6. (Loss) profit before taxation**

	<b>18 months ended 30 September 2009 HK\$'000</b>	12 months ended 31 March 2008 HK\$'000
(Loss) profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets	317	355
Auditors' remuneration	1,259	1,149
Depreciation of property and equipment	2,883	967
Legal and professional fee	1,777	828
Management fee to a related company	6,257	1,876
Operating lease rentals in respect of		
– rented premises	7,274	2,594
– equipment	147	150
Other equipment rental expense	12,025	5,498
Net exchange loss (gain)	69	(153)
Handling fee income	(2,453)	(2,123)
	<u><u>          </u></u>	<u><u>          </u></u>

**7. Taxation**

	<b>18 months ended 30 September 2009 HK\$'000</b>	12 months ended 31 March 2008 HK\$'000
Current period/year:		
Hong Kong Profits Tax		
– provision for the period/year	–	9,350
– overprovision for prior year	(127)	(136)
Deferred taxation		
– (credit) charge for the period/year	(1,040)	223
	<u><u>          </u></u>	<u><u>          </u></u>
	<u><u>(1,167)</u></u>	<u><u>9,437</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profits.

Notes: (Continued)

## 8. Dividends

	<b>18 months ended 30 September 2009 HK\$'000</b>	12 months ended 31 March 2008 HK\$'000
Recognised as distribution:		
Interim paid: Nil (2008: HK\$0.01 per share)	–	7,215
Proposed:		
Final dividend proposed after 30 September 2009 of HK\$0.005 per share (2008: Nil)	<b>4,329</b>	–

The Directors proposed the payment of a final dividend of HK\$0.005 per share (2008: Nil) for the 18 months ended 30 September 2009, which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

## 9. (Loss) earnings per share

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

	<b>18 months ended 30 September 2009 HK\$'000</b>	12 months ended 31 March 2008 HK\$'000
(Loss) earnings for the purpose of basic (loss) earnings per share	<b>(8,031)</b>	45,942
	<b>As at</b>	
	<b>30 September 2009</b>	31 March 2008
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	<b>723,881,163</b>	621,896,913

No diluted (loss) earnings per share was presented because the exercise price of the Company's share options was higher than the average market price of the Company's shares for the 18 months ended 30 September 2009 and for the 12 months ended 31 March 2008.

Notes: (Continued)

## 10. Trade receivables

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2009</b>	2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	<b>24,923</b>	20,593
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	<b>41,139</b>	43,673
Secured margin loans	<b>197,960</b>	227,196
Initial public offering margin loans	<b>438,284</b>	–
Less: Impairment allowance on trade receivables from the business of dealing in securities:		
Cash clients	–	(22)
Secured margin loans	<b>(38,051)</b>	(628)
Trade receivables from the business of corporate finance	<b>205</b>	–
	<b>664,460</b>	290,812

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 2009 and 31 March 2008, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$1,769,907,000 and HK\$657,811,000 respectively, the loans to margin clients are repayable on demand. No collateral was pledged from other trade receivables.

As at 30 September 2009, trade receivables denominated in Japanese Yen and United States dollars were approximately HK\$Nil (31 March 2008: HK\$758,000) and HK\$20,436,000 (31 March 2008: HK\$9,690,000) respectively.

Notes: (Continued)

**10. Trade receivables (Continued)**

The aged analysis of the trade receivables are as follows:

	As at	
	30 September 2009 HK\$'000	31 March 2008 HK\$'000
0 – 30 days	3,065	1,052
31 – 60 days	1,166	174
61 – 90 days	1	270
Over 90 days	35	17
	<hr/>	<hr/>
Trade receivables which were past due but not impaired	4,267	1,513
Trade receivables which were neither past due nor impaired	655,832	266,883
Gross impaired trade receivables	42,412	23,066
Less: Impairment allowance on trade receivables (Note b)	(38,051)	(650)
	<hr/>	<hr/>
	<b>664,460</b>	<b>290,812</b>
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Notes:

- (a) The Group has policy for impairment allowance on trade receivables for those trade receivables 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 and the past collection history of each client.
- (b) Movement in the impairment allowance on trade receivables:

	As at	
	30 September 2009 HK\$'000	31 March 2008 HK\$'000
Balance at the beginning of the period/year	650	117
Charge for the period/year	37,401	533
	<hr/>	<hr/>
Balance at the end of the period/year	<b>38,051</b>	<b>650</b>
	<hr/> <hr/>	<hr/> <hr/>

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.

The fair values of the balances included in the accounts at each balance sheet date approximate the corresponding carrying amounts.

**11. Loans and advances**

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured short-term fixed-rate loan receivables	<b>55,235</b>	–

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

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2009</b>	2008
Effective interest rate:		
Fixed-rate loan receivables	<b>2% per month</b>	–

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

Notes: (Continued)

## 12. Trade payables

	As at	
	30 September 2009 HK\$'000	31 March 2008 HK\$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	51,482	35,089
Trade payables from the business of dealing in securities:		
Margin and cash clients	241,394	187,755
Trade payables from the business of corporate finance	—	11,000
	<u>292,876</u>	<u>233,844</u>

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

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

Included in trade payables amounts of HK\$234,229,000 and HK\$173,445,000 as at 30 September 2009 and 31 March 2008 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 2009, trade payables denominated in Japanese Yen and United States dollars were approximately HK\$Nil (31 March 2008: HK\$483,000) and HK\$28,135,000 (31 March 2008: HK\$13,187,000) respectively.

The fair values of the trade payables at each balance sheet date approximate to the corresponding carrying amounts.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Our Group provides a wide range of financial services including brokerage services for securities, futures and options traded on the exchanges in Hong Kong, Japan, London and the US. We also provide margin and initial public offering (“IPO”) financing as well as loans and advances to clients in Hong Kong. Our services further extended to corporate finance advisory and wealth management.

The global economy was seriously hampered by the financial tsunami which swept across the world from the second half of 2008 to the first half of 2009. The deepened concerns over the US economy after the housing meltdown and sub-prime crisis had adversely affected the investment sentiment with banks tightening credit lines in both local and global markets. A global sell-off and overall shrinkage in trading volume resulted amid uncertainties in the financial markets arising from the credit crunch as well as investors becoming more pessimistic and prudent. The Hang Seng Index (HSI) had plunged from around 30,000-level in late 2007 to 12,000-level in March 2009.

The global economy has shown signs of stabilisation and improvement since the first quarter of 2009, following the massive easing policies adopted by major banks and governments around the world. Recession fears had eased especially in the second quarter of 2009 with a return of investor confidence. A rising optimism fuelled a recovery in the global market including Hong Kong with the HSI rising to over 20,000-level by September 2009.

For the reporting 18 months ended 30 September 2009 (the “Period”), our Group had revenue of HK\$145.4 million. For the six months ended 30 September 2009, the Group recorded turnover of HK\$63.3 million, 20.1% higher than the last corresponding period, while net profit was HK\$18.5 million, against a loss of HK\$23.7 million for the same period a year ago. Following the making of profit over the six months ended 30 September 2009, our Group proposed a final dividend of HK\$0.005 per share.

During the Period, our Group had launched a three-storey financial service centre in Mongkok, Kowloon, in conjunction with the privately run Emperor Financial Group, in line with our commitment to offer a full-range of financial services to our customers. The centre offers customers with a wide array of financial services and products including brokerage, wealth management, foreign exchange and bullion trading.

### **Brokerage**

Our Group provides brokerage services for securities, options, futures, insurance and other wealth management products. Over the Period, the segment recorded revenue of approximately HK\$88.4 million, accounting for 60.8% of total revenue.

Overall improved investors’ confidence boosted the volume of trading activities in the second quarter of 2009. For the six months ended 30 September 2009, the business recorded brokerage income of HK\$39.3 million, compared to HK\$28.4 million in the corresponding period in 2008.



Our Group had also expanded its wealth management division to advise and deal in funds and unit trusts, thus allowing clients to diversify their portfolio to other investment products. The division is determined to cope with growing customer demand and facilitate clients to seize investment opportunities and enhance the quality and diversification of client assets. Over the Period, we had launched a new service to clients who wish to immigrate to Hong Kong under the Capital Investment Entrant Scheme whereby the Group would assist these clients to invest their capital in different permissible investment assets such as equities, funds or real estates depending on the client's need and market conditions through our one-stop investment platform.

### **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. The weak market sentiment had hampered the investors' demand and their appetite for financing activities. Moreover, a number of companies have cancelled or downsized their IPOs. During the 18 months under review, a total of 56 companies were listed, raising a total of HK\$95.9 billion new capital, which is substantially below the listing of 107 companies in the last corresponding period that raises HK\$332.7 billion.

For the 18-month period, the segment reported revenue of HK\$35.6 million, representing about 24.4% of total turnover. In line with more positive market sentiment, companies were active again in fund raising and corporate exercises. For the six-month period ended 30 September 2009, total revenue from this business was HK\$15.8 million, 19.7% higher than the HK\$13.2 million achieved previously. During the Period, there were 33 new companies listed on the Stock Exchange which raised a total of HK\$63.1 billion, versus 38 companies in the last corresponding period with total HK\$62.3 billion raised.

### **Placing and Underwriting**

Our Group offers placing and underwriting services. The team acted as placing agent and underwriters for many Hong Kong listed companies. During the Period, the segment had revenue of approximately HK\$16.4 million, accounting for 11.3% of total revenue.

### **Corporate Finance**

The division holds a full corporate finance licence under the Securities and Futures Ordinance allowing us to advise on Takeovers Code related transactions and undertake sponsor work for IPOs in addition to general corporate finance advisory services. Other than IPO-related services, we offer secondary market financing services such as placing, rights issues and advisory services including merger and acquisition.

Over the Period, the segment recorded revenue of approximately HK\$5.0 million and accounted for 3.5% of our Group's total revenue.

## **OUTLOOK**

Resulting from easing strategy adopted by various governments since early 2009, recent economic indicators point to a recovery in global markets. It appears that the worst is over for US economy and Mainland China markets are expected to maintain stable GDP growth. With respect to Hong Kong, given low interest rates and abundant liquidity in the money market, it is anticipated that the investment environment in Hong Kong will continue the momentum which started in the second quarter of 2009 with increased volume of investment activities.

Our Group is optimistic about the business outlook for the rest of 2009. Fund raising activities in IPOs and secondary share placements had recovered moderately. Subsequent to 30 September 2009, the Group had actively participated in a number of fund raising activities, leverage on our strong connections and extensive experiences in the market.

Our Group had acted as co-lead manager and co manager for a number of IPOs, including Evergrande Real Estate Group Limited, Fantasia Holdings Group Co., Limited and Kaisa Group Holdings Limited. Our Group participated in the IPO syndicates and brought in cornerstone investors for the aforementioned companies. In light of improved sentiment toward IPOs and the secondary market, our Group expects more opportunities for corporate finance, brokerage as well as financing businesses with companies seeking fund raising and financial advisory services for mergers and acquisitions as well as corporate transactions.

Looking forward, our Group targets to diversify its revenue mix through strengthening existing business and sourcing new income stream. Our Group had set up Emperor Asset Management in November 2009 to provide more and better products and services to cater the various investment needs of our customers. We would assess and evaluate individual customer and assist them to manage their assets and invest in a professional manner.

Our Group would also manage its cost structure and conduct its business prudently in order to enhance its profitability. We will strive to explore both the domestic and international markets and expand our services and clientele by leveraging on our goodwill, networking and utilising our competitive edges.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.005 per share (“Final Dividend”) for the 18 months ended 30 September 2009 (12 months ended 31 March 2008: Nil), amounting to 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 28 January 2010. If approved, the Final Dividend will be paid on or around 26 February 2010 to shareholders whose names appear on the register of members of the Company on 28 January 2010.

## **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 26 January 2010 (Tuesday) to 28 January 2010 (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 25 January 2010.

## **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 2009, the Group's current assets and current liabilities were approximately HK\$1,169 million and HK\$659 million respectively. Included in the current liabilities, the Group had short term bank borrowings of HK\$353 million which were repayable on demand and secured by charge over securities subscribed under initial public offerings. The bank borrowings carried interest at HIBOR plus a spread and were denominated in Hong Kong dollars. The Group's gearing ratio (represented total borrowings over total equity) increased to 0.667 from zero.

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.

## **SIGNIFICANT INVESTMENTS**

During the Period, the Group disposed of all unlisted investment funds and a loss on such disposal of approximately HK\$10,000 was recorded. As at 30 September 2009, the Group did not have any significant investments.

## **CAPITAL EXPENDITURES**

During the Period, the Group incurred capital expenditures of approximately HK\$6.2 million, which was financed by the Group's internal resources. As at 30 September 2009, the Group has operating lease commitment of approximately HK\$7.5 million.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 September 2009, the Group did not have any material foreign exchange exposure.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2009, the Group has 192 (as at 31 March 2008: 97) account executives and 78 employees (as at 31 March 2008: 79). Total staff costs (including directors' remuneration) were approximately HK\$40.4 million (2008: HK\$29.7 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.

## **CONTINGENT LIABILITY**

As at 30 September 2009, the Group did not have any significant contingent liability.

## **ISSUANCE OF NEW SHARES**

Pursuant to a placing agreement dated 5 August 2009 between Win Move Group Limited ("Win Move"), the controlling shareholder of the Company, and Emperor Securities Limited (the "Placing Agent"), the Placing Agent agreed to place to independent investors 72,150,000 Shares held by Win Move at a price of HK\$0.42 per Share. The placing was completed on 12 August 2009.

Pursuant to the Subscription Agreement dated 5 August 2009 and the Supplemental Subscription Agreement dated 19 August 2009 both entered into between the Company and Win Move, a total of 144,300,000 new Shares at a price of HK\$0.42 were allotted to Win Move upon completion of both Agreements which took place on 22 September 2009. These new shares were issued under the specific mandate granted to the Directors on 22 September 2009 and rank pari passu with other shares in issue in all respects. The net proceeds of approximately HK\$60.25 million will be applied as general working capital and future business development of the Group.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the 18 months ended 30 September 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the 18 months ended 30 September 2009. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **REVIEW OF FINAL RESULTS**

The final results for the Period 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.

## **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 Period.

## **PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT**

The final results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.emp717.com>). The annual report will be dispatched to the shareholders 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, 15 December 2009

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

*Executive Directors:* Ms. Daisy Yeung (*Managing Director*)  
Mr. Chan Pak Lam, Tom  
Ms. Choi Suk Hing, Louisa

*Independent non-executive Directors:* Mr. Fung Chi Kin  
Mr. Kwok Chi Sun, Vincent  
Mr. Cheng Wing Keung, Raymond

\* *For identification purpose only*