英皇證券集團有限公司

Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

Stock code : 717

Annual Report

2008/2009

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Daisy Yeung *(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

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 Fulcrum Group (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
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

Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") provides a wide range of financial services including brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the USA, Japan and United Kingdom. We also provide margin and initial public offering ("IPO") financing as well as loans and advances to clients in Hong Kong. Our services further extended to corporate finance advisory and wealth management.

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

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

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

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

Brokerage

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Brokerage *(Continued)*

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

Loans and Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances. The weak market sentiment had hampered the investors' demand and their appetite for financing activities. Moreover, a number of companies have cancelled or downsized their IPOs. During the 18 months under review, a total of 56 companies were listed, raising a total of HK$95.9 billion new capital, which is substantially below the listing of 107 companies in the last corresponding period that raises HK$332.7 billion.

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

Placing and Underwriting

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

Corporate Finance

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

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

OUTLOOK

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

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2009, the Group's current assets and current liabilities were approximately HK$1,169 million and HK$659 million respectively. Included in the current liabilities, the Group had short term bank borrowings of HK$353 million which were repayable on demand and secured by charge over securities subscribed under initial public offerings. The bank borrowings carried interest at HIBOR plus a spread and were denominated in Hong Kong dollars. The Group's gearing ratio (represented total borrowings over total equity) increased to 0.667 from zero.

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

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

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

CAPITAL EXPENDITURES

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

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2009, the Group has 192 (as at 31 March 2008: 97) account executives and 78 employees (as at 31 March 2008: 79). Total staff costs (including Directors' remuneration) were approximately HK$40.4 million (2008: HK$29.7 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

CONTINGENT LIABILITY

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

ISSUANCE OF NEW SHARES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE SOCIAL RESPONSIBILITIES

During the Period, the Group's donations and participations in various charity events have demonstrated its commitment to the social. Many efforts have been particularly made in response to the massive earthquake in Sichuan Province, China in May 2008. The Group has raised relief fund from its staff and customers and donated HK$1 per securities or futures transaction as contribution in such activity.

Later in September 2008, our staff had participated in a friendship tour of nearly 100 volunteers to Leigu County, a quake-hit area under reconstruction in Sichuan, co-organised by Emperor Foundation, Emperor Entertainment Group and Social Workers Across Borders, to spend the first Mid-autumn Festival after the disaster with the earthquake victims. The Group had also shown a prolonged care and concern to the affected. We made in-kind sponsorship to the Social Service Team, Student Union of the Chinese University of Hong Kong to support their outbound service in Sichuan in September 2009.

In May 2008, the Group gathered its staff to join the tree planting challenge jointly organized by Emperor Foundation and Friends of Earth, which aimed to re-establish the Grassy Hill at Shing Mun, a woodland destroyed by wildfire.

The Group has also made special attention to the development of hospice care in Hong Kong and worked frequently with the Society for the Promotion of Hospice Care. Our staff paid a visit to Bradbury Hospice in January 2009, right in time to send their Chinese New Year greetings to the patients. In February 2009, the Group formed teams to join the Society's fund raising event, Hike for Hospice 2009. Co-organised by the Society and Emperor Foundation.

In recognition of the Group's enthusiasm in fulfilling its corporate social responsibilities, the Hong Kong Council of Social Service has awarded the Group "Caring Company Logo" for the year 2008-2009.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTOR AND MANAGING DIRECTOR

Daisy Yeung, aged 44, is the Managing Director of the Company. She is also a director and responsible officer of Emperor Securities Limited, Emperor Futures Limited, Emperor Wealth Management Limited and Emperor Asset Management Limited, all are 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 13 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 DIRECTOR

Chan Pak Lam, Tom, aged 46, is an Executive Director of the Company. He is also a director and responsible officer of Emperor Securities Limited, Emperor Futures Limited and Emperor Asset Management Limited, all are wholly-owned subsidiaries 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 15 years' experience in forex trading, securities and respective financial field. Mr. Chan has been involved in the management of the Group since 1994.

EXECUTIVE DIRECTOR AND COMPANY SECRETARY

Choi Suk Hing, Louisa, aged 45, is an Executive Director and Company Secretary of the Company. She is also a director and 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 11 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 firm for over 8 years. Ms. Choi joined the Board of the Company in March 2008.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Fung Chi Kin, aged 60, 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 Limited 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 Energy Corporation Limited (formerly known as 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

INDEPENDENT NON-EXECUTIVE DIRECTOR

Kwok Chi Sun, Vincent, aged 47, 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, China Digital Licensing (Group) Limited (formerly known as KanHan Technologies Group Limited and Shen Nong China (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.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Cheng Wing Keung, Raymond, aged 50, 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 also an independent non-executive director of three listed companies in Hong Kong, namely China Investment Fund Company Limited, Skyfame Realty (Holdings) Limited (Provisional Liquidators appointed) and Sino Resources Group Limited (carrying on business in Hong Kong as Sino Gp Limited) (formerly known as Kenfair International (Holdings) Limited). Mr. Cheng joined the Board of the Company as an Independent Non-executive Director of the Company in March 2007.

SENIOR EXECUTIVES

Chief Operating Officer

Ho Chi Ho, Aaron, aged 38, joined the Company in May 2008 as the Chief Operating Officer. He is responsible for overseeing the operations of the Group. He is also a responsible officer of Emperor Securities Limited and Emperor Asset Management Limited, both are wholly-owned subsidiaries of the Company. Mr. Ho graduated from the University of Toronto, Canada with a Bachelor's Degree in Commerce and Finance. He also holds a Master Degree in Business Administration from the University of South Australia. Mr. Ho has over 13 years of experience in the field of equity capital industry.

Financial Controller

Jammy Lui, aged 40, joined the Company in June 2009 as the Financial Controller. Mr. Lui graduated from The Hong Kong Polytechnic University with a Bachelor's Degree of Arts in Accountancy. He also holds a Master's Degree in Business Administration from The University of Manchester and a Bachelor's Degree in Laws from the University of London. He is a Certified Public Accountant (Practising) and a fellow member of both The Hong Kong Institute of Certified Public Accountants and The Associate of Chartered Certified Accountants. He is also an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. He has over 17 years of experience in auditing, finance and accounting.

DIRECTORS' REPORT

The Directors of the Company present the annual report and the audited consolidated financial statements of the Group for the Period.

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 USA, Japan and United Kingdom, and providing margin and initial public offering financing as well as loans and advances to its clients in Hong Kong. The Group also provides corporate finance advisory, wealth management services and related consultancy services.

The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Period are set out in the consolidated income statements on page 30. No dividend was paid during the Period.

The Directors recommended the payment of a final dividend of HK$0.005 per share (12 months ended 31 March 2008: Nil) payable on 26 February 2010 to shareholders whose names appear on the register of members of the Company on 28 January 2010.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Period are set out in the consolidated statement of changes in equity on page 32.

As at 30 September 2009, the Company's reserves available for distribution to shareholders comprised the retained profits of approximately HK$4,886,137.

PROPERTY AND EQUIPMENT

During the Period, the Group acquired property and equipment at a cost of approximately HK$6,177,000.

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

SHARE CAPITAL

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

MAJOR SUPPLIERS AND CUSTOMERS

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

MAJOR SUPPLIERS AND CUSTOMERS *(Continued)*

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

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 Period and up to the date of this report were:

Executive Directors:

Daisy Yeung *(Managing Director)*
Chan Pak Lam, Tom
Choi Suk Hing, Louisa
Yeung Kun Lee, Sunny (resigned on 31 May 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. Choi Suk Hing, Louisa and Mr. Kwok Chi Sun, Vincent shall retire at the forthcoming annual general meeting and, being eligible, shall 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.

Each of Ms. Daisy Yeung, Mr. Chan Pak Lam, Tom 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 30 September 2009, 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' REPORT

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

As at 30 September 2009, 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. Daisy Yeung *(note)*	Beneficiary of a trust	399,968,302	46.2%

Note: 399,968,302 shares, representing 46.2% of the share capital of the Company, were held by Win Move, the entire issued share capital of Win Move was held by Million Way Holdings Limited ("Million Way"), which was in-turn wholly-owned by STC International Limited ("STC International") being the trustee for The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust under which Ms. Daisy Yeung 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. Daisy Yeung *(note)*	Beneficial owner	3,000,000	0.35%
Mr. Chan Pak Lam, Tom *(note)*	Beneficial owner	3,000,000	0.35%

Note: These are share options granted to the Directors on 28 January 2008 pursuant to the share option scheme adopted by the Company on 20 September 2007 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 30 September 2009, 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' INTERESTS IN COMPETING BUSINESS

As at 30 September 2009, 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 30 September 2009, 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
Win Move	Beneficial owner	399,968,302	46.2%
Million Way	Interest in a controlled corporation	399,968,302	46.2%
STC International	Trustee	399,968,302	46.2%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung")	Founder of a trust	399,968,302	46.2%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Family	399,968,302	46.2%

Note: The above shares were held by Win Move. Win Move was wholly-owned by Million Way which was in-turn wholly-owned by STC International being the trust of the AY Trust, a discretionary trust set up by Dr. Albert Yeung. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 399,968,302 shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.

Save as disclosed above, as at 30 September 2009, 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' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

A. CONNECTED TRANSACTION

Subscription Agreements

On 5 August 2009, the Company entered into a Subscription Agreement with Win Move, a substantial Shareholder of the Company, for the subscription of 72,150,000 shares of the Company by Win Move at a price of HK$0.42 per share. On 19 August 2009, the Company also entered into a Supplemental Agreement with Win Move for the subscription of an additional 72,150,000 shares of the Company at HK$0.42 per share. The Agreements constituted connected transactions for the Company under the Listing Rules and were subject to reporting, announcement and approval of independent shareholders requirements. The transactions were approved by the independent Shareholders on 22 September 2009 and Win Move was allotted a total of 144,300,000 shares of the Company at HK$0.42 per share on the same date. Details of the transactions were set out in the Company's circular dated 4 September 2009.

B. CONTINUING CONNECTED TRANSACTIONS

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

1. Tenancy Agreements

Name of counterparty	Nature of transaction	(i) Date of agreement (ii) Terms (iii) Rent free period	Location of premises	Amount for the 18-month ended 30 September 2009 HK$'000
Very Sound Investments Limited ("Very Sound") *(note 1a)*	Operating lease rentals paid (monthly rental: HK$150,000)	(i) 14 February 2007 (ii) 10 December 2006 – 9 December 2008 (iii) Nil	Entire 24th Floor, Emperor Group Centre ("EGC") 288 Hennessy Road, Wanchai, Hong Kong	1,243
Very Sound *(note 1b)*	Operating lease rentals paid (monthly rental: HK$233,075)	(i) 16 December 2008 (ii) 10 December 2008 – 31 March 2011 (iii) 10 December 2008 – 17 February 2009	Entire 24th Floor, EGC, 288 Hennessy Road, Wanchai, Hong Kong	2,067
Very Sound *(note 1b)*	Operating lease rentals paid (monthly rental: HK$181,200)	(i) 23 April 2008 (ii) 1 April 2008 – 31 March 2011 (terminated on 31 July 2008) (iii) 1 April 2008 – 31 May 2008	Basement 11-20, G10 and G11A on the Ground Floor, EGC, 288 Hennessy Road, Wanchai, Hong Kong	362

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

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

1. Tenancy Agreements *(Continued)*

Name of counterparty	Nature of transaction	(i) Date of agreement (ii) Terms (iii) Rent free period	Location of premises	Amount for the 18-month ended 30 September 2009 HK$'000
Richorse Limited *(note 1b)*	Operating lease rentals paid (monthly rental: HK$36,000)	(i) 18 September 2007 (ii) 15 September 2007 – 14 September 2009 (iii) 15 September 2007 – 14 October 2007	Office A, 2/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong	629
Emperor Bullion Investments (Asia) Limited *(note 1c)*	Operating lease rentals paid (monthly rental: HK$120,000 for the 1st year; HK$127,750 for the 2nd year and HK$135,415 for the 3rd year)	(i) 23 April 2008 (ii) 1 April 2008 – 30 March 2011 (iii) 1 April 2008 – 31 May 2008 and 1 February 2011 – 30 March 2011	Portion of Shop 6, Ground Floor, 1st Floor and canopy adjacent thereto, 2nd Floor with reserved flat roof, one advertising wall of East Ocean Court, 525 Shanghai Street, Kowloon	2,043

2. Financial Services Agreement with Emperor International Holdings Limited ("EIHL")

Name of counterparty	Nature of transaction	Terms	Amount for the 18-month ended 30 September 2009 HK$'000
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)	2
	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' REPORT

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

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

3. Financial Services Agreement with the Yeung Family

Name of counterparty	Nature of transaction	Terms	Amount for the 18-month ended 30 September 2009 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)	2,570
	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)	33,920
	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)	207,637

4. Financial Services Agreement with the Lee Family

Name of counterparty	Nature of transaction	Terms	Amount for the 18-month ended 30 September 2009 HK$'000
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)	58
	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)	3,174

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

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes:

1. Tenancy Agreements

   The premises under the Tenancy Agreements have been rented to the Group as its principal business premises.

   The counterparties of the Tenancy Agreements under notes 1a and 1b are wholly-owned subsidiaries of EIHL which were controlled by the deemed substantial shareholder, Dr. Albert Yeung, of the Company.

   1a. A waiver of strict compliance with the relevant Listing Rules requirements to publish announcement for this transaction has been obtained by the Company on 30 March 2007.

   1b. These transactions constituted non-exempted continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to reporting and announcement requirements under the Listing Rules but were exempted from independent shareholders' approval requirement. The Company has made announcements on 7 May 2008 and 16 December 2008.

   1c. This transaction constituted a non-exempted continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules but were exempted from independent shareholders' approval requirement. The Company has made an announcement on 7 May 2008. The counterparty of the tenancy agreement was indirectly owned by The Yeung Family Discretionary Trust, the settler of which is Mr. Michael Yeung who is the brother of the deemed substantial shareholder of the Company, Dr. Albert Yeung.

2. Financial Services Agreement with EIHL

   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.

   The transactions contemplated under the EIHL Financial Services Agreement constituted continuing connected transactions under Chapter 14A of the Listing Rules and 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.

DIRECTORS' REPORT

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

B. CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: (Continued)

2. Financial Services Agreement with EIHL *(Continued)*

   Subsequently, as announced by the Company on 6 March 2008, 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.

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 continuing 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.

   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.

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

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".

Under the Lee's Financial Services Agreement, members of the Lee Family include Mr. Lee Wai Shing and his associates. Mr. Lee Wai Shing was 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.

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, details of which were set out in the Company's announcement dated 6 March 2008.

DIRECTORS' REPORT

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

The Directors of the Company engaged the auditor of the Company to perform certain agreed-upon procedures in respect of continuing connected transactions of the Group. The procedures, where applicable, were performed solely to assist the Directors of the Company to evaluate, in accordance with Rule 14A.38 of the Listing Rules, whether the continuing connected transactions entered into by the Group for the Period:

(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;

(iii) have been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties; and

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

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) on normal commercial terms/on terms no less favourable to the Group than terms available to or from 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.

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 Period.

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 Period, 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 Group to reward its employees and Directors is based on their performance, qualifications, competence displayed, market comparables and the performance of the Group. Remuneration package typically comprises salary, housing allowances, contribution to pension schemes and bonus relating to the profit of the Group. Upon and after the listing of the Company's shares, the remuneration package has been extended to include share options granted under the Share Option Scheme adopted by the Company on 20 September 2007.

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 pages 22 to 27.

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 Period, the Group made charitable donations amounting to approximately HK$20,000.

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

Daisy Yeung
Managing Director

Hong Kong
15 December 2009

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 Period, 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 30 September 2009, the Board comprised six Directors (three 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 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. Daisy Yeung 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.

Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with well recognized experience and expertise in professional and accounting fields who provide valuable advice to the Board. They are appointed 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.

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 eleven Board meetings during the Period with the attendance of each Director as follows:-

Name of Director	No. of meeting attended/ No. of meeting held	Attendance rate
Executive Directors		
Daisy Yeung *(Managing Director)*	11/11	100%
Chan Pak Lam, Tom	11/11	100%
Choi Suk Hing, Louisa	11/11	100%
Independent Non-executive Directors		
Fung Chi Kin	11/11	100%
Kwok Chi Sun, Vincent	11/11	100%
Cheng Wing Keung, Raymond	11/11	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 Period is set out as follows:

i. reviewed with the management and finance-in-charge the effectiveness of internal control system of the Group;

ii. reviewed with the external auditor and senior management of the audit plan for the 18-month ended 30 September 2009;

iii. met with the external auditor and discussed their work and findings relating to the annual audit for the year ended 31 March 2008;

iv. annual review of the non-exempt continuing connected transactions of the Group for the year ended 31 March 2008;

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

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

vii. reviewed with the management/finance-in-charge and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statement for the year ended 31 March 2008, the interim financial statement for the 6-month ended 30 September 2008 and the second interim financial statement for the 12-month ended 31 March 2009; and

viii. recommended the Board to adopt the Revised Terms of Reference of the Audit Committee.

The Audit Committee convened four meetings during the Period with the attendance of each member as follows:

Name of Committee members	No. of meeting attended/ No. of meeting held	Attendance rate
Kwok Chi Sun, Vincent *(Chairman)*	4/4	100%
Fung Chi Kin	3/4	75%
Cheng Wing Keung, Raymond	4/4	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 recommendations 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 Period 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 Period is set out as follows:

i. recommended the Board to adopt a written Remuneration Policy; and

ii. reviewed the current level and structure/package of Directors' remuneration and recommended the Board on the remuneration of the Directors and payment schedule of Directors' fees.

The Remuneration Committee convened one meeting during the Period with the attendance of each member as follows:

Name of Committee members	No. of meeting attended/ No. of meeting held	Attendance rate
Chan Pak Lam, Tom *(Chairman)*	1/1	100%
Kwok Chi Sun, Vincent	1/1	100%
Cheng Wing Keung, Raymond	1/1	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.

CORPORATE GOVERNANCE REPORT

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 and Risk Control Department and Compliance Department.

RISK MANAGEMENT

The Group's business, financial conditions and results may be affected by risks and uncertainties pertaining to the Group's business. The credit risk, market risk and liquidity risk are the main inherent risks explained below which could cause the Group's financial condition or results differing materially from expected or historical results.

Credit risk

The Group's Credit Committee has put in place credit management policies and procedures which cover the examination of the approval of clients' trading and credit limits, approval and review of the margin lending ratio of individual stock, monitoring of credit exposures and the follow up of credit risks associated with overdue debts.

Day-to-day credit monitoring is performed by the Group's Credit and Risk Control Department in accordance with the policies and procedures approved by the Credit Committee with toleration and exception reports reviewed by responsible officers and senior management of the Group as well as by the Credit Committee at quarterly meetings.

Moreover, the Group's Internal Audit Department also conducts independent reviews on the adequacy and effectiveness of these policies and controls to ensure that the Group is operating according to the established policies, procedures and limits.

Market risk

If the market value of a margin client's portfolio falls below his margin loan amount and the margin client fails to meet margin calls, the Group will be exposed to the risk that the margin loan being delinquent. Similarly, if the value of the underlying products of a client's futures contract fluctuates such that the outstanding balances in his account falls below the required maintenance margin level, the Group may suffer loss if the client's account incurs loss even after liquidation of the open position.

The management of the Group keeps close monitoring of the market condition so that immediate precautionary measures will be taken to reduce such risk that the Group may encounter. For example, the Group's Credit and Risk Control Department will monitor on daily basis the twenty securities with the highest losing percentages and those stocks classified as highly concentrated collaterals of the Group. Follow up actions such as reducing the margin ratio for the pledged securities and requiring clients to top up their position would be taken if considered appropriate.

Liquidity risk

As part of its ordinary broking activities, the Group is exposed to liquidity risk arising from timing difference between settlement with clearing houses or brokers and clients. The goal of liquidity management is to enable the Group to adequately fund such business commitments as well as to comply with relevant financial resources rules applying to various licensed subsidiaries.

To address the risk, the Group's Finance and Accounts Department and the senior management will review and monitor the Group's liquidity position on daily basis to ensure the availability of sufficient liquid funds. In addition, the Group has also put in place stand-by banking and other facilities in order to meet any contingency in its operations. The management believes the Group's working capital is adequate to meet its financial obligations.

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 28 August 2008 to answer questions from the shareholders.

The rights to demand a poll were set out in the circulars dispatched to the shareholders during the Period. The chairperson of the annual general meeting held on 28 August 2008 and the special general meetings held on 15 April 2008 and 22 September 2009 had explained the procedures for conducting a poll.

AUDITOR'S REMUNERATION

During the Period, 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	1,259
Non-audit services	36

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 MEMBERS 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 30 to 77, which comprise the consolidated balance sheet as at 30 September 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 April 2008 to 30 September 2009, 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 September 2009 and of the Group's loss and cash flows for the period from 1 April 2008 to 30 September 2009 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
15 December 2009

CONSOLIDATED INCOME STATEMENT

For the 18 months ended 30 September 2009

	Notes	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
Revenue	9	145,443	185,259
Other operating income		2,659	3,188
Staff costs	10	(40,414)	(29,697)
Commission expenses		(24,304)	(40,004)
Other expenses		(54,513)	(29,537)
Finance costs	11	(1,647)	(33,627)
Impairment allowance on trade receivables		(37,401)	(533)
Gain on disposal of intangible assets		–	701
Share of profit (loss) of an associate		979	(371)
(Loss) profit before taxation	14	(9,198)	55,379
Taxation	15	1,167	(9,437)
(Loss) profit for the period/year		(8,031)	45,942
Dividends	16		
– Interim paid		–	7,215
– Final proposed		4,329	–
(Loss) earnings per share	17		
Basic		(HK1.11 cents)	HK7.39 cents
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

At 30 September 2009

	Notes	As at 30 September 2009 HK$'000	31 March 2008 HK$'000
Non-current assets			
Interests in an associate	20	609	–
Property and equipment	18	6,680	3,413
Intangible assets	19	–	317
Other assets	21	4,334	4,229
Amount due from an associate	20	5,987	1,001
Available-for-sale financial assets	23	136	136
Deferred tax asset	15	752	–
		18,498	9,096
Current assets			
Trade receivables	24	664,460	290,812
Loans and advances	22	55,235	–
Other debtors, deposits and prepayments	30	4,163	5,479
Investments held for trading	25	–	2,163
Tax recoverable		134	376
Bank balances and cash – trust accounts	26	234,229	173,445
Bank balances and cash – general accounts	26	210,339	250,224
		1,168,560	722,499
Current liabilities			
Trade payables	27	292,876	233,844
Other creditors and accrued charges	30	13,313	17,392
Tax liabilities		–	3,909
Short-term bank borrowings	28	352,600	–
		658,789	255,145
Net current assets		509,771	467,354
Total assets less current liabilities		528,269	476,450
Capital and reserves			
Share capital	29	8,658	7,215
Reserves		519,611	468,947
Total capital and reserves		528,269	476,162
Non-current liability			
Deferred taxation	15	–	288
		528,269	476,450

The consolidated financial statements on pages 30 to 77 were approved and authorised for issue by the board of Directors on 15 December 2009 and are signed on its behalf by:

Daisy Yeung
Director

Chan Pak Lam, Tom
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 18 months ended 30 September 2009

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital contribution reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 April 2007	127,000	–	–	2,004	–	297,701	–	426,705
Profit for the year	–	–	–	–	–	45,942	–	45,942
Total recognised income 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 former controlling shareholder	1,202	115,431	–	–	–	–	–	116,633
Transaction costs attributable to issue of shares to former 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
Exchange differences arising on translation and recognised directly in equity	–	–	–	–	4	–	–	4
Loss for the period	–	–	–	–	–	(8,031)	–	(8,031)
Total recognised income and expenses for the period	–	–	–	–	4	(8,031)	–	(8,027)
Issue of shares	1,443	59,163	–	–	–	–	–	60,606
Transaction costs attributable to issue of shares	–	(472)	–	–	–	–	–	(472)
At 30 September 2009	8,658	279,987	124,174	2,004	4	111,397	2,045	528,269

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 deemed contribution arising from a fellow subsidiary waiving certain amount of management fee in previous years.

CONSOLIDATED CASH FLOW STATEMENT

For the 18 months ended 30 September 2009

	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(9,198)	55,379
Adjustments for:		
Interest expenses	1,647	33,627
Depreciation of property and equipment	2,883	967
Amortisation of intangible assets	317	355
Share-based payment expenses	–	2,045
Impairment allowance on trade receivables	37,401	533
Share of (profit) loss of an associate	(979)	371
Gain on disposal of intangible assets	–	(701)
Loss on disposal of fixed assets	3	–
Operating cash flows before movements in working capital	32,074	92,576
Increase in trade receivables	(411,049)	(128,117)
(Increase) decrease in other assets	(105)	319
(Increase) decrease in loans and advances	(55,235)	19,000
Decrease (increase) in investments held for trading	2,163	(2,163)
Decrease in other debtors, deposits and prepayments	1,316	1,698
Increase in bank balances and cash – trust accounts	(60,784)	(54,078)
Increase in trade payables	59,032	59,765
(Decrease) increase in other creditors and accrued charges	(4,079)	5,190
Cash used in operations	(436,667)	(5,810)
Hong Kong Profits Tax paid	(3,540)	(6,670)
Interest paid	(1,647)	(33,627)
NET CASH USED IN OPERATING ACTIVITIES	(441,854)	(46,107)
INVESTING ACTIVITIES		
Purchase of property and equipment	(6,177)	(2,121)
Proceeds on disposal of intangible assets	–	800
Decrease in amount due from a former fellow subsidiary	–	272,756
Acquisition of subsidiaries	–	9,170
Acquisition of an associate	–	(1)
Increase in amount due from an associate	(4,616)	(1,371)
Proceeds on disposal of property and equipment	24	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(10,769)	279,233

CONSOLIDATED CASH FLOW STATEMENT

For the 18 months ended 30 September 2009

	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
FINANCING ACTIVITIES		
Drawdown on bank borrowings	9,741,200	31,052,064
Repayment of bank borrowings	(9,388,600)	(31,106,464)
Advance from a related company	360,000	–
Repayment to a related company	(360,000)	–
Advance from a former controlling shareholder company	–	483,679
Repayment to a former controlling shareholder company	–	(483,679)
Proceeds from issue of shares by way of preferential and public offers	–	121,082
Proceeds from issue of shares	60,606	116,633
Listing expenses	–	(10,405)
Expenses on issue of shares	(472)	(1,625)
Dividend paid to equity holders of the Company	–	(7,215)
Dividend paid by subsidiaries	–	(217,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	412,734	(52,930)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(39,889)	180,196
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	4	–
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD/YEAR	250,224	70,028
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD/YEAR	210,339	250,224
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances – general accounts and cash	210,339	250,224

1. GENERAL

The Company is incorporated and registered as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and acts as an investment holding company. The controlling shareholder and ultimate controlling shareholder of the Company are Win Move Group Limited ("Win Move") and Million Way Holdings Limited ("Million Way") respectively, both companies are limited liability companies incorporated in British Virgin Islands (the "BVI"). The entire issued share capital of Win Move is held by Million Way which in turn is wholly-owned by STC International, being the trustee of The Albert Yeung Discretionary Trust (the "Trust"), a discretionary trust set up by Dr. Albert Yeung.

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 35.

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

Pursuant to the Board of Directors meeting on 25 March 2009, the financial year end of the Company changed from 31 March 2009 to 30 September 2009 in order to be in line with the investment cycle of global capital market and the investment practice of various investor.

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 years ended 31 March 2008.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

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

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

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

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

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

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

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

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 or 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2009.

[4] Effective for annual periods beginning on or after 1 July 2009.

[5] Effective for annual periods beginning on or after 1 July 2008.

[6] Effective for annual periods beginning on or after 1 October 2008.

[7] Effective for annual periods beginning on or after 1 January 2011.

[8] Effective for annual periods beginning on or after 1 February 2010.

[9] Effective for annual periods beginning on or after 1 January 2010.

[10] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 October 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Group anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 of Hong Kong Limited 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 period, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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, as appropriate.
- Advisory and other corporate finance services fee income are recognised when the services are rendered.
- Underwriting commission income, sub-underwriting income, placing commission and handling fee 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 period 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.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated 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 retranslation 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i. e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to Directors

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 period. 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 the consolidated 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 consolidated 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 the consolidated 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 marketplace. 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 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 an associate 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at FVTPL represent financial asset held for trading

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.

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 affected.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Equity instruments

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

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 followings 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 receivables

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 in future financial periods.

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 both periods.

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 issue of share capital.

Several subsidiaries of the Group (the "Regulated Subsidiaries") are registered with the Securities and Futures Commission ("SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under the 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 in excess of HK$3 million or 5% of their total adjusted liabilities, whichever is higher. The required information is filed with 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.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at	
	30 September 2009 HK$'000	31 March 2008 HK$'000
Financial assets		
Available-for-sale financial assets	136	136
Investments held for trading	–	2,163
Loans and receivables (including bank balances and cash)	1,174,413	720,612
Financial liabilities		
Amortised cost	657,949	245,197

Financial risk management objectives and policies

The Group's major financial instruments include other deposits, trade receivables, loans and advances, amount due from 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 on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

Currency risk is the risk of loss due to adverse movements in foreign exchange rates relating to receivables from and payables 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 dollar, the functional currency of respective group entities, with some receivables from and payables to foreign brokers and bank deposits are denominated in United States dollar, Renminbi and Japanese Yen. The Directors of the Company considered that the effect of currency risk is insignificant as the Group has minimal exposure in Japanese Yen and Renminbi and there is the linked exchange rate system of Hong Kong dollar against United States dollar. Accordingly, no sensitivity analysis in relation to foreign currency exposure has been carried out by the management.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate trade receivables, bank balances and trade payables (see notes 24, 26 and 27 for details of these financial instruments). The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans and advances as at 30 September 2009 (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

	As at	
	30 September 2009 HK$'000	31 March 2008 HK$'000
Assets		
Trade receivables	642,711	219,710
Bank balances	160,831	269,191
Liability		
Trade payables	203,541	142,317

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market 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 period/year and all other variables were held constant throughout the respective period/year. For the period ended 30 September 2009, in view of the current market interest rate is low, no interest rate sensitivity is prepared for the bank balances and trade payables as the impact is not significant. A 50 basis point (2008: 100 basis point) change represents management's assessment of the reasonably possible change in interest rates.

	As at			
	30 September 2009		31 March 2008	
	Change in basis points		Change in basis points	
	+50	–50	+100	–100
	HK$'000	HK$'000	HK$'000	HK$'000
Increase (decrease) in profit after tax for the period/year	2,684	(2,684)	3,331	(3,331)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 September 2009 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, except for the loans and advances as disclosed in note 22, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

7. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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 30 September 2009, the Group has available unutilised banking facilities of approximately HK$80 million (31 March 2008: HK$100 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$352,600,000 as at 30 September 2009, which was due within one month from the balance sheet date and full repayment of HK$352,670,000, being the principal together with interest, had been made in October 2009.

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 services

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

For the 18 months ended 30 September 2009

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Elimination HK$'000	Consolidated HK$'000
REVENUE						
Segment revenue	88,490	35,539	16,369	5,045	–	145,443
Inter-segment sales	–	701	–	–	(701)	–
	88,490	36,240	16,369	5,045	(701)	145,443

Inter-segment sales are charged at prevailing market rate.

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Elimination HK$'000	Consolidated HK$'000
RESULTS						
Segment results	23,498	(3,466)	14,143	704		34,879
Unallocated other operating income						207
Unallocated corporate expenses						(45,263)
Share of profit of an associate						979
Loss before taxation						(9,198)
Taxation						1,167
Loss for the period						(8,031)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

As at 30 September 2009

	Broking HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	471,050	493,519	–	369	964,938
Unallocated corporate assets					222,120
Consolidated total assets					1,187,058
LIABILITIES					
Segment liabilities	648,491	4,656	–	–	653,147
Unallocated corporate liabilities					5,642
Consolidated total liabilities					658,789
OTHER INFORMATION					
Additions to property and equipment	6,177	–	–	–	6,177
Amortisation of intangible assets	317	–	–	–	317
Depreciation of property and equipment	2,815	–	–	68	2,883
Impairment allowance on trade receivables	–	37,401	–	–	37,401

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

For the 12 months 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	Elimination 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

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					
Additions to property and equipment	2,121	–	–	–	2,121
Amortisation of intangible assets	355	–	–	–	355
Depreciation of property and equipment	965	–	–	2	967
Gain on disposal of intangible assets	701	–	–	–	701
Impairment allowance on trade receivables	–	533	–	–	533

9. REVENUE

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

10. STAFF COSTS

	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
Staff costs represent the amounts paid and payable to the Directors and employees and comprises:		
Salaries, bonus, allowances and commission	39,105	26,708
Contributions to retirement benefits scheme	1,309	944
Share-based payment	–	2,045
	40,414	29,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

11. FINANCE COSTS

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

12. DIRECTORS' REMUNERATION

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

For the 18 months ended 30 September 2009

	Daisy Yeung HK$'000	Chan Pak Lam, Tom HK$'000	Choi Suk Hing, Louisa HK$'000	Yeung Kun Lee, Sunny HK$'000	Cheung Wing Keung, Raymond HK$'000	Fung Chi Kin HK$'000	Kwok Chi Sun, Vincent HK$'000	18 months ended 30 September 2009 Total HK$'000
Fees	150	150	155	17	225	225	225	1,147
Other remuneration								
Salaries, allowances and benefits in kind	2,110	1,364	1,647	238	–	–	–	5,359
Discretionary bonus *(note)*	–	–	–	93	–	–	–	93
Contributions to retirement benefits scheme	25	97	117	–	–	–	–	239
Total remuneration	2,285	1,611	1,919	348	225	225	225	6,838

12. DIRECTORS' REMUNERATION *(Continued)*

For the 12 months ended 31 March 2008

	Daisy Yeung HK$'000	Chan Pak Lam, Tom HK$'000	Choi Suk Hing, Louisa HK$'000	Yeung Kun Lee, Sunny HK$'000	Cheung Wing Keung, Raymond HK$'000	Fung Chi Kin HK$'000	Kwok Chi Sun, Vincent HK$'000	12 months ended 31 March 2008 Total HK$'000
Fees	109	109	–	109	135	135	135	732
Other remuneration								
Salaries, allowances and benefits in kind	1,080	876	40	156	–	–	–	2,152
Discretionary bonus *(note)*	500	600	–	101	–	–	–	1,201
Contributions to retirement benefits scheme	17	61	3	–	–	–	–	81
Share-based payment	1,023	1,022	–	–	–	–	–	2,045
Total remuneration	2,729	2,668	43	366	135	135	135	6,211

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

13. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group, included two Directors of the Company for the period from 1 April 2008 to 30 September 2009 and for the year ended 31 March 2008, details of whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining individuals for the period/year were as follows:

	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
Salaries, allowances and benefits in kind	7,888	6,035
Contributions to retirement benefits scheme	43	30
	7,931	6,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

13. EMPLOYEES' REMUNERATION *(Continued)*

Their remuneration were within the following bands:

	Number of employees	
	18 months ended 30 September 2009	12 months ended 31 March 2008
Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	–	1
HK$3,000,001 to HK$3,500,000	–	–
HK$3,500,001 to HK$4,000,000	1	–

During the period/year, 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 period/year.

14. (LOSS) PROFIT BEFORE TAXATION

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

15. TAXATION

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

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

The taxation for the period/year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
(Loss) profit before taxation	(9,198)	55,379
Taxation at income tax rate of 16.5% (2008: 17.5%)	(1,518)	9,691
Tax effect of expenses not deductible for tax purpose	60	1,300
Tax effect of income not taxable for tax purpose	(358)	(1,947)
Overprovision in prior year	(127)	(136)
Utilisation of tax losses previously not recognised	(356)	(54)
Tax effect of tax losses not recognised	1,458	180
Tax effect of share of (profit) loss of an associate	(162)	65
Others	(164)	338
Taxation (credit) charge for the period/year	(1,167)	9,437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

15. TAXATION *(Continued)*

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

	Tax loss HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2007	–	65	65
Charged to consolidated income statement	–	223	223
At 31 March 2008	–	288	288
(Credited) charged to consolidated income statement	(1,200)	160	(1,040)
At 30 September 2009	(1,200)	448	(752)

As at 30 September 2009, the Group had unused estimated tax losses of HK$33,779,000 (31 March 2008: HK$19,853,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$7,273,000 (31 March 2008: Nil) of such loss. No deferred tax asset has been recognised in respect of the remaining HK$26,506,000 (31 March 2008: HK$19,853,000) due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

16. DIVIDENDS

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

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

During the year ended 31 March 2008, 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.

17. (LOSS) EARNINGS PER SHARE

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

	18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
(Loss) earnings for the purpose of basic (loss) earnings per share	(8,031)	45,942

	As at 30 September 2009	As at 31 March 2008
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	723,881,163	621,896,913

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

18. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Office equipment	Motor vehicle	Computer and equipment	Air-conditioners	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 April 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
Additions	2,928	440	1,091	–	1,507	211	6,177
Disposals	–	–	–	–	(35)	–	(35)
At 30 September 2009	6,356	1,429	3,890	89	11,140	700	23,604
ACCUMULATED DEPRECIATION							
At 1 April 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
Eliminated on disposals	–	–	–	–	(8)	–	(8)
Provided for the period	935	143	345	48	1,325	87	2,883
At 30 September 2009	3,563	1,016	2,767	49	8,982	547	16,924
CARRYING VALUES							
At 30 September 2009	2,793	413	1,123	40	2,158	153	6,680
At 31 March 2008	800	116	377	88	2,003	29	3,413

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 2007	13,000
Disposal	(3,198)
At 31 March 2008 and 30 September 2009	9,802
AMORTISATION	
At 1 April 2007	12,229
Charged for the year	355
Eliminated on disposal	(3,099)
At 31 March 2008	9,485
Charged for the period	317
At 30 September 2009	9,802
CARRYING VALUES	
At 30 September 2009	–
At 31 March 2008	317

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

	As at 30 September 2009 HK$'000	As at 31 March 2008 HK$'000
Cost of investment in an unlisted associate	1	1
Share of post-acquisition profit (loss)	608	(1)
	609	–
Amount due from an associate	5,987	1,371
Less: Loss allocated in excess of cost of investment	–	(370)
	5,987	1,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

20. INTERESTS IN AN ASSOCIATE *(Continued)*

As at 30 September 2009 and 31 March 2008, 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 30 September 2009	Proportion of nominal value of issued capital held by the Group 31 March 2008	Principal activity
Boom High Investment Limited ("Boom High")	Incorporated	British Virgin Islands	Ordinary shares	28%	28%	Trading in securities and investment in funds

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

	As at 30 September 2009 HK$'000	As at 31 March 2008 HK$'000
Total assets	23,717	3,575
Total liabilities	(21,542)	(4,901)
Net assets (liabilities)	2,175	(1,326)
Group's share of net assets (liabilities) of the associate	609	(371)
Revenue	–	–
Profit (loss) for the period/year	3,496	(1,326)
Group's share of profit (loss) of the associate for the period/year	979	(371)

The amount due from an associate is unsecured, non-interest bearing and has 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

	As at 30 September 2009 HK$'000	As at 31 March 2008 HK$'000
Statutory and other deposits	4,334	4,229

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

22. LOANS AND ADVANCES

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

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

	As at 30 September 2009	As at 31 March 2008
Effective interest rate:		
Fixed-rate loan receivables	2% 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. The loans and advances are concentrated with two individual borrowers and the balances had been subsequently settled in full in October 2009.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 September 2009 HK$'000	As at 31 March 2008 HK$'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

24. TRADE RECEIVABLES

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

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

For secured margin loans, as at 30 September 2009 and 31 March 2008, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$1,769,907,000 and HK$657,811,000 respectively, the loans to margin clients bear variable interest at commercial rates with spread, and are repayable on demand. No collateral was pledged from other trade receivables.

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

24. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables are as follows:

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

Notes:

(a) The Group has policy for impairment allowance on trade receivables for those trade receivables with default or delinquency in interest or principal payment, which is based on the evaluation of collectability and aged analysis of accounts and on management's judgement including the current creditworthiness, collaterals and the past collection history of each client.

(b) Movement in the impairment allowance on trade receivables:

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

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors of the Company believe that there is no further provision required in excess of the allowance for impairment.

Included in the Group's trade receivables are debtors which are past due at the reporting date for which the Group has not provided as the Group believes that the amounts are recoverable and no impairment is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

24. TRADE RECEIVABLES *(Continued)*

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

	Balance at the beginning of the period/year HK$'000	Balance at the end of the period/year HK$'000	Maximum amount outstanding during the period/year HK$'000	Market value of pledged securities at fair value at the end of the period/year HK$'000
Directors of the Company				
Ms. Daisy Yeung and associates *(Note)*				
2009	10,373	6,340	241,557	1,042,459
2008	4,752	10,373	47,263	43,552
Mr. Chan Pak Lam, Tom and associates *(Note)*				
2009	104	13	1,616	–
2008	–	104	468	3,748
Ms. Choi Suk Hing, Louisa and associates *(Note)*				
2009	–	–	132	–
2008	–	–	–	–
Mr. Yeung Kun Lee, Sunny and associates *(Note)*				
2009	–	–	51	–
2008	–	–	663	–

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

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

	As at 30 September 2009 HK$'000	31 March 2008 HK$'000
Unlisted investment funds	–	2,163

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

26. BANK BALANCES AND CASH

	As at 30 September 2009 HK$'000	31 March 2008 HK$'000
Bank balances		
– trust accounts *(Note)*	234,229	173,445
– general accounts and cash	210,339	250,224
	444,568	423,669

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 rates. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

As at 30 September 2009, bank balances and cash denominated in Japanese Yen, United States dollar and Renminbi, are approximately HK$22,000 (31 March 2008: HK$403,000), HK$22,720,000 (31 March 2008: HK$7,522,000) and HK$572,000 (31 March 2008: HK$Nil) respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

27. TRADE PAYABLES

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

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

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

Included in trade payables amounts of HK$234,229,000 and HK$173,445,000 as at 30 September 2009 and 31 March 2008 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

As at 30 September 2009, trade payables denominated in Japanese Yen and United States dollars were approximately HK$Nil (31 March 2008: HK$483,000) and HK$28,135,000 (31 March 2008: HK$13,187,000) respectively.

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

28. SHORT-TERM BANK BORROWINGS

The amounts represent short-term bank borrowings of HK$352,600,000 which was secured by a charge over securities subscribed under initial public offering and margin deposit as required for the initial public offering as at 30 September 2009, and was fully repaid in October 2009.

The bank borrowings carried interest at fixed rate and were denominated in Hong Kong dollar.

29. SHARE CAPITAL

	Notes	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:			
As at 1 April 2007		10,000,000	100
Increase in authorised share capital	(a)	499,990,000,000	4,999,900
As at 31 March 2008 and 30 September 2009		500,000,000,000	5,000,000
Issued and fully paid:			
As at 1 April 2007		–	–
Issue of shares	(b)	10,000,000	100
Issue of shares arising from Group Reorganisation	(b)	272,635,636	2,726
Issue of shares by way of preferential offer to the shareholders of EIHL and public offer	(c)	318,635,636	3,187
Issue of shares	(d)	120,240,000	1,202
As at 31 March 2008		721,511,272	7,215
Issue of shares	(e)	144,300,000	1,443
As 30 September 2009		865,811,272	8,658

Notes:

(a) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

29. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(b) 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, 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.

(c) 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.

(d) Pursuant to a placing agreement dated 16 November 2007 made between Charron Holdings Limited ("Charron"), the former 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.

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

Pursuant to the Subscription Agreement dated 5 August 2009 and the Supplemental Subscription Agreement dated 19 August 2009 both entered into between the Company and Win Move, a total of 144,300,000 new shares at a price of HK$0.42 were allotted to Win Move upon completion of both agreements which took place on 22 September 2009. The new shares were issued under the specific mandate granted to the Directors on 22 September 2009 and rank pari passu with other shares in issue in all respects.

30. OTHER FINANCIAL ASSETS AND LIABILITIES

Other debtors, deposits and prepayments

The amounts include rental deposits paid to related companies (being the subsidiaries owned by a controlling shareholder of the Company) of HK$1,387,000 (31 March 2008: HK$680,000).

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

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") on 20 September 2007 (the "Adoption Date") which became effective on 27 September 2007 (the "Effective 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 Effective 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 five 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.

A summary of movements of the outstanding share options, which were granted to the Directors of the Company under the Scheme, during the period ended and balance outstanding at 30 September 2009 is as follows:

Date of grant	Exercisable period	Exercise price per share HK$	Granted on 28 January 2008 and outstanding at 31 March 2008 and 30 September 2009
28 January 2008	28 January 2008 – 27 January 2013	1.2	6,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

31. SHARE OPTIONS *(Continued)*

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. The variables and 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.

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

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 with maximum cap at HK$1,000, 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 30 September 2009 and 31 March 2008, no forfeited contributions arose upon employees leaving the ORSO Scheme.

33. RELATED PARTY TRANSACTIONS

(a) At each balance sheet date, the balances of the Group with related parties are set out in the balance sheet and notes 11, 14, 24 and 30 to the consolidated financial statements.

During the period/year, the Group had the following significant transactions with related parties:

		18 months ended 30 September 2009 HK$'000	12 months ended 31 March 2008 HK$'000
(i)	Advisory income from related companies	3,263	320
(ii)	Commission paid to the associates of a Director	108	124
(iii)	Management fee to related companies		
	– computer services	1,500	245
	– administrative services and staff costs	4,757	1,631
		6,257	1,876
(iv)	Operating lease rentals expenses to related companies	6,361	1,999
(v)	Commission and brokerage income from		
	– a related company	2	141
	– Directors and their associates	1,938	3,505
(vi)	Placing and underwriting commission income from related companies	387	3,560
(vii)	Interest income from		
	– Directors and their associates	1,005	1,072
(viii)	Interest expenses paid to		
	– a related company	84	–
	– a former controlling shareholder company	–	1,310
(ix)	Printing, advertising and promotion expenses to related companies	643	1,033
(x)	Trade payables to margin and cash clients arising from business of dealing in securities		
	– an associate	–	1,313
	– related companies	–	18
	– Directors and their associates	5,206	19,965

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 18 months ended 30 September 2009

33. RELATED PARTY TRANSACTIONS *(Continued)*

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

34. 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:

	As at			
	30 September 2009		31 March 2008	
	Rental premises HK$'000	Hired equipment HK$'000	Rental premises HK$'000	Hired equipment HK$'000
Within one year	5,246	148	1,967	153
In the second to fifth years inclusive	2,083	65	230	434
	7,329	213	2,197	587

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

35. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 30 September 2009 and 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 30 September 2009 %	31 March 2008 %	Principal activities
Emperor Asset Management Limited**	Hong Kong 4 July 2008	HK$500,000	100	–	Provision of asset management services
Emperor Capital Limited	Hong Kong 28 September 1993	HK$10,000,000	100	100	Provision of corporate finance advisory services
Emperor China Business Development Company Limited	Hong Kong 25 May 2007	HK$100,000	100	100	Provision of promotion and marketing services in the PRC
Emperor Credit Limited	Hong Kong 2 June 1994	HK$2	100	100	Provision of money lending services

35. 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 30 September 2009 %	31 March 2008 %	Principal activities
Emperor Futures Limited	Hong Kong 12 May 1989	HK$50,000,000	100	100	Provision of futures brokerage services
Emperor Gold & Silver Company Limited	Hong Kong 3 March 1994	HK$7,000,000	100	100	Holding of memberships 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	100	Provision of securities brokerage services, money lending services and margin financing services
Emperor Securities Nominees Limited	Hong Kong 27 August 1996	HK$2	100	100	Provision of securities nominee services
Emperor Wealth Management Limited	Hong Kong 23 September 2006	HK$6,500,000	100	100	Provision of insurance and other securities brokerage services
Profit Ascent Group Limited*	British Virgin Islands 26 July 2006	US$5	100	100	Investment holding
#英証管理諮詢(上海)有限公司**	People's Republic of China 22 September 2008	HK$1,000,000	100	–	Business development in PRC

* Directly held by the Company.

** Incorporated/established during the period from 1 April 2008 to 30 September 2009.

\# The subsidiary is a wholly foreign owned enterprise.

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 period/year, or at any time during the period/year.

FINANCIAL SUMMARY

	For the year ended 31 March				For the period from 1 April 2008 to 30 September
	2005	2006	2007	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULT					
Revenue	68,517	95,026	123,691	185,259	145,443
(Loss) profit before taxation	37,390	31,000	30,010	55,379	(9,198)
Taxation	(6,821)	(5,010)	(5,914)	(9,437)	1,167
(Loss) profit for the year/period	30,569	25,990	24,096	45,942	(8,031)

	As at 31 March				As at 30 September
	2005	2006	2007	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	614,835	575,965	657,272	731,595	1,187,058
Total liabilities	(278,203)	(173,356)	(230,567)	(255,433)	(658,789)
Net assets	336,632	402,609	426,705	476,162	528,269

The results and summary of assets and liabilities for each of the two 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.