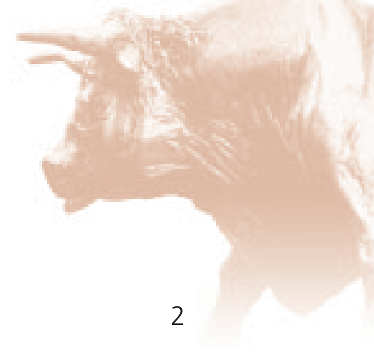
英皇證券集團有限公司
Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

Stock code : 717

2007/2008
Annual Report



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CORPORATE INFORMATION

DIRECTORS

Yeung, Daisy *(Managing Director)*
Chan Pak Lam, Tom
Choi Suk Hing, Louisa
Fung Chi Kin*
Kwok Chi Sun, Vincent*
Cheng Wing Keung, Raymond*

* *Independent Non-executive Directors*

COMPANY SECRETARY

Choi Suk Hing, Louisa, FCIS, FCS

QUALIFIED ACCOUNTANT

Tsang Pui Yee, Vanessa, CPA, FCCA

AUDIT COMMITTEE

Kwok Chi Sun, Vincent *(Chairman)*
Fung Chi Kin
Cheng Wing Keung, Raymond

REMUNERATION COMMITTEE

Chan Pak Lam, Tom *(Chairman)*
Kwok Chi Sun, Vincent
Cheng Wing Keung, Raymond

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

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

REGISTRAR (in Bermuda)

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

REGISTRAR (in Hong Kong)

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Nanyang Commercial Bank, Limited

WEBSITE

http://www.emp717.com

STOCK CODE

717

MANAGEMENT DISCUSSION AND ANALYSIS

THE MARKET

The Hong Kong stock market remained robust although experienced high volatility throughout 2007, attributed to the US sub-prime mortgage crisis which brought uncertainties to the global financial markets, and macro-tightening measures in the Mainland to forestall its overheating economy. Despite these concerns, investors were found optimistic, backed by speculation over China's fast economic growth and RMB's gradual appreciation.

Nonetheless, 2007 was a record-making year for the Hong Kong stock market that the turnover of the securities traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as well as Hang Seng Index ("HSI") reached historical highs. For the year 2007, the total securities market turnover reached an unprecedented HK$21,506.3 billion, representing an increase of 158.1% as compared with HK$8,332.6 billion in the previous year. The HSI and the Hang Seng China Enterprises Index ("H-shares Index") closed at record highs of 31,638 and 20,400 respectively on 30 October 2007. The securities market turnover was HK$5,901 billion for the first quarter of 2008.

Hong Kong being ranked the third global financial centre, behind only London and New York by the Global Financial Centres Index in 2007, the Hong Kong stock market continued to attract capital inflows and supported a buoyant initial public offering ("IPO") market. As at 31 December 2007, 1,241 companies were listed on the Stock Exchange. Among them, 84 new companies were newly listed and a total of HK$590.4 billion were being raised.

Hong Kong derivatives market recorded an active year in 2007. There are 88.0 million HSI futures and options contracts traded in 2007 and 28.1 million contracts for the first quarter of 2008. The turnover of stock options reached 46.0 million contracts in 2007 and 15.8 million contracts for the first quarter of 2008. H-shares Index products also achieved strong growth, with the volume of H-shares Index Futures and Options reached 10.8 million contracts in 2007 and 3.6 million contracts for the first quarter of 2008.

OVERVIEW

Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") was spun off from its listed parent Emperor International Holdings Limited ("Emperor International") and became separately listed on the Main Board of the Stock Exchange on 24 April 2007. The Group positions itself as a preferred brokerage house of quality services for clients and provides a wide range of financial services including brokerage services for securities and options traded on the Stock Exchange and futures and options traded on the exchanges in Hong Kong, Japan and the US. It also provides margin and IPO financing as well as loans and advances to clients in Hong Kong. The Group's services further expand to corporate finance advisory and wealth management services.

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$185.3 million, grew up 49.8% from approximately HK$123.7 million in the previous financial year. Profit before tax reached approximately HK$55.4 million (2007: HK$30.0 million) and profit for the year climbed 90.5% to approximately HK$45.9 million from approximately HK$24.1 million previously. Earnings per share were 7.39 HK cents, compared with 8.53 HK cents in 2007, at the time before the Group issued shares pursuant to its own IPO.

Total assets of the Group increased 11.3% to approximately HK$731.6 million (2007: HK$657.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW *(Continued)*

Securities Brokerage

Commission income derived from securities brokerage, placing and underwriting remained core contributions to the Group's revenue, accounted for 59.8% of total revenue (2007: 39.4%).

The new heights in the market turnover, the HSI and the H-shares Index resulted in a heavily-traded market. Meanwhile, the high level of IPO activities was followed by a booming secondary market. Revenue from the segment jumped by 127.7% to approximately HK$110.9 million (2007: HK$48.7 million).

Despite of industry competition, the Group had a pool of loyal clients. The Group had expanded its research team with extensive studies on individual stocks and the underlying markets. The Group had also launched an online trading platform during the year under review, providing customers greater access to the stock market and investment opportunities. The platform is well received by clients as it seamlessly integrates multiple channels for the placement of stock orders, access to market news and the ability to conduct account enquiries. It also enhances the Group to expand its customer base by offering brokerage services effectively to customers outside Hong Kong.

Futures and Options Dealing

The Group dealt in futures and options traded in Hong Kong as well as commodity futures traded in Japan and US markets. Commodities prices had been at high levels since 2007 that the market did not expect much room for further increase. The commodities markets were less volatile and investors had switched their investment focus from commodities and futures markets to other arenas. Moreover, the margin deposits as required by Hong Kong Futures Exchange had increased significantly during the year under review resulted in higher investment cost which had discouraged investors' trading. Consequently, it led to lower turnover from futures and options dealing.

As such, the commission income derived from futures and options dealing dropped by 44.9% to approximately HK$14.2 million (2007: HK$25.8 million). The segment accounted for 7.7% of total revenue (2007: 20.9%).

Loans and Financing

The segment comprised of interest income from margin and IPO financing as well as loans and advances. The volatility of the equity market had encouraged investors, especially retail clients, to seek returns from IPO market. On the other hand, the Group had adopted a cautious approach in assessing loan and financing to and tightened its credit control.

Total income from the segment increased 13.1% to approximately HK$51.8 million from approximately HK$45.8 million in 2007. The segment contributed 28.0% to the total revenue for the year under review (2007: 37.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Details of changes in the capital structure of the Group are set out in note 29 to the consolidated financial statements.

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

As at 31 March 2008, the Group's current assets and current liabilities were approximately HK$722.5 million and HK$255.1 million respectively. The Group had no bank borrowings and zero gearing ratio was resulted (as at 31 March 2007: 0.127) (calculated based on the basis of total bank and other borrowings over total equity). Its available untilised banking facilities were approximately HK$100 million.

The prior year amount represented short-term bank borrowings of approximately HK$54.4 million which were repayable on demand and secured by a charge over securities subscribed under IPO as at 31 March 2007. The bank borrowings carried interest at HIBOR plus a spread and were denominated in Hong Kong dollars.

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

SIGNIFICANT INVESTMENTS

As at 31 March 2008, the Group was holding unlisted investments funds with a market value of approximately HK$2.2 million and a gain on such investments funds of approximately HK$180,000 was recorded for the year.

We do not have any future plan for material investments, nor addition of capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY

On 14 March 2008, the Group acquired 100% of the issued share capital of Emperor Capital Limited for cash consideration of HK$9.8 million from a wholly-owned subsidiary of Emperor International. The principal activities of Emperor Capital Limited are provision of corporate financial advisory services.

Save as aforesaid, the Group did not make any material acquisition or disposal of subsidiary or associated companies during the year.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2008, the Group did not have any material foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2008, the Group has 97 (as at 31 March 2007: 56) account executives and 79 employees (as at 31 March 2007: 55). Total staff costs (including directors' remuneration) were approximately HK$29.7 million (2007: HK$13.6 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITY

The Group did not have any significant contingent liability at the balance sheet date.

USE OF IPO PROCEEDS FROM LISTING

The net proceeds from the Company's IPO amounted to approximately HK$110.7 million. These net proceeds were partially applied during the period from the listing date up to the date of this report and such application is consistent with the proposed usage of the net proceeds set forth in the prospectus dated 11 April 2007 issued by the Company.

OUTLOOK

The Hong Kong markets, in the months following its reporting period, had been adversely affected by sub-prime mortgage crises. The issues, originated in the United States, has spread to Europe and have become the major hurdles for growth in the investment markets. The drastic write-down of financial institutions for sub-prime mortgage loss is followed by tightening credit standards, which hurting the investment growth and aggravated the severity of economic downturn.

Dragged by the weak performance of the overseas markets, the performance of Hong Kong markets had been under considerable pressure. The inflation rate in China and her overheated economy had led to stricter austerity measures by the Central Government and, the A-share market in the mainland had experienced a sharp correction in 2008 which the Hong Kong stock market had slumped to recent months low. The Group expected the markets to experience some adjustments in 2008 but the long-term outlook would remain positive given the underlying economic strength and high liquidity of China stocks in anticipation of the Renminbi-asset appreciation. Stock valuation had been adjusted to reasonable and more attractive levels which would lend support to stock market. A stabilised stock market performance and the sustained economic growth in the Mainland are expected to create genuine and ongoing demand for investment products.

During the year under review, the Group has launched its wealth management services, allowing its clients to diversify their portfolio to other investment products including funds and insurance-related products. The Group is also extending its investment products to cater the economic growth in overseas markets, especially Southeast Asia and Taiwan. The latter is believed to be a high-growth market followed by the recent president election and capture investment focus. The wealth management section, currently in investment stage, is determined to cope with growing customer demand and to facilitate the high-net-worth clients to seize investment opportunities and enhance the quality of client assets under management.

To stay competitive and prepare for future growth, the Group has strengthened its presence by opening new branches in Hong Kong to cater for retail customers. It will have a higher profile through marketing programmes and organisation of investor seminars. Following the reporting period, the Group has launched a three-storey financial services centre in Mongkok, Hong Kong to offer one-stop services for mass market. The centre, houses the services and products provided by the Group as well as Emperor Financial Group which is privately run by Emperor Group. With this one-stop services centre concept, investors will be allowed more convenience in accessing different kinds of financial services and products provided by the Group (such as brokerage and wealth management) and those provided by the Emperor Financial Group (such as forex and bullion trading). The Group has planned to set up more financial centres in Hong Kong to provide comprehensive investment products and services for clients with various focus and needs.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK *(Continued)*

To provide a full range of financial services for corporate clients, the Group completed its acquisition of Emperor Capital Limited ("ECL") from Emperor International in March 2008. ECL is a licensed corporation under Securities and Futures Ordinance to provide corporate finance advisory services. The division covers IPO-related services as well as secondary market financing services such as placing, rights issues and provision of other corporate advisory services. The acquisition extends the Group's mission to corporate financial advisory services and enables the Group to complete its offering of securities and financial services.

The Group has also recruited a team of China-focused executives to explore business opportunities across different products and services in a move to tap into the lucrative Mainland China market. The Group has planned to open its first investment consultancy centre in Shanghai, China in 2008. These moves would allow the Group to extend its reach to Mainland retail and corporate clients in the offering of brokerage, financing, corporate finance and other services while enhancing its corporate image.

The Chinese economic development, which has been heaping up significantly during this year, is expected to benefit the Hong Kong financial markets. The Group hopes to continue to improve its service standards and enhance its profitability through economy of scale. The Group will also strive to explore both the domestic and international markets and expand its institutional and retail clientele by leveraging on its goodwill, networking and utilising its competitive edges.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

MANAGING DIRECTOR

Yeung, Daisy, aged 42, is the Managing Director of the Company as well as a director and the responsible officer of both Emperor Securities Limited and Emperor Futures Limited, both are indirect wholly-owned subsidiaries of the Company. She is responsible for the formulation of corporate strategy, overseeing operations and the overall steering of the Company's management focusing in the areas of marketing and business development. She has over 10 years' experience in securities and futures business. Ms. Yeung has obtained a bachelor degree of science in business administration in 1988. Ms. Yeung joined the Group in January 1996.

EXECUTIVE DIRECTORS

Chan Pak Lam, Tom, aged 45, is an Executive Director of the Company. He is responsible for the formulation of corporate strategy and the overall steering of the Company's management focusing on the areas of compliance and supporting function. He graduated from the University of Keele in Britain with a Bachelor Degree of Social Science with principal subjects in economics and law. He is a lawyer in Hong Kong by profession. He has over 10 years' experience in forex trading, securities and respective financial field. Mr. Chan has been involved in the management of the Group since 1994.

Choi Suk Hing, Louisa, aged 44, is an Executive Director of the Company. She is also the Company Secretary of the Company as well as a director and the responsible officer of Emperor Capital Limited, a wholly-owned subsidiary of the Company and a licensed corporation carrying on corporate finance advisory business. Ms. Choi holds a Master Degree in Applied Finance from the Macquarie University in Australia. She is also a fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. She has over 10 years of experience in the finance industry covering securities, futures and corporate finance. Before that, she had worked in the company secretary profession in both listed companies as well as professional firms for over 8 years. Ms. Choi joined the Board of the Company in March 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fung Chi Kin, aged 59, is the managing director of Fung Chi Kin Consulting Limited. Prior to establishing his own firm in 2003, Mr. Fung had served over 30 years with Po Sang Bank Limited and had been the vice chairman until Po Sang Bank Limited merged with Bank of China (Hong Kong) Limited. Before he left BOC International Holdings Limited as chief administration officer in 2003, Mr. Fung had also served BOCI Securities as general manager. Mr. Fung is currently the honorary permanent president of The Chinese Gold & Silver Exchange Society and has been an international advisor of Shanghai Gold Exchange. He also acts as an independent non-executive director of two listed companies in Hong Kong, namely Chaoda Modern Agriculture (Holdings) Limited and New Times Group Holdings Limited. Mr. Fung joined the Board of the Company as an Independent Non-executive Director in March 2007.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

Kwok Chi Sun, Vincent, aged 45, is the sole proprietor of Vincent Kwok & Co., Certified Public Accountants. He holds a Bachelor's Degree in Economics from University of Sydney. Mr. Kwok is a Certified Public Accountant (Practising) and a member of both the Hong Kong Institute of Certified Public Accountants and Institute of Chartered Accountants in Australia. He is an independent non-executive director of the following listed companies in Hong Kong, namely, Palmpay China (Holdings) Limited, KanHan Technologies Group Limited, Magnificent Estates Limited, Shun Ho Resources Holdings Limited and Shun Ho Technology Holdings Limited. Mr. Kwok joined the Board of the Company as an Independent Non-executive Director of the Company in March 2007.

Cheng Wing Keung, Raymond, aged 48, is a solicitor practising in Hong Kong. He holds a Degree in Laws from the University of London and a Master's Degree in Business Administration from the University of Strathclyde. He has over 10 years of experience in company secretarial affairs. He is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries in Hong Kong. He is also an independent non-executive director of three listed companies in Hong Kong, namely China Investment Fund Company Limited, Skyfame Realty (Holdings) Limited and Kenfair International (Holdings) Limited. Mr. Cheng joined the Board of the Company as an Independent Non-executive Director of the Company in March 2007.

DIRECTORS' REPORT

The directors of the Company (the "Directors" or the "Board") present the annual report and the audited consolidated financial statements of the Company for the year ended 31 March 2008.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Bermuda on 27 June 2006.

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 2 April 2007.

Details of the reorganisation are set out in note 2 to the consolidated financial statements.

The shares of the Company were listed on the Stock Exchange on 24 April 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are to provide a wide range of financial services in Hong Kong, including brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the US and Japan, and providing margin and initial public offer financings as well as loans and advances to its clients in Hong Kong. The Group also provides corporate finance advisory and wealth management services.

The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statements on page 34. An interim dividend of HK1 cent per share was paid to the shareholders during the year. The Directors do not recommend payment of a final dividend for the year ended 31 March 2008.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 36.

As at 31 March 2008, the Company's reserves available for distribution to shareholders comprised the retained profits of approximately HK$119,428,000.

PROPERTY AND EQUIPMENT

During the year, the Group acquired property and equipment at a cost of approximately HK$2,121,000.

Details of changes in the property and equipment of the Group are set out in note 18 to the consolidated financial statements.

DIRECTORS' REPORT

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover.

The Group had no major supplier due to the nature of principal activities of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Managing Director:

Yeung, Daisy

Executive Directors:

Chan Pak Lam, Tom	
Yeung Kun Lee, Sunny	(resigned on 31 May 2008)
Choi Suk Hing, Louisa	(appointed on 14 March 2008)

Independent non-executive Directors:

Fung Chi Kin
Kwok Chi Sun, Vincent
Cheng Wing Keung, Raymond

Subject to the service contracts hereinafter mentioned, the term of office of each Director, including the independent non-executive Directors, is the period to his/her retirement by rotation in accordance with the Bye-laws of the Company.

In accordance with the Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Ms. Daisy Yeung and Mr. Cheng Wing Keung, Raymond retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Save for Ms. Choi Suk Hing, Louisa, each of the Directors (including the independent non-executive directors) has entered into a service contract with the Company in relation to her/his service as an executive Director/independent non-executive Director of the Company for an initial term of three years commencing from 1 March 2007 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

Each of Ms. Yeung, Daisy, Mr. Chan Pak Lam, Tom, Mr. Yeung Kun Lee, Sunny and Ms. Choi Suk Hing, Louisa entered into a service contract with the Group in relation to her/his service as an executive with no fixed terms, but shall be terminable by the Group upon giving one to two months' notice.

Save as disclosed above, as at 31 March 2008, none of the Directors has a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2008, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

(i) Long positions in ordinary shares of HK$0.01 each of the Company

Name of director	Nature of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Ms. Yeung Daisy *(note)*	Beneficiary of a trust	325,322,302	45.09%

Note: 325,322,302 shares, representing 45.09% of the share capital of the Company, were held by Charron Holdings Limited ("Charron"), the entire issued share capital of Charron was indirectly held by The A&A Unit Trust. The A&A Unit Trust is a unit trust under The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust under which Ms. Yeung, Daisy is one of the eligible beneficiaries.

(ii) Long positions in underlying shares of the Company

Name of director	Nature of interest	Number of underlying shares	Approximate percentage of the issued share capital of the Company
Ms. Yeung Daisy *(note)*	Beneficial owner	3,000,000	0.42%
Mr. Chan Pak Lam, Tom *(note)*	Beneficial owner	3,000,000	0.42%

Note: These are share options granted to the directors on 28 January 2008 pursuant to the share option scheme adopted by the Company and became effective on 27 September 2007 and are exercisable from 28 January 2008 to 27 January 2013 at a price of HK$1.20 per share. There is no vesting period for the options granted.

Save as disclosed above, as at 31 March 2008, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2008, none of the Directors nor their respective associates was interested in any business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company were as follows:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Nature of interest	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company
Charron	Beneficial owner	325,322,302	45.09%
Jumbo Wealth Limited ("Jumbo Wealth")	Trustee	325,322,302	45.09%
GZ Trust Corporation ("GZ Trust")	Trustee	325,322,302	45.09%
Dr. Yeung Sau Shing, Albert ("Dr. Yeung")	Founder of a trust	325,322,302	45.09%
Ms. Luk Siu Man, Semon ("Ms. Luk")	Family	325,322,302	45.09%

Note: The shares were held by Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust, the trustee of which was GZ Trust. GZ Trust was deemed to be interested in the 325,322,302 shares held by Charron as trustee of the AY Trust. Dr. Yeung, as founder of the AY Trust, was deemed to be interested in the 325,322,302 shares. By virtue of the aforesaid interests of Dr. Yeung, Ms. Luk (spouse of Dr. Yeung) was also deemed to be interested in the said shares.

Save as disclosed above, as at 31 March 2008, the Directors are not aware of any other person (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, an interest or short positions in the shares, or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

A. CONNECTED TRANSACTIONS

1. Corporate Guarantees and securities granted by EIHL and its subsidiaries in favour of the Group

The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"), is a deemed substantial shareholder of the Company beneficially owned more than 30% of the issued share capital of Emperor International Holdings Limited ("EIHL") throughout the year. EIHL is therefore an associate of AY Trust and a connected person of the Company within the meaning of the Listing Rules.

EIHL was the sole shareholder of the Company before 23 April, 2007. EIHL or its various subsidiaries had provided corporate guarantees or pledges against their properties to secure the repayment obligations under the loans and credit facilities advanced by financial institutions to members of the Group. The transaction constituted a connected transaction of the Company under the Listing Rules. After the listing of the shares of the Company on 24 April, 2007, the above arrangements have been terminated and the Group's banking facilities are no longer subject to any guarantees or securities given by EIHL and its subsidiaries.

2. Sale and Purchase Agreement

On 20 December 2007, the Group entered into a Sale and Purchase Agreement ("Agreement") with Emperor Financial Services (Hong Kong) Limited ("EFS"), a wholly-owned subsidiary of EIHL, to acquire the entire issued share capital of Emperor Capital Limited ("ECL") at a consideration of HK$9,800,000. The Agreement constituted a connected transaction for the Company under the Listing Rules and was subject to reporting and announcement requirements but was exempted from independent shareholders' approval requirements. The transaction was completed on 14 March 2008. Since then, ECL became a wholly-owned subsidiary of the Company. The Company made an announcement on this connected transaction on 20 December 2007.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

A. CONNECTED TRANSACTIONS *(Continued)*

3. Underwriting Agreement

On 28 January 2008, Emperor Securities Limited ("ESL") entered into an underwriting agreement (the "Underwriting Agreement") with New Media Group Holdings Limited ("New Media") in relation to the underwriting of the public offer shares and the placing shares offered by New Media. ESL is one of the underwriter in the share offer of New Media with an underwriting commitment of not more than 28,000,000 New Media shares, representing approximately 4.7% of the total issued shares of New Media upon its listing on 12 February 2008. Pursuant to the Underwriting Agreement, the maximum underwriting commitment of the Group is HK$21 million. ESL is a wholly-owned subsidiary of the Company which is in turn owned as to approximately 45.09% indirectly by the AY Trust as at 28 January 2008, while AY Trust is a deemed controlling shareholder (within the meaning ascribed to it under the Listing Rules) holding 75% interests in New Media upon its listing on 12 February 2008. Accordingly, New Media is a connected person of the Company within the meaning of the Listing Rules and the Underwriting Agreement in so far as ESL's underwriting commitment is concerned, constituted a connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but was exempted from the independent shareholders' approval. The Company made an announcement on this connected transaction on 29 January 2008. The share offer of New Media was over-subscribed and ESL was not required to take up any shares of New Media pursuant to the underwriting commitment as stipulated in the Underwriting Agreement. The Group received commission of approximately HK$571,200 from New Media under the Underwriting Agreement.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following transactions with connected persons as defined in the Listing Rules:

Name of counterparty	Nature of transaction	Terms	Amount for the year ended 31 March 2008 HK$'000
Very Sound Investments Limited *(note 1)*	Operating lease rentals paid	10 December 2006 to 9 December 2008 (exclusive of rates, management fees and other outgoings charges)	1,800
EIHL and its associates *(note 2)*	Commission and interest income from margin financing	1 April 2007 to 31 March 2010 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	141
	Maximum margin loan amount	1 April 2007 to 31 March 2010 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	–

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Name of counterparty	Nature of transaction	Terms	Amount for the year ended 31 March 2008 HK$'000
Ms. Daisy Yeung and her associates *(note 3)*	Commission and interest income from margin and IPO financing	1 April 2007 to 31 March 2010 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	3,203
	Maximum margin loan amount	1 April 2007 to 31 March 2010 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	13,313
	Maximum IPO loan amount	1 April 2007 to 31 March 2010 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	36,781
Mr. Lee Wai Shing and his associates *(note 4)*	Commission and interest income from margin financing	1 April 2006 to 31 March 2009 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	958
	Maximum margin loan amount	1 April 2006 to 31 March 2009 (on normal commercial terms and at rates no more favourable than those offered to other independent third parties)	5,884

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes:

1. Tenancy Agreements

Pursuant to an agreement ("Previous Tenancy Agreement") dated 19 July 2006 entered into between Very Sound Investments Limited ("Very Sound"), a subsidiary of EIHL, and ESL, Very Sound agreed to lease to the Group a portion of 24th Floor of Emperor Group Centre, 288 Hennessy Road, Wanchai in Hong Kong with a total gross floor area of approximately 7,006 square feet as the Group's head office at a monthly rental of HK$98,000, exclusive of rates and management fees. The tenancy commenced on 20 January 2006 and was terminated with effect from 9 December, 2006 by mutual consent of the parties pursuant to a surrender agreement dated 14 February 2007. ESL entered into another tenancy agreement on 14 February 2007 ("New Tenancy Agreement", the Previous Tenancy Agreement and the New Tenancy Agreement collectively as "Tenancy Agreements") with Very Sound pursuant to which Very Sound agreed to lease the entire 24th Floor of Emperor Group Centre with a total gross floor area of 9,323 square feet to ESL at a monthly rental of HK$150,000. The new tenancy has a two-year term commencing on 10 December 2006 and ending on 9 December 2008.

The transaction constituted a continuous connected transaction as defined under the Listing Rules upon the listing of the shares of the Company on 24 April 2007 and was subject to reporting and announcement but exempted from independent shareholders' approval requirement. A waiver of strict compliance with the relevant Listing Rules requirements to publish announcement of the Tenancy Agreements has been obtained by the Company on 30 March 2007.

The transaction under the Tenancy Agreements is subject to the annual caps of HK$1.4 million, HK$1.8 million and HK$1.3 million for the years ended/ending 31 March 2007, 31 March 2008 and 31 March 2009 respectively.

2. EIHL Financial Services Agreement

On 2 April 2007, the Company entered into an agreement ("EIHL Financial Services Agreement") with EIHL, pursuant to which the Group agreed to (i) provide financial services including brokerage services for securities, futures and options trading and acting as placing agent, underwriter or sub-underwriter; and (ii) provide margin loans from time to time to EIHL and its subsidiaries and its associates ("EIHL Group") on normal commercial terms and at rates no more favourable than those offered to other Independent Third Parties (as defined in the Listing Rules) for a term of three years commencing from 1 April 2006 up to 31 March 2009. Items (i) and (ii) are collectively referred to as the "EIHL Financial Services" and are subject to the following annual caps:

		For the year ended/ending 31 March		
		2007	**2008**	**2009**
		HK$	HK$	HK$
(i)	Commission and interest income	1,600,000	1,700,000	1,700,000
(ii)	Maximum margin loan amount	1,600,000	1,600,000	1,600,000
Total		3,200,000	3,300,000	3,300,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: *(Continued)*

2. EIHL Financial Services Agreement *(Continued)*

The transactions contemplated under the EIHL Financial Services Agreement constituted continuous connected transactions under Chapter 14A of the Listing Rules are subject to reporting and announcement but exempted from independent shareholders' approval requirement. A waiver of strict compliance with the relevant Listing Rules requirements to publish announcement of the EIHL Financial Services Agreement has been obtained by the Company on 30 March 2007.

Subsequently, the Company entered into the Revised EIHL Financial Services Agreement to (i) revise the term of the agreement for a 3 year term commencing from 1 April 2007 up to 31 March 2010, and (ii) include the provision of IPO financing to the EIHL Group; and has revised the annual caps ("Revised EIHL Annual Caps") for the three years ending 31 March 2010 in order to provide flexibility and buffer for the expansion of the Group's business:

	Revised EIHL Annual Caps For the year ended/ending 31 March		
	2008 HK$	**2009** HK$	**2010** HK$
(i) Commission, brokerage and interest income from the EIHL Group	4,100,000	4,100,000	4,100,000
(ii) Maximum margin loan amount to the EIHL Group	1,600,000	1,600,000	1,600,000
(iii) Maximum IPO loan amount to the EIHL Group	2,500,000	2,500,000	2,500,000
Total	8,200,000	8,200,000	8,200,000

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: (Continued)

3. Financial Services agreement with the Yeung Family

On 2 April 2007, the Company entered into an agreement ("Yeung's Financial Services Agreement") with Ms. Daisy Yeung, pursuant to which the Group agreed to (i) provide financial services including brokerage services for securities, futures and options trading and acting as placing agent, underwriter or sub-underwriter; and (ii) provide margin loans from time to time on normal commercial terms and at rates no more favourable to the Yeung Family than those offered to other Independent Third Parties (as defined in the Listing Rules) for a term of three years commencing from 1 April 2006 up to 31 March 2009. Items (i) and (ii) are collectively referred to as the "Yeung's Financial Services". Under the Yeung's Financial Services Agreement, the Group has also agreed to pay commission and fee to the Yeung Family for their acting as placees for the securities underwritten or placed by the Group on normal commercial terms and at rates no more favourable to the Yeung Family than rates charged by other Independent Third Parties.

Under the Yeung's Financial Services Agreement, members of the Yeung Family include Ms. Daisy Yeung and her associates. Ms. Daisy Yeung is the Managing Director and the other members of the Yeung Family are defined as her associates under the Listing Rules. Upon the listing of the shares of the Company on 24 April 2007, Ms. Daisy Yeung and her associates became connected persons of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Yeung's Financial Services Agreement constituted continuous connected transactions under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval of the Listing Rules. A waiver of strict compliance with the relevant Listing Rules requirements to publish announcement and independent shareholders' approval of the Yeung's Financial Services Agreement has been obtained by the Company on 30 March 2007.

The Yeung's Financial Services Agreement is subject to the following Annual Caps ("Previous Yeung Family Annual Caps"):

		For the year ended /ending 31 March		
		2007	**2008**	**2009**
		HK$	HK$	HK$
(i)	Commission and interest income	2,500,000	2,900,000	3,100,000
(ii)	Maximum margin loan amount	31,000,000	31,000,000	31,000,000
(iii)	Commission and fee payment	22,000	24,000	27,000
Total		33,522,000	33,924,000	34,127,000

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: (Continued)

3. Financial Services agreement with the Yeung Family (Continued)

As announced by the Company on 6 March 2008, the amounts of commission and interest income from the Yeung Family and the commission paid to the Yeung Family exceeded the relevant Previous Yeung Family Annual Caps for the year ended 31 March 2008 in view of the increased securities, futures and options trading and placing activities under the Yeung's Financial Services Agreement as a result of improving economy and market sentiment of securities trading in Hong Kong. The Company has entered into the Revised Yeung's Financial Services Agreement to (i) revise the term of the agreement for a 3 year term commencing from 1 April 2007 up to 31 March 2010, and (ii) include the provision of IPO financing to the Yeung Family; and has revised the annual caps ("Revised Yeung Family Annual Caps") under the Revised Yeung Financial Services Agreement as below:

		Revised Yeung Family Annual Caps For the year ended/ending 31 March		
		2008	2009	2010
		HK$	HK$	HK$
(i)	Commission and brokerage on dealing in securities, futures and options trading and interest income from margin and IPO financing from the Yeung Family	5,000,000	7,200,000	10,500,000
(ii)	Maximum margin loan amount to the Yeung Family	32,600,000	34,200,000	35,900,000
(iii)	Maximum IPO loan amount to the Yeung Family	209,200,000	209,200,00	209,200,000
(iv)	Commission and fee payment to the Yeung Family	180,000	210,000	220,000
Total		246,980,000	250,810,000	255,820,000

4. Financial services agreement with the Lee Family

On 2 April 2007, the Company entered into an agreement ("Lee's Financial Services Agreement") with Mr. Lee Wai Shing, pursuant to which the Group agreed to (i) provide financial services including brokerage services for securities, futures and options trading and acting as placing agent, underwriter or sub-underwriter; and (ii) provide margin loans from time to time on normal commercial terms and at rates no more favourable to the Lee Family than those offered to other Independent Third Parties (as defined in the Listing Rules) for a term of three years commencing from 1 April 2006 up to 31 March 2009. Items (i) and (ii) are collectively referred to as the "Lee's Financial Services".

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: (Continued)

4. Financial services agreement with the Lee Family *(Continued)*

Under the Lee's Financial Services Agreement, members of the Lee Family include Mr. Lee Wai Shing and his associates. Mr. Lee Wai Shing is a director of a subsidiary of the Company and the other members of the Lee Family are defined as his associates under the Listing Rules. Upon the listing of the shares of the Company on 24 April 2007, Mr. Lee Wai Shing and his associates became connected persons of the Company under Chapter 14A of the Listing Rules and the transactions contemplated under the Lee's Family Financial Services Agreement constituted continuous connected transactions under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements but exempted from independent shareholders' approval. A waiver of strict compliance with the relevant Listing Rules requirements to publish announcement of the Lee's Financial Services Agreement has been obtained by the Company on 30 March 2007.

The Lee's Financial Services Agreement is subject to the following annual caps ("Previous Lee Family Annual Caps"):-

		For the year ended/ending 31 March		
		2007	**2008**	**2009**
		HK$	HK$	HK$
(i)	Commission and interest income	710,000	710,000	710,000
(ii)	Maximum margin loan amount	4,800,000	4,800,000	4,800,000
Total		5,510,000	5,510,000	5,510,000

As announced by the Company on 6 March 2008, for the period from 1 April 2007 to 31 January 2008, the amount of commission and interests income received under the Lee's Financial Services Agreement up to 31 January 2008 has reached approximately HK$0.94 million, and that the maximum margin loan amount to the Lee Family has reached approximately HK$5.9 million. As such, the Previous Annual Caps under the Lee's Financial Services Agreement have been exceeded.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: (Continued)

4. Financial services agreement with the Lee Family *(Continued)*

   Mr. Lee Wai Shing has resigned as a director of a subsidiary of the Group on 12 October 2007, and under the definition of connected persons in the Listing Rules, Mr. Lee will remain as a connected person for 12 months following his resignation. Mr. Lee had indicated that he would continue to engage the Group to provide financial services. As such, the Group has revised the annual caps (the "Revised Lee Family Annual Caps") under the Lee's Financial Services Agreement as follows:

	Revised Lee Family Annual Caps For the year ended/ending 31 March	
	2008	**2009**
	HK$	HK$
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin and IPO financing from the Lee Family	1,200,000	1,500,000
(ii) Maximum margin loan amount to the Lee Family	6,200,000	6,500,000
Total	7,400,000	8,000,000

C. CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing them (if applicable) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

D. CONFIRMATION FROM AUDITOR OF THE COMPANY

The Board of Directors has received a confirmation from the auditor of the Company with respect to the above continuing connected transactions and the letter stated that for the year 2008, the above continuing connected transactions:

(i) have been approved by the Board of Directors;

(ii) have been entered into in accordance with the terms of the agreements governing the transactions; and

(iii) have not exceeded the cap amount announced by the Company.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of the business of the Group were entered into or subsisted during the year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

The emolument policy of the senior executives of the Group is approved by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the executive Directors of the Company are approved by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 26 to 31.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company maintained the prescribed public float under the Listing Rules.

DONATIONS

During the year, the Group made charitable donations amounting to approximately HK$649,000.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Emperor Capital Group Limited

Yeung, Daisy
Managing Director

Hong Kong
8 July 2008

CORPORATE GOVERNANCE REPORT

The Directors of the Company has adopted various policies to ensure compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") under Appendix 14 of the Listing Rules. For the year ended 31 March 2008, the Board is pleased to confirm that the Company has complied fully with the code provisions of the Code 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.

THE BOARD

Board composition

The Board is responsible for the leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the shareholders by formulating strategic directions and monitoring the financial and management performance of the Group.

As at 31 March 2008, the Board comprised seven Directors (four Executive Directors and three Independent Non-executive Directors) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The Independent Non-executive Directors will also share their valuable impartial view on matters to be discussed at the Board meetings. The biographies of the Directors (save for Mr. Yeung Kun Lee who resigned from directorship of the Company on 31 May 2008) are set out on pages 8 to 9 of this report under the Biographies of Directors and Senior Executives Section.

An induction regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group has been provided to all Directors shortly upon the appointment as Director of the Company.

A procedure has been approved by the Board to enable Directors to seek independent professional advice at the Company's expenses in appropriate circumstances.

Managing Director and management functions

Code provision A.2.1. requires the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Currently, the Board has appointed Ms. Yeung, Daisy as the Managing Director of the Company, who is both responsible for the management of the Board and the day-to-day management of the business of the Group. She would ensure that all Directors are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. In addition, the three Independent Non-executive Directors in the Board, who do not have any management contract with the Group, provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively and does not intend to make any change thereof.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

The Independent Non-executive Directors are appointed for an initial term of three years commencing from 1 March 2007, with all the terms being renewed automatically for successive terms of one year each commencing from the date next after the expiry of the then current terms, unless terminated by not less than three months' notice in writing served by either party. Pursuant to the Bye-laws of the Company, every Director shall be subject to retirement by rotation at least once every three years in order to comply with the requirement of the Code.

The Company has received a confirmation of independence from each of the Independent Non-executive Directors. The Board considers each of them to be independent by reference to the factors stated in the Listing Rules. The Independent Non-executive Directors have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Board Meetings

The Board held 9 Board meetings during the year ended 31 March 2008 with the attendance of each Director as follows:-

Name of director	No. of Board meetings attended	Attendance rate
Managing Director		
Yeung, Daisy	7/9	77.78%
Executive Directors		
Chan Pak Lam, Tom	9/9	100%
Yeung Kun Lee, Sunny (resigned on 31 May 2008)	8/9	88.89%
Choi Suk Hing, Louisa (appointed on 14 March 2008)	1/1	100%
Independent Non-Executive Directors		
Fung Chi Kin	8/9	88.89%
Kwok Chi Sun, Vincent	8/9	88.89%
Cheng Wing Keung, Raymond	9/9	100%

Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. The Directors have access to the advice and services of the Company Secretary and key officers of the Company Secretarial team regarding the Board procedures, and all applicable rules and regulations in respect of the meetings are followed. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director. A procedure has been approved by the Board to ensure Directors to seek independent professional advice at the Company's expenses in appropriate circumstances.

CORPORATE GOVERNANCE REPORT

Delegation by the Board

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee and Remuneration Committee which were both set up on 1 March 2007. The Company has not established any nomination committee.

1. *Audit Committee*

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Kwok Chi Sun, Vincent (Chairman of the Committee), Mr. Fung Chi Kin and Mr. Cheng Wing Keung, Raymond. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, to approve the remuneration and terms of engagement of external auditor, review financial information and overseeing of the financial reporting system and internal control procedures. The specific written terms of reference of the Audit Committee is available on the Company's website: www.emp717.com.

The summary of work performed by the Audit Committee during the year ended 31 March 2008 is set out as follows:

i. reviewed with the external auditor and senior management of the audit plan for the year ended 31 March 2008;

ii. reviewed with senior management and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements for the year ended 31 March 2007 and for the six months ended 30 September 2007 respectively;

iii. reviewed with the senior management the effectiveness of internal control system of the Group;

iv. reviewed the independence of external auditor and the effectiveness of the audit process;

v. recommended to the Board on the re-appointment of auditor;

vi. meeting with the external auditor and reviewed their work and findings relating to the annual audit; and

vii. annual review of the non-exempt continuing connected transactions.

The Audit Committee convened three meetings during the year ended 31 March 2008 with the attendance of each member as follows:

Name of Committee members	No. of meetings attended	Attendance rate
Kwok Chi Sun, Vincent *(Chairman)*	3/3	100%
Fung Chi Kin	3/3	100%
Cheng Wing Keung, Raymond	3/3	100%

2. *Remuneration Committee*

The Remuneration Committee consists of three members, namely Mr. Chan Pak Lam, Tom, an Executive Director, and Mr. Kwok Chi Sun, Vincent and Mr. Cheng Wing Keung, Raymond, Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Chan Pak Lam, Tom. The major responsibilities of the Remuneration Committee are making recommendation to the Board on policies to attract, retain and motivate high caliber executives and on the establishment of a formal and transparent procedure for developing remuneration policy. Details of the remuneration of each of the Directors for the year ended 31 March 2008 are set out in note 12 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee is available on the Company's website: www.emp717.com.

The summary of work performed by the Remuneration Committee during the year ended 31 March 2008 is set out as follows:

i. reviewed the remuneration structure of the Directors, determined the director's fee of the executive Directors and made recommendation to the Board on the director's fee of the non-executive Directors;

ii. reviewed the share option scheme of the Company and made recommendation to the Board to put forward of the same for shareholder's approval; and

iii. made recommendation to the Board on the granting of share options to Ms. Yeung Daisy and Mr. Chan Pak Lam, Tom, directors of the Company.

The Remuneration Committee convened three meetings during the year ended 31 March 2008 with the attendance of each member as follows:

Name of Committee members	No. of meetings attended	Attendance rate
Chan Pak Lam, Tom *(Chairman)*	3/3	100%
Kwok Chi Sun, Vincent	3/3	100%
Cheng Wing Keung, Raymond	3/3	100%

Directors/senior management's securities transaction

The Company has adopted a code of conduct regarding securities transactions by Directors and senior executives on the same terms as the required standard of dealings set out in Appendix 10 of the Listing Rules. Having made specific enquiry to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings and the code of conduct.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the accounts of the Group and other financial disclosures required under the Listing Rules and the management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

INTERNAL CONTROLS

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The internal control system involves with the major operating areas of the business of the Group, including accounts opening and handling, dealing practices, settlement and asset protection and anti-money laundering. Proper management of risks, including credit risk, market risk, liquidity risk, operational risk and compliance risk are also important to the business of the Group. The Group has implemented policies and procedures on these areas and continuous revisions to its relevant policies and procedures will be made from time to time. Monitoring of the internal control system and risk management is mainly relied on the internal audit department, the credit risk control department and compliance department.

The internal audit department is assigned with the task to perform regular reviews on selected systems of the Group and will report audit review findings or irregularities, if any, to management and advise on the implementation of necessary steps of systems to enhance operational or financial controls.

The credit risk control department of the Group is responsible for overseeing the credit risk control function of the Group, detecting any trading irregularity, recommending credit and trading limit, compiling the list of clients subject to margin calls and reporting for follow-up actions.

The compliance department is responsible for assisting management in formulating policies and procedures with regard to the applicable regulatory requirements relevant to the Group's operation and handling of complaints.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Directors considered communication with the shareholders are mainly in the following ways: (i) the annual general meeting to be held in each year and special general meetings, if any, which may be convened for specific purpose provide opportunities for the shareholders to communicate directly to the Board; (ii) the announcements, annual reports, interim reports and/or circulars to be issued as required under the Listing Rules and press releases of the Company providing updated information of the Group; and (iii) the shareholders and investors are welcome to visit our website for the latest information of the Group. There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to raise enquires through our Investor Relations Department whose contact details are available on the Company's website.

The chairperson of the annual general meeting and the chairman/members of the committees were available at the annual general meeting held on 20 September 2007 to answer questions from the shareholders.

The rights to demand a poll were set out in the circulars dispatched to the shareholders during the year. The chairperson of the annual general meeting held on 20 September 2007 and the special general meeting held on 3 January 2008 had explained the rights and procedures to demand a poll.

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Service rendered	Fees paid/payable
	HK$'000
Audit services	1,057
Non-audit services	113

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE DIRECTORS OF EMPEROR CAPITAL GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 85, which comprise the consolidated balance sheet as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
8 July 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	9	185,259	123,691
Other operating income		3,188	2,162
Staff costs	10	(29,697)	(13,624)
Commission expenses		(40,004)	(32,853)
Other expenses		(28,748)	(21,048)
Depreciation and amortisation		(1,322)	(1,447)
Finance costs	11	(33,627)	(26,871)
Gain on disposal of intangible assets		701	–
Share of loss of an associate		(371)	–
Profit before taxation	14	55,379	30,010
Taxation	15	(9,437)	(5,914)
Profit for the year		45,942	24,096
Dividends	16	7,215	–
Earnings per share	17		
Basic		HK7.39 cents	HK8.53 cents
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment in an associate	20	–	–
Property and equipment	18	3,413	2,124
Intangible assets	19	317	771
Other assets	21	4,229	4,448
Amount due from an associate	20	1,001	–
Available-for-sale financial assets	23	136	136
		9,096	7,479
Current assets			
Trade receivables	24	290,812	161,520
Loans and advances	22	–	19,000
Other debtors, deposits and prepayments	30	5,479	7,122
Amount due from a former fellow subsidiary	30	–	272,756
Investments held for trading	25	2,163	–
Tax recoverable		376	–
Bank balances and cash – trust	26	173,445	119,367
Bank balances and cash – general	26	250,224	70,028
		722,499	649,793
Current liabilities			
Trade payables	27	233,844	162,968
Other creditors and accrued charges	30	17,392	12,145
Tax liabilities		3,909	989
Short-term bank borrowings	28	–	54,400
		255,145	230,502
Net current assets		467,354	419,291
Total assets less current liabilities		476,450	426,770
Capital and reserves			
Share capital	29	7,215	127,000
Reserves		468,947	299,705
Total capital and reserves		476,162	426,705
Non-current liability			
Deferred taxation	15	288	65
		476,450	426,770

The consolidated financial statements on pages 34 to 85 were approved and authorised for issue by the board of Directors on 8 July 2008 and are signed on its behalf by:

Daisy Yeung
Director

Chan Pak Lam, Tom
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital contribution reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 April 2006	127,000	–	–	2,004	273,605	–	402,609
Profit for the year	–	–	–	–	24,096	–	24,096
Total recognised income and expenses for the year	–	–	–	–	24,096	–	24,096
At 31 March 2007	127,000	–	–	2,004	297,701	–	426,705
Profit for the year	–	–	–	–	45,942	–	45,942
Total recognised income and expenses for the year	–	–	–	–	45,942	–	45,942
Arising from Group Reorganisation	(127,000)	–	127,000	–	–	–	–
Issue of shares for acquisition of a subsidiary pursuant to Group Reorganisation	2,826	–	(2,826)	–	–	–	–
Issue of shares by way of preferential and public offers	3,187	117,895	–	–	–	–	121,082
Listing expenses	–	(10,405)	–	–	–	–	(10,405)
Issue of shares to controlling shareholder	1,202	115,431	–	–	–	–	116,633
Transaction costs attributable to issue of shares to controlling shareholder	–	(1,625)	–	–	–	–	(1,625)
Recognition of equity-settled share based payments	–	–	–	–	–	2,045	2,045
Dividend paid by subsidiaries prior to Group Reorganisation	–	–	–	–	(217,000)	–	(217,000)
Dividend recognised as distribution	–	–	–	–	(7,215)	–	(7,215)
At 31 March 2008	7,215	221,296	124,174	2,004	119,428	2,045	476,162

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

Capital contribution reserve represents the contribution from a fellow subsidiary for waiver of certain amount of management fee in previous years.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		55,379	30,010
Adjustments for:			
Interest expenses		33,627	26,871
Depreciation of property and equipment		967	1,061
Amortisation of intangible assets		355	386
Share-based payment expenses		2,045	–
Provision (write back) for bad and doubtful debts		533	(187)
Share of loss of an associate		371	–
Gain on disposal of intangible assets		(701)	–
Operating cash flows before movements in working capital		92,576	58,141
(Increase) decrease in trade receivables		(128,117)	3,709
Decrease (increase) in other assets		319	(140)
Decrease in loans and advances		19,000	78,596
Increase in investments held for trading		(2,163)	–
Decrease (increase) in other debtors, deposits and prepayments		1,698	(3,331)
Increase in bank balances and cash – trust accounts		(54,078)	(21,522)
Increase (decrease) in trade payables		59,765	(3,543)
Increase in other creditors and accrued charges		5,190	5,400
Cash (used in) generated from operations		(5,810)	117,310
Hong Kong Profits Tax paid		(6,670)	(4,602)
Interest paid		(33,627)	(26,871)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(46,107)	85,837
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,121)	(135)
Proceeds on disposal of intangible assets		800	–
Purchase of available-for-sale financial asset		–	(136)
Decrease (increase) in amount due from a former fellow subsidiary		272,756	(103,951)
Acquisition of subsidiaries	33	9,170	–
Acquisition of an associate		(1)	–
Increase in amount due from an associate		(1,371)	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		279,233	(104,222)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
FINANCING ACTIVITIES		
Drawdown on bank borrowings	31,052,064	54,400
Repayment of bank borrowings	(31,106,464)	–
Advance of subordinated loan from a former fellow subsidiary	–	550,000
Repayment of subordinated loan from a former fellow subsidiary	–	(550,000)
Advance from a controlling shareholder company	483,679	–
Repayment to a controlling shareholder company	(483,679)	–
Proceeds from issue of shares by way of preferential and public offers	121,082	–
Proceeds from issue of shares	116,633	–
Listing expenses	(10,405)	–
Expenses on issue of shares	(1,625)	–
Dividend paid to equity holders of the Company	(7,215)	–
Dividend paid by subsidiaries	(217,000)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(52,930)	54,400
NET INCREASE IN CASH AND CASH EQUIVALENTS	180,196	36,015
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	70,028	34,013
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	250,224	70,028
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances – general accounts and cash	250,224	70,028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL

The Company is incorporated and registered as an exempted company with limited liability on 27 June 2006 under the Companies Act 1981 of Bermuda (as amended) and acts as an investment holding company. Its controlling shareholder is Charron Holdings Limited ("Charron"), a limited company incorporated in the British Virgin Islands.

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

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 36.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Under the group reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange (the "Group Reorganisation"), the Company has become the holding company of the Group on 2 April 2007. Details of the reorganisation were set out in the paragraph headed "Statutory and General Information – Reorganisation" in Appendix V to the prospectus dated 11 April 2007 issued by the Company (the "Prospectus").

The Group resulting from the above mentioned reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" as if the group structure under the Group Reorganisation had been in existence throughout the two years ended 31 March 2008.

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives
HK(IFRIC) – Int 10	Interim financial reporting and impairment
HK(IFRIC) – Int 11	HKFRS 2: Group and treasury share transactions

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(Continued)*

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

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC) – Int 12	Service concession arrangements [3]
HK(IFRIC) – Int 13	Customer loyalty programmes [4]
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction [3]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 January 2008.
[4] Effective for annual periods beginning on or after 1 July 2008.

The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements. HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year, except for those acquired pursuant to the Group Reorganisation, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

Business combination

Common control combinations

The business combinations under common control are accounted for in accordance with merger accounting. In applying merger accounting, the consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statements includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Business combination (Continued)

Common control combinations *(Continued)*

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first come under common control, which is the shorter.

Business combinations other than common control combinations

The acquisitions of businesses under business combination other than common control combinations are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 ''Business Combinations'' are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in consolidated income statement.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

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

Property and equipment

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

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

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

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

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

Foreign currencies

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors, employees and others providing similar services

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

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

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

Retirement benefit costs

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Taxation

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

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

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

Loans and receivables

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL represent financial assets held for trading. At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets of FVTPL and loans and receivables.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

Impairment losses on tangible and intangible assets

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the amounts recognised in the consolidated financial statements within the next financial year.

Estimated impairment of trade receivable

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

6. CAPITAL RISK MANAGEMENT

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

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

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

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

During the year, there was an exceptional incidence of non-compliance by Emperor Securities Limited, a subsidiary of the Group, for the liquid capital requirements imposed by SF(FR)R. The non-compliance was reported to the SFC and was rectified immediately within two business days. The directors of Emperor Securities Limited have taken immediate remedial actions and improved the internal control system in order to prevent any non-compliance of the aforesaid requirement in the future. Except for the above, the Regulated Subsidiaries have no non-compliance of the liquid capital requirements imposed by SF(FR)R during the year.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008 HK$'000	2007 HK$'000
Financial assets		
Available-for-sale financial assets	136	136
Investments held for trading	2,163	–
Loans and receivables (including cash and cash equivalents)	720,612	647,832
Financial liabilities		
Amortised cost	245,197	222,907

Financial risk management objectives and policies

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

Market risk

Currency risk

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

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

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate trade receivables, bank balances, trade payables and short-term bank borrowings (see notes 24, 26, 27 and 28 for details of these financial instruments). The Group is also exposed to fair value interest rate risk in relation to fixed-rate loan receivables as at 31 March 2007 (see note 22 for details).

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

Financial instruments with variable interest-bearing in nature

	2008 HK$'000	2007 HK$'000
Assets		
Trade receivables	219,710	61,152
Bank balances	269,191	148,044
Liability		
Trade payables	142,317	102,117
Short term bank borrowing	–	54,400

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Interest rate risk *(Continued)*

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date and it is assumed that the amount of the above assets and liabilities at the balance sheet date was in existence for the whole year and all other variables were held constant throughout the respective year. A 100 basis point change represents management's assessment of the possible change in interest rates.

	2008 Change in basis points		2007 Change in basis points	
	+100	–100	+100	–100
	HK$'000	HK$'000	HK$'000	HK$'000
Increase (decrease) in profit for the year	3,331	(3,331)	694	(694)

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities and investment funds. The Directors of the Company manage the exposure by closely monitoring the portfolio of equity investments.

Equity price sensitivity

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date. A 10 percent change represents management's assessment of the reasonably possible change in equity price.

For the year ended 31 March 2008, if the market price of the unlisted investments had been 10 percent higher/lower, the Group's profit for the year would increase/decrease by HK$178,000 (2007: nil). This is mainly attributable to the changes in fair values of the unlisted fund investments, classified as investments held for trading.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk as the year end exposure does not reflect the exposure during the year. During the year, the portfolio of the equity investments fluctuated.

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has a delegated team to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. The Group has no significant concentration of credit risk by any single debtor, with exposure spread over a number of clients and brokers.

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

Liquidity risk

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

As at 31 March 2008, the Group has available unutilised banking facilities of approximately HK$100 million (2007: HK$150 million).

No analysis of maturity profile on financial liabilities is prepared. The Group's financial liabilities are repayable on demand by virtue of its nature, except for the short-term bank borrowings of HK$54,400,000 as at 31 March 2007, which borne variable interest at HIBOR plus a spread, which was due within one month and fully repaid on 2 April 2007.

7. FINANCIAL INSTRUMENTS *(Continued)*

Fair value

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

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

8. 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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

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 year ended 31 March 2008

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

Inter-segment sales are charged at prevailing market rate.

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Consolidated HK$'000
RESULTS					
Segment results	69,476	18,809	5,321	314	93,920
Unallocated other operating income					833
Unallocated corporate expenses					(39,003)
Share of loss of an associate					(371)
Profit before taxation					55,379
Taxation					(9,437)
Profit for the year					45,942

8. 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
ASSETS					
Segment assets	241,272	219,710	–	11,234	472,216
Unallocated corporate assets					259,379
Consolidated total assets					731,595
LIABILITIES					
Segment liabilities	224,628	–	–	11,000	235,628
Unallocated corporate liabilities					19,805
Consolidated total liabilities					255,433

OTHER INFORMATION

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Consolidated HK$'000
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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

For the year ended 31 March 2007

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Consolidated HK$'000
REVENUE				
Revenue	73,430	45,808	4,453	123,691

No inter-segment sales during the year.

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Consolidated HK$'000
RESULTS				
Segment results	35,709	18,938	1,508	56,155
Unallocated other operating income				1,065
Unallocated corporate expenses				(27,210)
Profit before taxation				30,010
Taxation				(5,914)
Profit for the year				24,096

As at 31 March 2007

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	233,243	73,987	–	307,230
Unallocated corporate assets				350,042
Consolidated total assets				657,272
LIABILITIES				
Segment liabilities	163,740	54,400	–	218,140
Unallocated corporate liabilities				12,427
Consolidated total liabilities				230,567

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

OTHER INFORMATION

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Consolidated HK$'000
Additions to property and equipment	135	–	–	135
Amortisation of intangible assets	386	–	–	386
Depreciation of property and equipment	1,061	–	–	1,061

9. REVENUE

	2008 HK$'000	2007 HK$'000
Commission and brokerage fees on securities and equity options dealing	99,559	44,272
Commission and brokerage fees on dealing in futures and options contracts	14,237	25,836
Commission from insurance brokerage and wealth management	871	–
Corporate finance advisory services fee income	350	–
Placing and underwriting commission	11,386	4,453
Interest income from:		
Margin and initial public offer financing	51,534	35,918
Loans and advances	230	9,890
Bank deposits	6,960	3,173
Others	132	149
	185,259	123,691

10. STAFF COSTS

	2008 HK$'000	2007 HK$'000
Staff costs represent the amounts paid and payable to the directors and employees and comprises:		
Salaries, bonus, allowances and commission	26,708	13,024
Contributions to retirement benefits scheme	944	600
Share-based payment	2,045	–
	29,697	13,624

11. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	31,645	23,065
Amount due to a controlling shareholder company	1,310	–
Subordinated loan from a former fellow subsidiary	–	3,227
Others	672	579
	33,627	26,871

12. DIRECTORS' REMUNERATION

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

For the year ended 31 March 2008

	Yeung, Daisy HK$'000	Chan Pak Lam, Tom HK$'000	Yeung Kun Lee, Sunny HK$'000	Choi Suk Hing, Louisa HK$'000	Cheung Wing Keung, Raymond HK$'000	Fung Chi Kin HK$'000	Kwok Chi Sun, Vincent HK$'000	2008 Total HK$'000
Fees	109	109	109	–	135	135	135	732
Other remuneration								
Salaries, allowances and benefits in kind	1,080	876	156	40	–	–	–	2,152
Discretionary bonus *(note)*	500	600	101	–	–	–	–	1,201
Contributions to retirement benefits scheme	17	61	–	3	–	–	–	81
Commission	–	–	–	–	–	–	–	–
Total remuneration	1,706	1,646	366	43	135	135	135	4,166

12. DIRECTORS' REMUNERATION *(Continued)*

For the year ended 31 March 2007

	Yeung, Daisy HK$'000	Chan Pak Lam, Tom HK$'000	Yeung Kun Lee, Sunny HK$'000	2007 Total HK$'000
Fees	–	–	–	–
Other remuneration				
Salaries, allowances and benefits in kind	654	729	165	1,548
Discretionary bonus *(note)*	–	300	–	300
Contributions to retirement benefits scheme	17	30	–	47
Commission	–	598	61	659
Total remuneration	759	1,569	226	2,554

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

Prior to 30 September 2006, a director of the Company was employed by Emperor International Holdings Limited ("EIHL"), a former intermediate holding company of the Company, and its subsidiaries other than the Group (hereinafter referred to as ''EIHL Group") and served both the Group and EIHL Group. Prior to 30 September 2006, EIHL Group paid the following amounts to this executive director of the Company for his services provided to the Group (the "Payment") and such amount was recharged through management fee to a fellow subsidiary. Details of the Payment are as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other benefits		
Executive director	–	123

13. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group, included two directors of the Company for the both year ended 31 March 2008 and 31 March 2007, details of whose emolument is included in the disclosures in note 12 above. The emoluments of the remaining individuals for the years were as follows:

	2008 HK$'000	2007 HK$'000
Salaries, allowances and benefits in kind	6,035	951
Contributions to retirement benefits scheme	30	55
Commission	–	1,652
	6,065	2,658

Their remuneration were within the following bands:

	Number of employees	
	2008	2007
Nil to HK$1,000,000	–	2
HK$1,000,001 to HK$1,500,000	3	1

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

14. PROFIT BEFORE TAXATION

	2008 HK$'000	2007 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets	355	386
Auditor's remuneration	1,149	600
Depreciation of property and equipment	967	1,061
Operating lease rentals in respect of		
– rented premises	2,594	1,889
– equipment	150	67
Other equipment rental expense	4,495	2,487
Listing expenses	–	5,384
Net exchange (gain) loss	(153)	26
Handling fee income	(2,123)	(1,274)
Provision (write back) of bad and doubtful debts	533	(187)
Fair value change of investments held for trading	(180)	–

15. TAXATION

	2008 HK$'000	2007 HK$'000
Current year:		
Hong Kong Profits Tax		
– provision for the year	9,350	5,953
– overprovision for prior year	(136)	(17)
Deferred taxation		
– charge (credit) for the year	223	(22)
	9,437	5,914

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008 HK$'000	2007 HK$'000
Profit before taxation	55,379	30,010
Taxation at income tax rate of 17.5%	9,691	5,252
Tax effect of expenses not deductible for tax purpose	1,300	1,165
Tax effect of income not taxable for tax purpose	(1,947)	(556)
Overprovision in prior year	(136)	(17)
Utilisation of tax losses previously not recognised	(54)	–
Tax effect of tax losses not recognised	180	–
Tax effect of share of loss of an associate	65	–
Others	338	70
Taxation for the year	9,437	5,914

15. TAXATION *(Continued)*

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

	Accelerated tax depreciation HK$'000
At 1 April 2006	87
Credited to income statement	(22)
At 31 March 2007 and 1 April 2007	65
Charged to income statement	223
At 31 March 2008	288

As at 31 March 2008, the Group had unused estimated tax losses of HIK$19,853,000 (2007: HK$292,000) available for offset against future profits. No deferred tax assets has been recognised in respect of such losses due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

16. DIVIDENDS

	2008 HK$'000
Recognised as distribution:	
2008 interim dividend of HK$0.01 per share	7,215

The Directors do not recommend payment of a final dividend for the year ended 31 March 2008.

During the year, special dividend of HK$178.5 million and HK$38.5 million were paid by Emperor Securities Limited and Emperor Futures Limited respectively to their shareholders prior to the Group Reorganisation.

No dividends have been paid or declared by the Company and its subsidiaries during the years ended 31 March 2007.

17. EARNINGS PER SHARE

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

	2008 HK$'000	2007 HK$'000
Earnings for the purposes of basic earnings per share, being profit for the year attributable to equity holders of the Company	45,942	24,096
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	621,896,913	282,635,636

In determining the weighted average number of ordinary shares for the purpose of calculating basic earnings per share, the shares that were in issue immediately prior to the listing of the Company's shares on the Stock Exchange, which were issued pursuant to the Group Reorganisation, are treated as if they had been in issue throughout the two years ended 31 March 2008.

No diluted earnings per share was presented because the exercise price of the Company's share options was higher than the average market price for the year ended 31 March 2008, and the Company had no outstanding share options throughout the year ended 31 March 2007.

18. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Computer and equipment HK$'000	Air-conditioners HK$'000	Total HK$'000
COST							
At 1 April 2006	2,898	911	2,508	–	8,265	489	15,071
Additions	–	–	4	–	131	–	135
At 31 March 2007	2,898	911	2,512	–	8,396	489	15,206
Acquired on acquisition of subsidiaries	–	–	–	89	46	–	135
Additions	530	78	287	–	1,226	–	2,121
At 31 March 2008	3,428	989	2,799	89	9,668	489	17,462
ACCUMULATED DEPRECIATION							
At 1 April 2006	2,135	787	2,114	–	6,591	394	12,021
Provided for the year	262	44	196	–	521	38	1,061
At 31 March 2007	2,397	831	2,310	–	7,112	432	13,082
Provided for the year	231	42	112	1	553	28	967
At 31 March 2008	2,628	873	2,422	1	7,665	460	14,049
CARRYING VALUES							
At 31 March 2008	800	116	377	88	2,003	29	3,413
At 31 March 2007	501	80	202	–	1,284	57	2,124

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

19. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 April 2006 and 31 March 2007	13,000
Disposal	(3,198)
At 31 March 2008	9,802
AMORTISATION AND IMPAIRMENT	
At 1 April 2006	11,843
Charged for the year	386
At 31 March 2007	12,229
Charged for the year	355
Eliminated on disposal	(3,099)
At 31 March 2008	9,485
CARRYING VALUES	
At 31 March 2008	317
At 31 March 2007	771

Trading rights are amortised over 10 years being the period of the trading rights transferable from 6 March 2000, the effective day of the merger of the Stock Exchange, the HKFE and the Hong Kong Securities Clearing Company Limited.

20. INTERESTS IN AN ASSOCIATE

	2008 HK$'000
Cost of investment in an unlisted associate acquired during the year	1
Share of post-acquisition losses	(1)
	–
Amount due from an associate	1,371
Less: loss allocated in excess of cost of investment	(370)
	1,001

As at 31 March 2008 and 2007, the Group had interests in the following associate:

Name of entity	Form of business structure	Place of incorporation	Class of share held	Proportion of nominal value of issued capital held by the Group 2008	2007	Principal activity
Boom High Investments Limited ("Boom High")	Incorporated	British Virgin Islands	Ordinary shares	28%	–	Trading in securities

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

	2008 HK$'000
Total assets	3,575
Total liabilities	(4,901)
Net liabilities	(1,326)
Group's share of net liabilities of the associate	(371)
Revenue	–
Loss for the year	(1,326)
Group's share of losses of the associate for the year	(371)

20. INTERESTS IN AN ASSOCIATE *(Continued)*

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

21. OTHER ASSETS

	2008 HK$'000	2007 HK$'000
Statutory and other deposits	4,229	4,448

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

The fair values of these assets at each balance sheet date approximate their carrying amount.

22. LOANS AND ADVANCES

	2008 HK$'000	2007 HK$'000
Fixed-rate loan receivables	–	19,000
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the balance sheet date)		
– Fixed-rate loan receivables	–	19,000

Loans and advances are secured by pledged marketable securities with an aggregate carrying value of approximately HK$103,071,000 at 31 March 2007.

The ranges of effective interest rate (which are equal to contractual interest rates) on the Group's loan receivables are as follows:

	2008	2007
Effective interest rate:		
Fixed-rate loan receivables	–	1% per month

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.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008 HK$'000	2007 HK$'000
Unlisted securities		
– Equity securities of Hong Kong Precious Metals Exchange Limited	136	136
– Equity securities in the Chinese Gold and Silver Exchange Society	1,300	1,300
Less: Impairment for unlisted securities	(1,300)	(1,300)
	136	136

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

24. TRADE RECEIVABLES

	2008 HK$'000	2007 HK$'000
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	20,593	12,605
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	43,673	34,240
Secured margin loans	227,196	114,792
Less: Impairment allowance on trade receivables from the business of dealing in securities:		
Cash clients	(22)	(25)
Secured margin loans	(628)	(92)
	290,812	161,520

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.

Loans to margin clients are secured by clients' pledged securities and repayable on demand. Included in trade receivables, HK$219,710,000 (2007: HK$61,152,000) bear variable interest at prime rate with a spread. No aged analysis is disclosed as in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

24. TRADE RECEIVABLES *(Continued)*

As at 31 March 2008 and 2007, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$657,811,000 and HK$415,101,000 respectively, while no collateral pledged from other trade receivables.

As at 31 March 2008, trade receivables denominated in Japanese Yen and United States dollars, were approximately HK$758,000 (as at 31 March 2007: HK$3,097,000) and HK$9,690,000 (as at 31 March 2007: HK$5,600,000) respectively.

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate gross balance of HK$23,066,000 (as at 31 March 2007: HK$5,380,000) due to the default or delinquency in interest or principal payments. The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and age analysis of accounts and on management's judgement including the current creditworthness, collaterals and the past collection history of each client.

Movement in the allowance for bad and doubtful debts:

	2008 HK$'000	2007 HK$'000
Balance at the beginning of the year	117	304
Charge (write back) for the year	533	(187)
Balance at the end of the year	650	117

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable 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 credit provision required in excess of the allowance for impairment.

Included in the Group's trade receivables are debtors, with a carrying amount of HK$1,513,000 (as at 31 March 2007: HK$605,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality. The Group believes that the amounts are considered recoverable and no impairment is made.

24. TRADE RECEIVABLES *(Continued)*

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

	2008 HK$'000	2007 HK$'000
0 – 30 days	1,052	434
31 – 60 days	174	54
61 – 90 days	270	107
Over 90	17	10
	1,513	605

The trade receivables with a carrying amount of HK$266,883,000 (2007: HK$155,652,000) are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable.

Included in trade receivables from margin clients arising from the business of dealing in securities are amounts due from certain related parties, the details of which are as follows:

	Balance at 1 April HK$'000	Balance at 31 March HK$'000	Maximum amount outstanding during the year HK$'000	Market value of pledged securities at fair value at 31 March HK$'000
Directors of the Company				
Ms Yeung Daisy and associates *(Note)*				
2008	4,752	10,373	47,263	43,552
2007	6,445	4,752	594,103	364,267
Mr Chan Pak Lam Tom and associates				
2008	–	104	468	3,748
2007	–	–	–	–
Mr Yeung Kun Lee Sunny and associates				
2008	–	–	663	–
2007	–	–	607	–

Note: Associates are defined in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

24. TRADE RECEIVABLES *(Continued)*

The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to other clients. In the opinion of directors, all amounts are expected to be recovered within 12 months after balance sheet date.

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

25. INVESTMENTS HELD FOR TRADING

	2008 HK$'000	2007 HK$'000
Unlisted investment funds	2,163	–

The fair value of the unlisted investment funds is the quoted market price which is readily and regularly available from the fund administrators.

26. BANK BALANCES AND CASH

	2008 HK$'000	2007 HK$'000
Bank balances		
– general accounts and cash	250,224	70,028
– trust accounts *(Note)*	173,445	119,367
	423,669	189,395

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

As at 31 March 2008, bank balances and cash denominated in Japanese Yen and United States dollars, are approximately HK$403,000 (as at 31 March 2007: HK$296,000) and HK$7,522,000 (as at 31 March 2007: HK$7,237,000) respectively.

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

27. TRADE PAYABLES

	2008 HK$'000	2007 HK$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	35,089	27,376
Trade payables from the business of dealing in securities:		
Margin and cash clients	187,755	135,592
Trade payables from the business of corporate finance	11,000	–
	233,844	162,968

Trade payables to margin clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of these contracts. The excess of the outstanding amounts over the required margin deposits stipulated is non-interest bearing and repayable to clients on demand. 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. As at 31 March 2008, included in the total trade payables, HK$142,317,000 (as at 31 March 2007: HK$102,117,000) were interest bearing whereas HK$91,527,000 (as at 31 March 2007: HK$60,851,000) were non-interest bearing. 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.

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date.

Included in trade payables amounts of HK$173,445,000 and HK$119,367,000 at 31 March 2008 and 2007 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 31 March 2008, trade payables denominated in Japanese Yen and United States dollars, are approximately HK$483,000 (as at 31 March 2007: HK$3,392,000) and HK$13,187,000 (as at 31 March 2007: HK$12,835,000) respectively.

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

28. SHORT-TERM BANK BORROWINGS

The prior year amounts represented short-term bank borrowings of HK$54,400,000 which was secured by a charge over securities subscribed under initial public offering as at 31 March 2007, and was fully repaid during the year ended 31 March 2008.

The bank borrowings carried interest at HIBOR plus a spread and were denominated in Hong Kong dollar.

29. SHARE CAPITAL

The movements in the Company's authorised and issued share capital during the period from 27 June 2006 (date of incorporation) to 31 March 2008 are as follows:

	Notes	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:			
Upon incorporation	(a)	10,000,000	100
Increase in authorised share capital	(c)	499,990,000,000	4,999,900
As at 31 March 2008		500,000,000,000	5,000,000
Issued and fully paid:			
Issue of shares	(b) & (d)	10,000,000	100
Issue of shares arising from Group Reorganisation	(d)	272,635,636	2,726
Issue of shares by way of preferential offer to the shareholders of EIHL and public offer	(e)	318,635,636	3,187
Issue of shares	(f)	120,240,000	1,202
As at 31 March 2008		721,511,272	7,215

29. SHARE CAPITAL *(Continued)*

Notes:

(a) On 27 June 2006, the Company was incorporated in Bermuda with authorised share capital of HK$100,000 divided into 10,000,000 shares of HK$0.01 each.

(b) On 11 July 2006, 10,000,000 unpaid shares of HK$0.01 were issued to EIHL.

(c) Pursuant to resolutions in writing of the sole shareholder of the Company passed on 2 April 2007, the authorised share capital of the Company was increased from HK$100,000 to HK$2,826,356.36 and then to HK$5,000,000,000 divided into 500,000,000,000 shares of a par value of HK$0.01 each by creation of total 499,990,000,000 shares.

(d) On 2 April 2007, the Company allotted and issued 272,635,636 shares of HK0.01 each, credited as fully paid, to EIHL and credited as fully paid at par the 10,000,000 shares issued nil paid by the Company to EIHL on 11 July 2006 referred in (b) above, in consideration of the transfer by EIHL to the Company of its interest in Profit Ascent Group Limited, a direct wholly owned subsidiary of the Company immediately after the Group Reorganisation.

(e) On 24 April 2007, 318,635,636 shares of HK$0.01 each of the Company were issued at HK$0.38 each by way of preferential offer to the shareholders of EIHL and public offer. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

(f) Pursuant to a placing agreement dated 16 November 2007 made between Charron, the controlling shareholder of the Company, and Emperor Securities Limited (the "Placing Agent"), the Placing Agent agreed to place to independent private investors 120,240,000 shares of HK$0.01 each in the Company held by Charron at a price of HK$0.97 per share.

Pursuant to a subscription agreement also dated 16 November 2007 between the Company and Charron, Charron agreed to subscribe for 120,240,000 new shares of HK$0.01 each in the Company at a price of HK$0.97 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 September 2007 and rank pari passu with other shares in issue in all respects. The subscription was completed on 30 November 2007.

The amount of share capital at 31 March 2007 of HK$127,000,000 represented the aggregate issued share capital of Emperor Securities Limited, Emperor Securities Nominees Limited, Emperor Futures Limited, Emperor Gold & Silver Company Limited and Famous Winner Holdings Limited as at that date.

30. OTHER FINANCIAL ASSETS AND LIABILITIES

Other debtors, deposits and prepayments

The amounts include rental deposits paid to related companies of HK$680,000 and a former fellow subsidiary HK$577,000 at 31 March 2008 and 2007 respectively.

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

Amount due from a former fellow subsidiary

The amount is of non-trade nature, non-interest bearing, unsecured and fully settled during the year ended 31 March 2008. The fair value of the balance at each balance sheet date approximates its carrying amount.

Other creditors and accrued charges

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

31. SHARE OPTIONS

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

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

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

31. SHARE OPTIONS *(Continued)*

A summary of movements of the outstanding share options, which was granted to the directors of the Company under the Scheme, during the year ended and balance outstanding at 31 March 2008 is as follows:

Date of grant	Exercisable period	Exercise price per share HK$	Granted on 28 January 2008 and outstanding at 31 March 2008
28 January 2008	28 January 2008 – 27 January 2013	1.2	6,000,000

The fair values of options granted were calculated using the Binomial Option Pricing Model. The inputs into the models are as follows:

Share price at date of grant	:	HK$1.11
Exercise price	:	HK$1.2
Expected volatility	:	60.99%
Expected life in years	:	5
Risk free rate	:	1.97%
Expected dividend yield	:	0.9%
Suboptimal exercise factor	:	1.5

The expected volatility was determined, by using the average historical volatility of four other comparable companies' share prices over 5 years preceding the grant date, based on management's best estimation for the similar size and business in the market.

The fair value of each option was HK$0.3408 at the date of grant.

During the year ended 31 March 2008, approximately HK$2,045,000 is recognised in the consolidated income statement in respect of the value of options granted.

The Binomial model has been used to estimate the fair value of the options. The variables ad assumptions used in computing the fair value of the share options are based on directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

32. RETIREMENT BENEFITS SCHEME

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

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

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by the employee.

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

At 31 March 2008 and 2007, no forfeited contributions arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in future years.

33. ACQUISITIONS OF SUBSIDIARIES

The Group acquired 100% of the issued share capital of Multiple Focus Investments Limited on 27 June 2007 for cash consideration of HK$18,000 from an independent third party. On 14 March 2008, the Group acquired 100% of the issued share capital of Emperor Capital Limited for cash consideration of HK$9,800,000 from a a wholly-owned subsidiary of EIHL. These acquisitions have been accounted for using the purchase method. No goodwill and negative goodwill was arisen from the acquisition as the considerations were at the amounts of the net assets acquired.

33. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

The aggregate total net assets acquired in the transactions are as follows:

	Acquirees' carrying amount and fair value HK$'000
Net assets acquired:	
Property and equipment	135
Other assets	100
Trade receivables	1,708
Other debtors, deposits and prepayments	55
Bank balances and cash – general	18,988
Amount due to a shareholder	(8,817)
Trade payables	(11,111)
Accrued expenses	(57)
	1,001
Amount due to a shareholder assigned to the Group	8,817
	9,818
Total consideration satisfied by:	
Cash	9,818
Net cash inflow arising on acquisition:	
Cash consideration paid	(9,818)
Bank balances and cash acquired	18,988
	9,170

Multiple Focus Investments Limited and Emperor Capital Limited contributed HK$592,000 to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2007, total group revenue for the period would increase by HK$2,842,000, and profit for the period would decrease by HK$1,511,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

34. RELATED PARTY TRANSACTIONS

At each balance sheet date, the balances of the Group with related parties are set out in the balance sheets and notes 11, 12, 20, 24, 30 and 33 to the consolidated financial statements.

During the both years, the Group had the following significant transactions with related parties:

		2008 HK$'000	2007 HK$'000
(i)	Loan interest to a former fellow subsidiary	–	3,227
(ii)	Advisory income from a related company	320	–
(iii)	Commission paid to the associates of a director	124	–
(iv)	Management fee to a former fellow subsidiary		
	– computer services	–	391
	– administrative services and staff costs	–	979
		–	1,370
	Management fee to a related company		
	– computer services	245	–
	– administrative services and staff costs	1,631	–
		1,876	–
(v)	Operating lease rentals expenses to a related company	1,999	–
	Operating lease rentals expenses to a former fellow subsidiary	–	1,369
(vi)	Commission and brokerage income from		
	– a related company	141	–
	– former fellow subsidiaries	–	112
	– directors and their associates	3,505	1,395
(vii)	Underwriting and placing commission income from related companies	3,560	–
(viii)	Client interest income from		
	– former fellow subsidiaries	–	5
	– directors and their associates	1,072	1,932

34. RELATED PARTY TRANSACTIONS *(Continued)*

	2008 HK$'000	2007 HK$'000
(ix) Interest expenses paid to a controlling shareholder	1,310	–
(x) Printing, advertising and promotion expenses to related companies	1,033	–
(xi) Trade payables to margin and cash clients arising from business dealing in securities		
– an associate	1,313	–
– related companies	18	–
– directors and their associates	19,965	4,015

Note: The related companies represented subsidiaries owned by a controlling shareholder of the Company.

Compensation of key management personnel

The compensation of key management personnel was disclosed in note 12.

35. OPERATING LEASE COMMITMENTS

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

	2008		2007	
	Rental premises HK$'000	Hired equipment HK$'000	Rental premises HK$'000	Hired equipment HK$'000
Within one year	1,967	153	2,278	64
In the second to fifth years inclusive	230	434	1,389	81
	2,197	587	3,667	145

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

36. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 March 2008 are as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid capital	Proportion of nominal value of issued share capital held by the Company 2008 %	Principal activities
Emperor Capital Limited	Hong Kong 28 September 1993	HK$10,000,000	100	Provision of corporate finance advisory services
Emperor China Business Development Company Limited**	Hong Kong 25 May 2007	HK$100,000	100	Provision of promotion and marketing services in PRC
Emperor Credit Limited (formerly known as Max Finance Group Limited)	Hong Kong 2 June 1994	HK$2	100	Provision of money lending services
Emperor Futures Limited	Hong Kong 12 May 1989	HK$50,000,000	100	Provision of futures brokerage services
Emperor Gold & Silver Company Limited	Hong Kong 3 March 1994	HK$7,000,000	100	Holding of membership in the Hong Kong Precious Metals Exchange Limited and The Chinese Gold & Silver Exchange Society
Emperor Securities Limited	Hong Kong 6 July 1990	HK$170,000,000	100	Provision of securities brokerage services and margin financing services
Emperor Securities Nominees Limited	Hong Kong 27 August 1996	HK$2	100	Provision of securities nominee services

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For the year ended 31 March 2008

36. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place and date of incorporation	Issued and fully paid capital	Proportion of nominal value of issued share capital held by the Company 2008 %	Principal activities
Emperor Wealth Management Limited	Hong Kong 23 September 2006	HK$1,000,000	100	Provision of insurance and other brokerage services
Famous Winner Holdings Limited	Hong Kong 10 September 1999	HK$2	100	Signing agent for tenancy agreement
Profit Ascent Group Limited*	British Virgin Islands 26 July 2006	US$5	100	Investment holding

* Directly held by the Company.

** Incorporated/established during the year ended 31 March 2008.

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

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

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

FINANCIAL SUMMARY

	For the year ended 31 March 2008				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
RESULT					
Revenue	72,393	68,517	95,026	123,691	**185,259**
Profit before taxation	11,136	37,390	31,000	30,010	**55,379**
Taxation	(3,895)	(6,821)	(5,010)	(5,914)	**(9,437)**
Profit for the year	7,241	30,569	25,990	24,096	**45,942**

	As at 31 March				
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	394,514	614,835	575,965	657,272	**731,595**
Total liabilities	(89,627)	(278,203)	(173,356)	(230,567)	**(255,433)**
Net assets	304,887	336,632	402,609	426,705	**476,162**

The results and summary of assets and liabilities for each of the three years ended 31 March 2006 which were extracted from the Company's prospectus dated 11 April 2007 have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout those years.