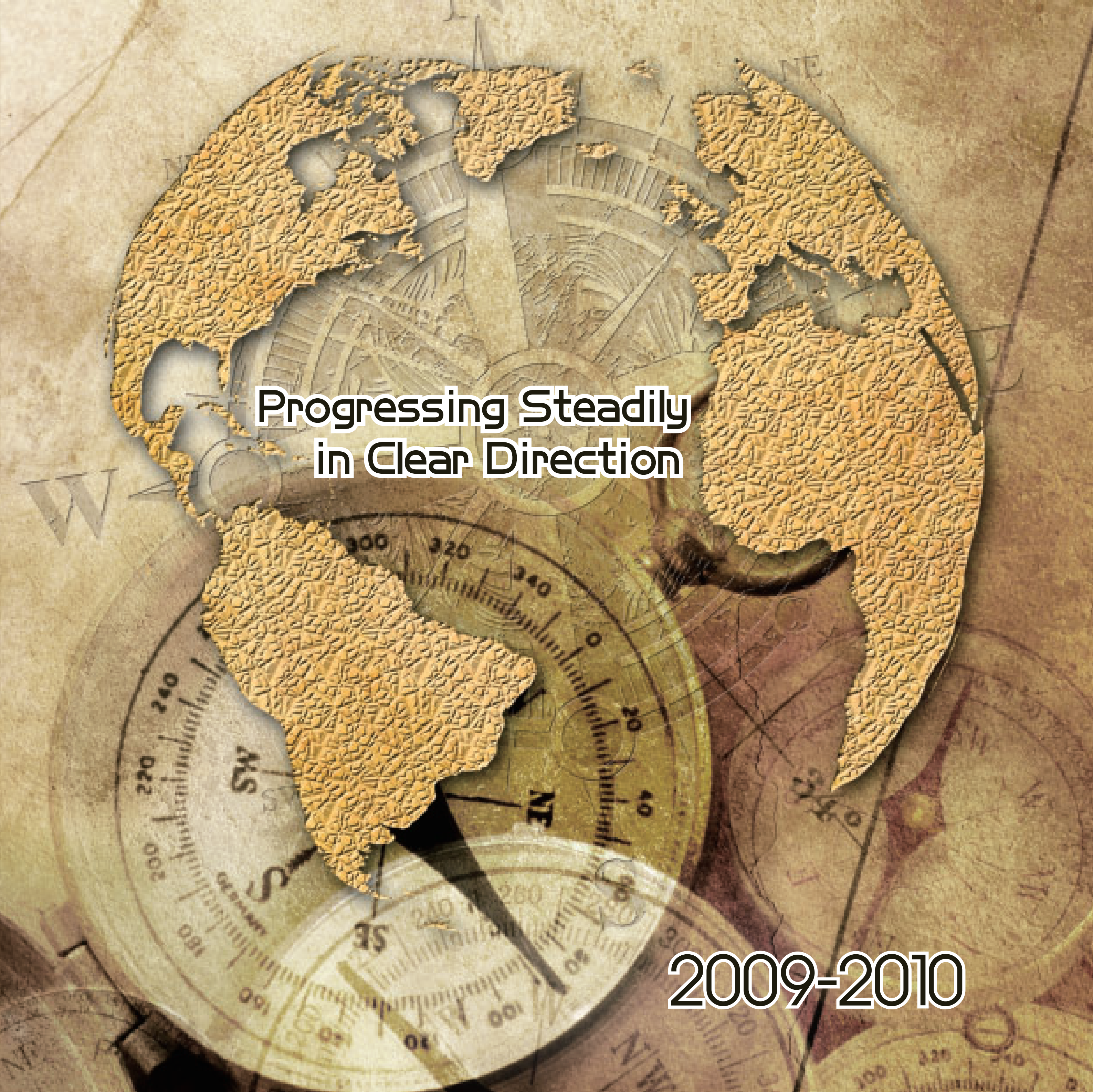
英皇證券集團有限公司

Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 717

ANNUAL REPORT



Progressing Steadily in Clear Direction

2009-2010

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CORPORATE INFORMATION

DIRECTORS
Daisy Yeung *(Managing Director)*
Choi Suk Hing, Louisa
Kwok Chi Sun, Vincent*
Cheng Wing Keung, Raymond*
Chu Kar Wing*
* *Independent Non-executive Directors*

COMPANY SECRETARY
Choi Suk Hing, Louisa *FCIS, FCS*

AUDIT COMMITTEE
Kwok Chi Sun, Vincent *(Chairman)*
Cheng Wing Keung, Raymond
Chu Kar Wing

REMUNERATION COMMITTEE
Daisy Yeung *(Chairperson)*
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
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited
Wing Hang Bank Limited
Hang Seng Bank Limited

WEBSITE
http://www.emp717.com

STOCK CODE
717

KEY DATES

Annual Results Announcement	7 December 2010
Record Date for Final Dividend	24 January 2011
Closure of Register of Members	25 to 27 January 2011 (both days inclusive)
Annual General Meeting	27 January 2011
Payment of Final Dividend	25 February 2011

CORPORATE COMMUNICATIONS
This Annual Report (in both English and Chinese versions) is available to any shareholder either in printed form and on the Company's website. In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Report. Upon written request, free printed form of this Report will be sent to shareholders who have elected to receive electronic copy and for any reason have difficulty in receiving or gaining access to the Company's website. Shareholders may have the right to change their choice of receipt of all future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Registrar, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") provides a wide range of financial services covering brokerage, financing, placing and underwriting, corporate finance advisory services and wealth management.

MARKET REVIEW

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

FINANCIAL REVIEW

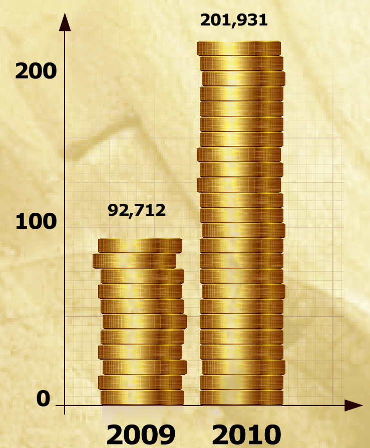
Financial Highlights

HK$'000	2010 (Audited)	2009 (Audited)	2009 (Unaudited)	Changes (Year on Year)
	For the 12 months ended 30 September 2010	For the 18 months ended 30 September 2009 (Note)	For the 12 months ended 30 September 2009 (Note)	
Revenue	201,931	145,443	92,712	+117.8%
- Brokerage	85,630	88,490	60,127	+42.4%
- Financing	47,330	35,539	22,313	+112.1%
- Placing and Underwriting	62,295	16,369	7,333	+749.5%
- Corporate Finance	6,676	5,045	2,939	+127.2%
Profit (loss) for the year/period attributable to owners of the Company	72,106	(8,031)	15,701	+359.2%
Basic EPS	HK cents 8.33	HK cents (1.11)	HK cents 2.18	+282.1%
Dividend for the year/period per Share	HK cents 2.5	HK cents 0.5	HK cents 0.5	+400.0%

12 Months Ended 30 Septermeber

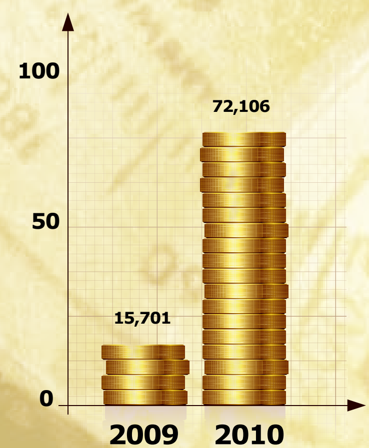
Revenue

HK$'000



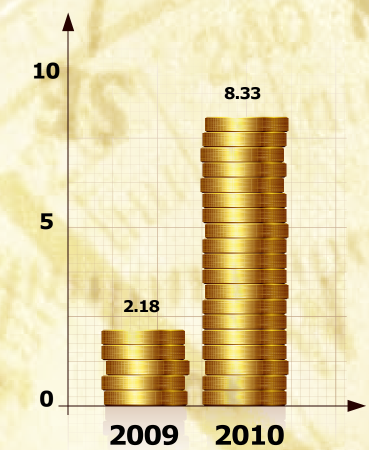
Net Profit

HK$'000



Basic EPS

HK cents



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

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

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

Liquidity and Financial Resources

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

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

With the Group's sufficient bank balances and cash as well as its existing banking facilities, the board of 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.

Foreign Exchange Exposure

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

Contingent Liability

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

BUSINESS REVIEW

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

Brokerage

The Group provides brokerage services for securities, futures, options and commodities traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom as well as insurance-linked products and estate agency brokerage.

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

With respect to operation developments, the Group implemented various measures such as expanding its retail brokerage teams and improving its service, resulting in a notable surge in trading amount of institutional and retail investors. Meanwhile, the Group continued its efforts on expanding a division of wealth management to grasp the market opportunities on growing customers' demand for diversifying its assets under management.

Loans and Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances.

During the Year, the strong market sentiment provided more incentives for fund raising and corporate exercise. Revenue from this segment was up by 112.1% to HK$47.3 million (2009: HK$22.3 million), showing the increasing market demand from margin and IPO financing, while the IPO drew much market attention.

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

Placing and Underwriting

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

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

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

Corporate Finance

The division holds a full corporate finance licence under the Securities and Futures Ordinance, allowing it to advise on Takeovers Code related transactions and undertake sponsor work for IPO in addition to general corporate finance advisory services. Apart from IPO-related services, the Group offers secondary market financing services such as placing, rights issues and advisory services on various corporate transactions including merger and acquisition.

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

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

OUTLOOK

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

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

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

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

Looking forward, the Group will continue to provide a comprehensive one-stop investment platform, adopt the scientific outlook on development and push forward the implementation of its strategic development plan amid a complex and volatile economic environment. The Group will also strive to explore both the domestic and international markets and expand its institutional and retail clientele, hence further consolidating its market share, utilising competitive edges and procuring steady growth in business volume.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 24 January 2011 (Monday).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2010, the Group has 196 (2009: 192) account executives and 85 employees (2009: 78). Total staff costs (including Directors' remuneration but excluding commission rebate for account executives) were approximately HK$39.0 million (2009: HK$40.4 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

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

CORPORATE SOCIAL RESPONSIBILITIES

Besides striving for better financial performance, the Group has been making efforts to fulfill its corporate social responsibilities. It has organized and participated in a number of charity events in the last financial period, which have benefited various charity organizations and received overwhelming response from its staff. The Group has been very supportive to the promotion of hospice care in particular. In November 2009, the Group mobilized its staff to join "Walk for Hospice 2009", a charity walk jointly organized by Emperor Foundation and Society for the Promotion of Hospice Care (SPHC) to raise fund for SPHC. In the same month, the Group gathered its staff to join a volunteer trip to Hubei, which was held by Emperor Foundation, to visit the solitary elderly with terminal illnesses there.

The Group's enthusiasm extended to other benevolent deeds. In December 2009, the Group hosted a Christmas party at Tung Wah Group of Hospitals – Jockey Club Tai Kok Tsui Integrated Service Centre for children who receive day care services there. Subsequent to 30 September 2010, the Group became one of the major sponsors of "Rotary 10Km Race", a competition held by Rotary International District 3450 to promote a healthy lifestyle and provide a fair competition for local distance running community. Funds raised were donated to Senior Citizen Home Safety Association.

During the Year, the Group has once again been awarded "Caring Company Logo" by the Hong Kong Council of Social Service in recognition of its contribution to society.

MANAGING DIRECTOR

"Leveraging on the Group's strong connections, effective business strategies and extensive market experiences, we will continue to provide a comprehensive one-stop investment platform, adopt the scientific outlook on development and push forward the implementation of its strategic development plan amid a complex and volatile economic environment."

Daisy Yeung, **aged 45**, joined the Group in January 1996. She is the Managing Director and the Chairperson of the Remuneration Committee of the Company as well as a director and responsible officer under the Securities and Futures Ordinance 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. Ms. Yeung has obtained a Bachelor's Degree of Science in Business Administration in 1988. Since then, she has accumulated over 14 years industrial experience and has been active in driving the development of the local industry. She is now a Vice-Chairman of The Institute of Securities Dealers Limited and a General Committee member of The Chamber of Hong Kong Listed Companies.

EXECUTIVE DIRECTOR AND COMPANY SECRETARY

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

Choi Suk Hing, Louisa, **aged 46**, joined the Board of the Company in March 2008. She is an Executive Director and the Company Secretary of the Company. She is also a director and responsible officer under the Securities and Futures Ordinance of Emperor Capital Limited, a wholly-owned subsidiary of the Company and a corporation licensed to carry on corporate finance advisory business. Ms. Choi holds a Master's Degree in Applied Finance from the Macquarie University in Australia. She is a fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Ms. Choi has over 12 years of experience in the finance industry covering securities, futures and corporate finance. Before that, she had worked in the company secretary profession in both listed companies as well as professional firms for over 8 years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kwok Chi Sun, Vincent, **aged 48**, joined the Board of the Company as an Independent Non-executive Director in March 2007. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. 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 the sole proprietor of Vincent Kwok & Co., Certified Public Accountants. 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, Magnificent Estates Limited, Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited and Evergreen International Holdings Limited.

Cheng Wing Keung, Raymond, **aged 51**, joined the Board of the Company as an Independent Non-executive Director in March 2007. He is a member of the Audit Committee and Remuneration Committee of the Company. He holds a Degree in Laws from the University of London and a Master's Degree in Business Administration from the University of Strathclyde. Mr. Cheng is a solicitor practising in Hong Kong and has over 20 years of experience in company secretarial affairs. He is an independent non-executive director of three listed companies in Hong Kong, namely China Investment Fund Company Limited, Skyfame Realty (Holdings) Limited and Sino Resources Group Limited (carrying on business in Hong Kong as Sino Gp Limited).

Chu Kar Wing, **aged 53**, joined the Board of the Company as an Independent Non-executive Director in May 2010. He is a member of the Audit Committee of the Company. He holds a Bachelor's Degree in Social Science majoring in Economics. He has extensive experience in the banking and finance sector for several well-known corporations. Mr. Chu is an independent non-executive director of China Power New Energy Development Company Limited, a listed company in Hong Kong. He was previously appointed as independent non-executive director of ZMAY Holdings Limited and China 3D Digital Entertainment Limited (formerly known as Dragonlott Entertainment Group Limited), listed companies in Hong Kong, and resigned on 20 November 2009 and 30 April 2010 respectively.

SENIOR EXECUTIVES

Chief Operating Officer

Ho Chi Ho, Aaron, **aged 39**, joined the Company in May 2008 as the Chief Operating Officer. He is responsible for overseeing the operations of the Group as well as business development on brokerage sector. He is also a director and responsible officer under the Securities and Futures Ordinance of Emperor Securities Limited and Emperor Asset Management Limited, both are wholly-owned subsidiaries of the Company. Mr. Ho holds a Bachelor's Degree in Commerce and Finance from the University of Toronto, Canada and a Master's Degree in Business Administration from the University of South Australia. Mr. Ho has over 14 years of experience in the field of equity capital industry.

Financial Controller

Li Bo Chai, Vincent, **aged 33**, joined the Company in November 2010 as the Financial Controller. Mr. Li obtained a Bachelor's Degree in Accountancy from the University of Southern California and is a member of the American Institute of Certified Public Accountants. Mr. Li has over 10 years of experience in the field of auditing, finance, and accounting gained from an international accounting firm and listed companies.

The Directors of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 30 September 2010 (the "Year").

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

The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 33.

An interim dividend of HK$0.01 per share amounting to approximately HK$8.7 million was paid to the shareholders during the Year. The Directors recommended the payment of a final dividend of HK$0.015 per share payable on 25 February 2011 to shareholders whose names appear on the register of members of the Company on 24 January 2011.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 35.

The Company's reserves available for distribution to shareholders as at 30 September 2010 represented the aggregate of contributed surplus and accumulated profits amounting to HK$219,521,127 (2009: HK$221,062,976).

The contributed surplus of the Company 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 the group reorganisation effective on 2 April 2007.

Under the Companies Act in 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

PROPERTY AND EQUIPMENT

During the Year, the Group acquired property and equipment at a cost of approximately HK$1,754,000.

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 Year are set out in note 28 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

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

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 Year and up to the date of this report were:

Executive Directors:
Daisy Yeung *(Managing Director)*
Choi Suk Hing, Louisa
Chan Pak Lam, Tom (resigned on 31 May 2010)

Independent non-executive Directors:
Kwok Chi Sun, Vincent
Cheng Wing Keung, Raymond
Chu Kar Wing (appointed on 31 May 2010)
Fung Chi Kin (resigned on 31 May 2010)

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

In accordance with the Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Ms. Daisy Yeung and Mr. Cheng Wing Keung, Raymond shall retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, shall offer themselves for re-election. In accordance with the Bye-law 86(2) of the Company's Bye-laws, Mr. Chu Kar Wing shall retire at the forthcoming AGM and, being eligible, shall offer himself 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 (except for Mr. Chu Kar Wing whose term commenced from 31 May 2010) and continued thereafter until terminated by not less than three months' notice in writing served by either party.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(Continued)*

Each of Ms. Daisy Yeung and Ms. Choi Suk Hing, Louisa entered into a service contract with the Group in relation to her service as an executive with no fixed terms, but shall be terminable by either party upon giving two months' notice.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 30 September 2010, 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	Beneficiary of a trust	414,728,302 *(Note)*	47.90%

Note: The shares were held by Win Move Group Limited ("Win Move"). The entire 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 share	Approximate percentage of the issued share capital of the Company
Ms. Daisy Yeung	Beneficial owner	3,000,000 *(Note)*	0.35%

Note: These are share options granted to the Director 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES *(Continued)*

Save as disclosed above, as at 30 September 2010, 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).

Save as disclosed above, at no time during the Year was the Company, or any of its subsidiary companies, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, save as the 3,000,000 share options granted to a former Executive Director on 28 January 2008 but lapsed on 31 May 2010 due to his cessation of employment with the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2010, 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.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 September 2010, 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 issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Win Move	Beneficial owner	414,728,302	47.90%
Million Way	Interest in a controlled corporation	414,728,302	47.90%
STC International	Trustee	414,728,302	47.90%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung")	Founder of a trust	414,728,302	47.90%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Family	414,728,302	47.90%

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 trustee 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 414,728,302 shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares. The said shares were the same shares as those set out under Section (I) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 30 September 2010, the Directors are not aware of any other person (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, an interest or short positions in the shares, or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

During the Year, 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 year HK$'000
Very Sound Investments Limited *(note 1a)*	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, Emperor Group Centre, 288 Hennessy Road, Wanchai Hong Kong	2,568
Emperor Bullion Investments (Asia) Limited *(note 1b)*	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 – 30 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	1,362

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

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Amount for the year HK$'000
EIHL *(note 2)*	(a) Brokerage on dealing in securities, futures and option trading and interest income from margin IPO financings	(i) 26 March 2010 (ii) 1 April 2010 to 30 September 2012 (on normal commercial terms and at rates no more favourable than those available to other Independent Third Parties)	3,955
	(b) Margin loan financing		–
	(c) IPO loan financing		–

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

3. Financial Services Agreement with the Yeung Family

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Amount for the year HK$'000
Ms. Daisy Yeung *(note 3)*	(a) Brokerage on dealing in securities, futures and option trading and interest income from margin IPO financings	(i) 26 March 2010 (ii) 1 April 2010 to 30 September 2012 (on normal commercial terms and at rates no	4,414
	(b) Margin loan financing	more favourable than	22,369
	(c) IPO loan financing	those available to other	117,325
	(d) commission and fee payment to Yeung Family	Independent Third Parties)	–

Notes:

1. Tenancy Agreements

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

1a. This transaction constituted non-exempted continuing connected transaction 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 announcement on 16 December 2008. The counterparty of the Tenancy Agreement is a wholly-owned subsidiary of EIHL which was controlled by the deemed substantial shareholder of the Company, Dr. Albert Yeung.

1b. This transaction constituted non-exempted continuing connected transaction 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 an announcement on 7 May 2008. The counterparty of the tenancy agreement is indirectly owned by The Yeung Family Discretionary Trust, the settlor of which is Mr. Yeung Lik Shing, Michael who is the brother of Dr. Albert Yeung, being the deemed substantial shareholder of the Company.

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes: (Continued)

2. Financial Services Agreement with EIHL

Under this agreement, the Group has agreed to (i) provide financial services including brokerage services for securities, futures and options trading and acting as placing agent, underwriter or sub-underwriter; (ii) provide margin loans from time to time to EIHL and its subsidiaries and associates ("Emperor Group"); and (iii) provide IPO loan to Emperor Group from time to time on normal commercial terms and at rates no more favourable than those offered to other Independent Third Parties (as defined in the Listing Rules).

The transaction constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. The Company has made an announcement on 26 March 2010 and obtained independent shareholders' approval at the special general meeting held on 10 May 2010.

3. Financial Services Agreement with Ms. Daisy Yeung

Under this agreement, the Group has agreed to (i) provide financial services including brokerage services for securities, futures and options trading; (ii) provide margin loans to Ms. Daisy Yeung and her associates ("Yeung Family"); and (iii) provide IPO loans to the Yeung Family from time to time on normal commercial terms and at rates no more favourable than those available to other Independent Third Parties (as defined in the Listing Rules).

The transaction constituted continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. The Company has made an announcement on 26 March 2010 and obtained independent shareholders' approval at the special general meeting held on 10 May 2010.

AGREED UPON PROCEDURES PERFORMED BY THE AUDITOR

The Company has engaged its auditor 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 Year:

(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 in respect of securities trading commissions, futures and options trading commission, and interest on margin loan and IPO financing of the Group; and

(iv) have not exceeded the relevant cap amounts for the Year as previously announced by the Company.

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

(ii) on normal commercial terms or 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 on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company or its subsidiaries or holding company or a subsidiary of the Company's holding company is a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

EMOLUMENT POLICY

The emolument policy of the 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 24 to 30.

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 report, the Company maintained the prescribed public float under the Listing Rules.

DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK$30,000.

AUDITOR

A resolution will be submitted to the forthcoming AGM 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
7 December 2010

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") under Appendix 14 of the Listing Rules. For the Year, 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 2010, the Board comprised five Directors (two 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 11 to 14 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.

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 (except for Mr. Chu Kar Wing whose term commenced from 31 May 2010) 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 five Board meetings during the Year with the attendance of each Director as follows:-

Name of Director	Meetings attended/ No. of board meetings	Attendance rate
Executive Directors		
Daisy Yeung *(Managing Director)*	5/5	100%
Choi Suk Hing, Louisa	5/5	100%
Chan Pak Lam, Tom *(resigned on 31 May 2010)*	4/4	100%
Independent Non-executive Directors		
Kwok Chi Sun, Vincent	5/5	100%
Cheng Wing Keung, Raymond	5/5	100%
Chu Kar Wing *(appointed on 31 May 2010)*	1/1	100%
Fung Chi Kin *(resigned on 31 May 2010)*	4/4	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 with a view to ensuring that the Board procedures, and all applicable rules and regulations, 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.

There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant board resolution in which he/she or any of his /her associates have a material interest and that he/she shall not be counted in the quorum present at the board meeting.

DELEGATION BY THE BOARD

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

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. Cheng Wing Keung, Raymond and Mr. Chu Kar Wing. 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 Audit Committee convened three meetings during the Year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meetings	Attendance rate
Kwok Chi Sun, Vincent *(Chairman)*	3/3	100%
Cheng Wing Keung, Raymond	3/3	100%
Chu Kar Wing *(appointed on 31 May 2010)*	1/1	100%
Fung Chi Kin *(resigned on 31 May 2010)*	2/2	100%

A summary of work performed by the Audit Committee during the Year is set out as follows:

i. reviewed with the senior management and finance-in-charge and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements for the 18-month ended 30 September 2009 and for the six-months ended 31 March 2010 respectively;

ii. met with the external auditor and reviewed their work and findings relating to the annual audit for the 18-month ended 30 September 2009 and the effectiveness of the audit process;

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

iv. annual review of the non-exempt continuing connected transactions;

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

vi. approved the audit plans for the financial year ended 30 September 2010 and reviewed the external auditor's independence and approved the engagement of external auditor; and

vii. noted the impact to the Group in respect of the amendments to the accounting principles and standards and the development of corporate governance.

2. *REMUNERATION COMMITTEE*

The Remuneration Committee consists of three members, namely Ms. Daisy Yeung (Chairperson of the Committee) being the Managing Director, Mr. Kwok Chi Sun, Vincent and Mr. Cheng Wing Keung, Raymond, both being Independent Non-executive Directors. The primary duties of the Remuneration Committee are making recommendation to the Board on the Company's policies to attract, retain and motivate high caliber executives and on the establishment of a formal and transparent procedure for developing remuneration policy. Details of the remuneration of each of the Directors for the Year 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 Remuneration Committee convened three meetings during the Year with the attendance of each member as follows:

Name of Committee members	**Meetings attended/ No. of meetings**	**Attendance rate**
Daisy Yeung *(nominated on 22 January 2010)* *(Chairperson)*	2/2	100%
Kwok Chi Sun, Vincent	3/3	100%
Cheng Wing Keung, Raymond	3/3	100%
Chan Pak Lam, Tom *(ceased on 22 January 2010)*	1/1	100%

The summary of work performed by the Remuneration Committee during the Year is set out as follows:

i. reviewed the remuneration structure/package of the non-executive Directors and made recommendation to the Board on their remuneration; and

ii. reviewed and determined the remuneration structure/package of Executive Directors and senior management.

DIRECTORS/SENIOR MANAGEMENT'S SECURITIES TRANSACTION

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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities to prepare the accounts of the Group and other financial disclosures required under the Listing Rules and the management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

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 Board had conducted review from time to time of the effectiveness of the system of internal control of the Company and its subsidiaries. The review covered the major operating areas of the business of the Group, including accounts opening and handling, dealing practices, settlement and asset protection. 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.

The Audit Committee and the Board have reviewed the effectiveness of the internal control system of the Group and fulfilled the requirement of the Code regarding internal control systems in general.

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 brokerage 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 consider communication with the shareholders are mainly in the following ways: (i) the holding of annual general meetings and special general meetings, if any, which may be convened for specific purpose which provide opportunities for the shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; (iii) the holding of press conference from time to time; and (iv) the shareholders and investors are welcome to visit our website for the latest information of the Group.

In order to protect the environment and save costs for the benefit of shareholders, the Company has introduced the electronic means of corporate communication in December 2009. Shareholders may elect to receive printed or electronic copies of corporate communication. However, shareholders are encouraged to access corporate communication from the Company through the Company's website at http://www.emp717.com. We believe that it is also the most efficient and convenient method of communication with shareholders.

Separate resolutions are proposed at the general meetings for such substantial issues, including the re-election of retiring Directors.

The Company's notice to shareholders for the 2010 annual general meeting was sent to shareholders at least 20 clear business days before the meeting and notice of special general meeting held on 10 May 2010 has sent to shareholders at least 10 clear business days before the meeting.

The chairperson of the annual general meeting and the chairman/chairperson of the Audit Committee and the Remuneration Committee were available at the last annual general meeting held on 28 January 2010. The chairman/member of the independent board committee was also available at the special general meeting held on 10 May 2010 to answer questions from the independent shareholders of the Company for approving the continuing connected transactions.

The rights to demand poll were set in the circulars dispatched to shareholders during the Year. The chairpersons of such general meetings had explained the procedures for conducting a poll during the general meetings.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Committee were of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu is independent and recommended to the Board to re-appoint it as the Company's auditor at the forthcoming annual general meeting.

During the Year, Messrs. Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration payable to it by the Company is set out as follows:

Service rendered	**Fees paid/payable**
	HK$'000
Audit services	1,140
Non-audit services	60

Deloitte.
德勤

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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 33 to 79, which comprise the consolidated statement of financial position as at 30 September 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY *(Continued)*

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 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
7 December 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2010

	Notes	**1.10.2009 to 30.9.2010 HK$'000**	1.4.2008 to 30.9.2009 HK$'000
Revenue	9	**201,931**	145,443
Other operating income		**3,529**	2,659
Staff costs	10	**(39,004)**	(40,414)
Commission expenses		**(33,986)**	(24,304)
Other expenses		**(42,850)**	(54,513)
Finance costs	11	**(2,296)**	(1,647)
Impairment allowance on trade receivables		**–**	(37,401)
Share of (loss) profit of an associate		**(2,242)**	979
Profit (loss) before taxation	14	**85,082**	(9,198)
Taxation	15	**(13,139)**	1,167
Profit (loss) for the year/period		**71,943**	(8,031)
Other comprehensive income for the year/period			
Exchange differences arising on translation		**14**	4
Total comprehensive income (expense) for the year/period		**71,957**	(8,027)
Profit (loss) for the year/period attributable to:			
Owners of the Company		**72,106**	(8,031)
Non-controlling interests		**(163)**	–
		71,943	(8,031)
Total comprehensive income attributable to:			
Owners of the Company		**72,120**	(8,027)
Non-controlling interests		**(163)**	–
		71,957	(8,027)
Earnings (loss) per share	17		
Basic		**HK8.33 cents**	(HK1.11 cents)
Diluted		**HK8.33 cents**	(HK1.11 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	As at 30 September 2010 HK$'000	As at 30 September 2009 HK$'000
Non-current assets			
Interests in an associate	20	**–**	609
Property and equipment	18	**5,933**	6,680
Intangible assets	19	**–**	–
Other assets	21	**8,064**	4,334
Amount due from an associate	20	**4,354**	5,987
Available-for-sale financial assets	23	**136**	136
Deferred tax asset	15	**–**	752
		18,487	18,498
Current assets			
Trade receivables	24	**1,710,467**	664,460
Loans and advances	22	**30,000**	55,235
Other debtors, deposits and prepayments		**6,197**	4,163
Tax recoverable		**–**	134
Bank balances and cash – trust accounts	25	**398,125**	234,229
Bank balances and cash – general accounts	25	**110,440**	210,339
		2,255,229	1,168,560
Current liabilities			
Trade payables	26	**538,937**	292,876
Other creditors and accrued charges		**18,661**	13,313
Tax liabilities		**12,319**	–
Short-term bank borrowings	27	**1,116,070**	352,600
		1,685,987	658,789
Net current assets		**569,242**	509,771
Net assets		**587,729**	528,269
Capital and reserves			
Share capital	28	**8,658**	8,658
Reserves		**578,744**	519,611
Equity attributable to owners of the Company		**587,402**	528,269
Non-controlling interest		**327**	–
Total equity		**587,729**	528,269

The consolidated financial statements on pages 33 to 79 were approved and authorised for issue by the board of Directors on 7 December 2010 and are signed on its behalf by:

DAISY YEUNG
DIRECTOR

CHOI SUK HING, LOUISA
DIRECTOR

For the year ended 30 September 2010

	Attributable to owners of the Company									
	Share capital	Share premium	Special reserve	Capital contribution reserve	Translation reserve	Retained profits	Share option reserve	Total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	7,215	221,296	124,174	2,004	–	119,428	2,045	476,162	–	476,162
Other comprehensive income for the period	–	–	–	–	4	–	–	4	–	4
Loss for the period	–	–	–	–	–	(8,031)	–	(8,031)	–	(8,031)
Total comprehensive income for the period	–	–	–	–	4	(8,031)	–	(8,027)	–	(8,027)
Issue of shares	1,443	59,163	–	–	–	–	–	60,606	–	60,606
Transaction costs attributable to issue of shares	–	(472)	–	–	–	–	–	(472)	–	(472)
At 30 September 2009	8,658	279,987	124,174	2,004	4	111,397	2,045	528,269	–	528,269
Other comprehensive income for the period	–	–	–	–	14	–	–	14	–	14
Profit for the year	–	–	–	–	–	72,106	–	72,106	(163)	71,943
Total comprehensive income for the year	–	–	–	–	14	72,106	–	72,120	(163)	71,957
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	490	490
Dividend recognised as distribution	–	–	–	–	–	(12,987)	–	(12,987)	–	(12,987)
Effect of share options forfeited	–	–	–	–	–	1,022	(1,022)	–	–	–
At 30 September 2010	8,658	279,987	124,174	2,004	18	171,538	1,023	587,402	327	587,729

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 the group reorganisation effective 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 STATEMENT OF CASH FLOWS

For the year ended 30 September 2010

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**85,082**	(9,198)
Adjustments for:		
Interest expenses	**2,296**	1,647
Depreciation of property and equipment	**2,469**	2,883
Amortisation of intangible assets	**–**	317
Impairment allowance on trade receivables	**–**	37,401
Share of loss (profit) of an associate	**2,242**	(979)
Loss on disposal of property and equipment	**–**	3
Operating cash flows before movements in working capital	**92,089**	32,074
Increase in trade receivables	**(1,046,007)**	(411,049)
Increase in other assets	**(3,730)**	(105)
Decrease (increase) in loans and advances	**25,235**	(55,235)
Decrease in investments held for trading	**–**	2,163
(Increase) decrease in other debtors, deposits and prepayments	**(2,034)**	1,316
Increase in bank balances and cash – trust accounts	**(163,896)**	(60,784)
Increase in trade payables	**246,061**	59,032
Increase (decrease) in other creditors and accrued charges	**5,348**	(4,079)
Cash used in operations	**(846,934)**	(436,667)
Hong Kong Profits Tax refunded (paid)	**134**	(3,540)
PRC Tax paid	**(68)**	–
Interest paid	**(2,296)**	(1,647)
NET CASH USED IN OPERATING ACTIVITIES	**(849,164)**	(441,854)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(1,754)**	(6,177)
Increase in amount due from an associate	**–**	(4,616)
Proceeds on disposal of property and equipment	**32**	24
NET CASH USED IN INVESTING ACTIVITIES	**(1,722)**	(10,769)

For the year ended 30 September 2010

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
FINANCING ACTIVITIES		
Drawdown on bank borrowings	**19,681,629**	9,741,200
Repayment of bank borrowings	**(18,918,159)**	(9,388,600)
Advance from a related company	**300,000**	360,000
Repayment to a related company	**(300,000)**	(360,000)
Proceeds from issue of shares	**–**	60,606
Expenses for issue of shares	**–**	(472)
Dividend paid	**(12,987)**	–
Contribution from non-controlling interest	**490**	–
NET CASH FROM FINANCING ACTIVITIES	**750,973**	412,734
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(99,913)**	(39,889)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	**14**	4
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR/PERIOD	**210,339**	250,224
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR/PERIOD	**110,440**	210,339
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	**110,440**	210,339

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 as defined in Securities and Futures Ordinance 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 the 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, a discretionary trust set up by Dr. Albert Yeung.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 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 34.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the current year covered the twelve months period from 1 October 2009 to 30 September 2010. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered an eighteen months period from 1 April 2008 to 30 September 2009 and therefore are not comparable with amounts for the current year.

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to HKFRS 2, HKAS 18, HKAS 38, HKAS 39, HK(IFRIC) – INT 9 and HK(IFRIC) – INT 16
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues

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

HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (REVISED 2007) PRESENTATION OF FINANCIAL STATEMENTS

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 OPERATING SEGMENTS

HKFRS 8 is a disclosure standard and it has not resulted in a redesignation of the Group's reportable segments (see note 8) or changed in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

HKFRS 3 (REVISED) BUSINESS COMBINATIONS

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 October 2009. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 October 2009.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

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

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

HKFRS 3 (REVISED) BUSINESS COMBINATIONS *(Continued)*

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendment to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17 and HKAS 36[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party disclosures[3]
HKAS 32 (Amendment)	Classification of right issues[4]
HKFRS 1 (Amendment)	Additional exemptions for first-time adoptors[5]
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adoptors[7]
HKFRS 2 (Amendment)	Group cash-settled share based payment transactions[5]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[8]
HKFRS 9	Financial instruments[6]
HK(IFRIC) – INT 14 (Amendment)	Prepayment of a minimum funding requirement[3]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[7]

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

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Group anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 (the "Listing Rules") and the Hong Kong Companies Ordinance.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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 are included in the consolidated statement of comprehensive income 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.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of the Company. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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. Significant influence is the power to participate in the financial and operating policy decision of the investee but is not control or joint control over those policies.

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 statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

REVENUE RECOGNITION

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

- Commission income for broking business of securities, futures and option dealing is recorded as income when the trades are executed.

- 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.

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 profit or loss 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 recognised as an expense 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 respective 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 profit or loss for the period.

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 end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

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

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

RETIREMENT BENEFIT COSTS

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BORROWING COSTS

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

TAXATION *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 profit or loss in the period when the asset is derecognised.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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 profit or loss.

Financial assets

The Group's financial assets are classified into two categories, including 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets (Continued)

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 to the net carrying amount on initial recognition.

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. 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).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets of fair value through profit or loss 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 the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. 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 measured at cost will not be reversed in subsequent periods.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities

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

Equity instruments

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

Derecognition

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

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 in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings are the key sources of estimation uncertainty at the end of the reporting period, 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 statement of financial position, consolidated statement of changes in equity and respective notes. The Group's overall strategy remains unchanged throughout 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 Securities and Futures Commission ("SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") adopted by the SFC. Under the SF(FR)R, the Regulated Subsidiaries must maintain their liquid capital 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

	2010 HK$'000	2009 HK$'000
Financial assets		
Available-for-sale financial assets, at cost	**136**	136
Loans and receivables (including bank balances and cash)	**2,259,583**	1,174,413
Financial liabilities		
Amortised cost	**1,673,668**	657,949

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include other debtors and 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.

Market risk

Currency risk

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

It is the Group's policy for each operating entity to operate in local currencies as far as possible to minimise currency risks. Most of the Group's principal businesses are conducted and recorded in Hong Kong dollar, the functional currency of respective group entities, with some receivables from and payable 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, 25 and 26 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 and bank borrowings as at 30 September 2010 (see notes 22 and 27 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.

7. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Interest rate risk (Continued)

Financial instruments with variable interest-bearing in nature

	2010	2009
	HK$'000	HK$'000
Assets		
Trade receivables	**1,561,782**	642,711
Bank balances	**165,630**	160,831
Liability		
Trade payables	**321,815**	203,541

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and it is assumed that the amount of the above assets and liabilities at the end of the reporting period was in existence for the whole year and all other variables were held constant throughout the respective year. For the year ended 30 September 2010, 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 (2009: 50 basis point) change represents management's assessment of the reasonably possible change in interest rates in respect of trade receivables.

	2010 Change in basis points		2009 Change in basis points	
	+50	**–50**	+50	–50
	HK$'000	**HK$'000**	HK$'000	HK$'000
Increase (decrease) in profit after tax for the year/period	**6,521**	**(6,521)**	2,684	(2,684)

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 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. 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 the end of the reporting period 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.

7. FINANCIAL INSTRUMENTS *(Continued)*

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

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

Liquidity risk

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

As at 30 September 2010, the Group has available unutilised banking facilities of approximately HK$170 million (30 September 2009: HK$80 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$1,116,070,000 (2009: HK$352,600,000), which was due within one month from the end of the reporting period and full repayment (together with interest) of HK$1,116,200,000 (2009: HK$352,670,000) had been made in October 2010 (2009: October 2009) respectively.

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. SEGMENT INFORMATION

The Group has adopted HKFRS 8 – Operating Segments with effect from 1 October 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 – Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. Nevertheless, the Group's reportable segments identified under HKFRS 8 are consistent with the primary reportable format – business segments as determined under HKAS 14.

According to HKFRS 8, the Group has the following operating and reportable segments:

(a) Brokerage – Provision of securities, options, futures, insurance and other wealth management products broking services

(b) Financing – Provision of margin financing and money lending services

(c) Placing and underwriting – Provision of placing and underwriting services

(d) Corporate finance – Provision of corporate finance advisory services

8. SEGMENT INFORMATION *(Continued)*

SEGMENT REVENUES AND RESULTS

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

For the year ended 30 September 2010

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Elimination HK$'000	Total HK$'000
REVENUE						
Segment revenue – external customers	85,630	47,330	62,295	6,676	–	201,931
Inter-segment sales	–	3,668	–	–	(3,668)	–
	85,630	50,998	62,295	6,676	(3,668)	201,931

Inter-segment sales are charged at prevailing market rate.

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Total HK$'000
RESULTS					
Segment results	25,283	45,035	56,767	819	127,904
Unallocated other operating income					211
Unallocated corporate expenses					
– Administrative staff costs (include directors' remuneration)					(25,830)
– Management fee to a related company					(4,539)
– Others					(10,422)
Share of loss of an associate					(2,242)
Profit before taxation					85,082

8. SEGMENT INFORMATION *(Continued)*

SEGMENT REVENUES AND RESULTS *(Continued)*

For the 18 months ended 30 September 2009

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Elimination HK$'000	Total HK$'000
REVENUE						
Segment revenue – external customers	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.

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Total HK$'000
RESULTS					
Segment results	23,498	(3,466)	14,143	704	34,879
Unallocated other operating income					207
Unallocated corporate expenses					
– Administrative staff costs (include directors' remuneration)					(27,582)
– Management fee to a related company					(5,639)
– Others					(12,042)
Share of profit of an associate					979
Loss before taxation					(9,198)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit earned by/loss from each segment without allocation of central administrative staff costs (include directors' remuneration), management fee to a related company, central administration costs and share of profit (loss) of associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

8. SEGMENT INFORMATION *(Continued)*

SEGMENT ASSETS AND LIABILITIES

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

As at 30 September 2010

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

8. SEGMENT INFORMATION *(Continued)*

SEGMENT ASSETS AND LIABILITIES *(Continued)*

As at 30 September 2009

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

For the purposes of monitoring segment performances and allocating resources between segments:

All assets are allocated to reportable segments other than bank balances and cash-general accounts, interest in an associate and amount due from associate and certain corporate assets. All liabilities are allocated to reportable segments other than current tax liabilities and certain corporate payables and accrued charges.

8. SEGMENT INFORMATION *(Continued)*

OTHER SEGMENT INFORMATION

For the year ended 30 September 2010

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Total HK$'000
Additions of property and equipment	**1,754**	**–**	**–**	**–**	**1,754**
Depreciation of property and equipment	**2,458**	**–**	**–**	**11**	**2,469**

For the 18 months ended 30 September 2009

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Total HK$'000
Additions of property and equipment	6,177	–	–	–	6,177
Amortisation of intangible assets	317	–	–	–	317
Depreciation of property and equipment	2,815	–	–	68	2,883
Impairment allowance on trade receivables	–	37,401	–	–	37,401

GEOGRAPHICAL INFORMATION

The following illustrates the geographical analysis of the Group's revenue from its external customers, based on the country from which the trades are derived in the case of brokerage revenue and based on the country in which the customers are located in the case of financing, placing and underwriting and corporate finance revenue.

	Revenue	
	2010 HK$'000	2009 HK$'000
Hong Kong	**191,187**	136,103
United States	**9,399**	8,618
Other	**1,345**	722
	201,931	145,443

All non-current assets held by the Group (other than interests in an associate and other assets) are located in Hong Kong.

INFORMATION ABOUT MAJOR CUSTOMER

There is no single customer who contribute 10% or more of the Group's revenue for both years/period.

9. REVENUE

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Commission and brokerage fees on dealing in securities	**59,941**	69,018
Commission and brokerage fees on dealing in futures and options contracts	**16,341**	15,018
Commission from insurance brokerage and wealth management	**8,496**	2,253
Corporate finance advisory services fee income	**6,676**	5,041
Placing and underwriting commission	**62,295**	16,369
Interest income from:		
Margin and initial public offer financing	**33,038**	25,506
Loans and advances	**14,292**	10,033
Bank deposits	**850**	2,151
Others	**2**	54
	201,931	145,443

10. STAFF COSTS

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Staff costs represent the amounts paid and payable to the directors and employees and comprise:		
Salaries, bonus, allowances and commission	**38,190**	39,105
Contributions to retirement benefits scheme	**814**	1,309
	39,004	40,414

11. FINANCE COSTS

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	**2,206**	1,520
Amount due to a related company	**78**	84
Others	**12**	43
	2,296	1,647

12. DIRECTORS' REMUNERATION

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

For the year ended 30 September 2010

	Yeung Daisy HK$'000	Chan Pak Lam, Tom HK$'000	Choi Suk Hing, Louisa HK$'000	Cheung Wing Keung, Raymond HK$'000	Fung Chi Kin HK$'000	Kwok Chi Sun, Vincent HK$'000	Chu Kar Wing HK$'000	Total HK$'000
Fees	100	67	100	150	100	150	50	717
Other remuneration								
Salaries and allowances	1,494	700	1,359	–	–	–	–	3,553
Discretionary bonus *(note)*	800	260	370	–	–	–	–	1,430
Contributions to retirement benefits scheme	17	46	97	–	–	–	–	160
Total remuneration	2,411	1,073	1,926	150	100	150	50	5,860

For the 18 months ended 30 September 2009

	Yeung Daisy 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$'000	Total HK$'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

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 year ended 30 September 2010 and for the period from 1 April 2008 to 30 September 2009, details of whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining individuals for the year/period were as follows:

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Salaries, allowances, bonus and benefits in kind	**3,904**	7,888
Contributions to retirement benefits scheme	**94**	43
	3,998	7,931

Their remuneration were within the following bands:

	Number of employees	
	1.10.2009 to 30.9.2010	1.4.2008 to 30.9.2009
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**3**	–
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**–**	1

During the year/period, 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 year/period.

14. PROFIT (LOSS) BEFORE TAXATION

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	**4,822**	3,620
Amortisation of intangible assets	**–**	317
Auditor's remuneration	**1,200**	1,259
Depreciation of property and equipment	**2,469**	2,883
Management fee to a related company	**5,506**	6,257
Net exchange (gain) loss	**(11)**	69
Operating lease rentals in respect of		
– rented premises	**5,507**	7,274
– equipment	**68**	147
Other equipment rental expense	**9,170**	12,025
Legal and professional fee	**814**	1,777
Included in other operating income:		
Handling fee income	**(3,250)**	(2,453)

15. TAXATION

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Current year:		
Hong Kong Profits Tax		
– provision for the year/period	**12,319**	–
– Overprovision for prior year	**–**	(127)
PRC Enterprise Income Tax	**68**	–
Deferred taxation		
– charge (credit) for the year/period	**752**	(1,040)
	13,139	(1,167)

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

15. TAXATION *(Continued)*

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

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Profit (loss) before taxation	**85,082**	(9,198)
Taxation at income tax rate of 16.5%	**14,038**	(1,518)
Tax effect of expenses not deductible for tax purpose	**15**	60
Tax effect of income not taxable for tax purpose	**(143)**	(358)
Overprovision in prior year	**–**	(127)
Utilisation of tax losses previously not recognised	**(1,066)**	(356)
Tax effect of tax losses not recognised	**148**	1,458
Tax effect of share of loss (profit) of an associate	**370**	(162)
Others	**(223)**	(164)
Taxation charge (credit) for the year/period	**13,139**	(1,167)

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 2008	–	288	288
(Credited) charged to profit or loss	(1,200)	160	(1,040)
At 30 September 2009	(1,200)	448	(752)
Charged (credited) to profit or loss	1,200	(448)	752
At 30 September 2010	–	–	–

As at 30 September 2010, the Group had unused estimated tax losses of HK$22,465,000 (2009: HK$35,302,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of HK$22,465,000 (2009: HK$28,029,000) due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely. As at 30 September 2009, deferred tax asset of HK$1,200,000 has been recognised in respect of tax loss amounted to HK$7,273,000.

16. DIVIDENDS

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Recognised as distribution:		
Interim dividend paid: HK$0.01 (2009: HK$nil) per share	**8,658**	–
Final dividend paid in respect of 2009: HK$0.005 per share (2009: Nil in respect of 2008)	**4,329**	–
	12,987	–

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

17. EARNINGS (LOSS) PER SHARE

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

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Earnings		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	**72,106**	(8,031)

	1.10.2009 to 30.9.2010	1.4.2008 to 30.9.2009
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share	**865,811,272**	723,881,163

The computation of diluted earnings (loss) per share does not take into consideration the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market price of the Company's shares for the year ended 30 September 2010 and 18 months ended 30 September 2009.

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 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
Additions	1,181	58	96	–	355	64	1,754
Disposals	–	–	–	(89)	–	–	(89)
At 30 September 2010	7,537	1,487	3,986	–	11,495	764	25,269
ACCUMULATED DEPRECIATION							
At 1 April 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
Provided for the period	1,243	115	308	8	743	52	2,469
Eliminated on disposals	–	–	–	(57)	–	–	(57)
At 30 September 2010	4,806	1,131	3,075	–	9,725	599	19,336
CARRYING VALUES							
At 30 September 2010	2,731	356	911	–	1,770	165	5,933
At 30 September 2009	2,793	413	1,123	40	2,158	153	6,680

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 2008, 30 September 2009 and 30 September 2010	9,802
AMORTISATION AND IMPAIRMENT	
At 1 April 2008	9,485
Charged for the period	317
At 30 September 2009	9,802
Charged for the year	–
At 30 September 2010	9,802
CARRYING VALUES	
At 30 September 2010	–
At 30 September 2009	–

Trading rights are amortised over 10 years from the effective day of the merger of the Stock Exchange, the HKFE and the Hong Kong Securities Clearing Company Limited in year 2000.

20. INTERESTS IN AN ASSOCIATE

	As at	
	30 September 2010 HK$'000	30 September 2009 HK$'000
Cost of investment in an unlisted associate	**1**	1
Share of post-acquisition (loss) profit	**(1)**	608
	–	609
Amount due from an associate	**5,987**	5,987
Less: loss allocated in excess of cost of investment	**(1,633)**	–
	4,354	5,987

20. INTERESTS IN AN ASSOCIATE *(Continued)*

As at 30 September 2009 and 2010, 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 2010	2009	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 2010 HK$'000	As at 30 September 2009 HK$'000
Total assets	**15,563**	23,717
Total liabilities	**(21,395)**	(21,542)
Net (liabilities) assets	**(5,832)**	2,175
Group's share of net (liabilities) assets of the associate	**(1,633)**	609

	1.10.2009 to 30.9.2010 HK$'000	1.4.2008 to 30.9.2009 HK$'000
Revenue	**–**	–
(Loss) profit for the year/period	**(8,007)**	3,496
Group's share of (loss) profit of the associate for the year/period	**(2,242)**	979

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 end of the reporting period. 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 2010 HK$'000	30 September 2009 HK$'000
Statutory and other deposits	**8,064**	4,334

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 2010 HK$'000	30 September 2009 HK$'000
Unsecured short-term fixed-rate loan receivables	**30,000**	55,235

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

	As at	
	30 September 2010	30 September 2009
Effective interest rate:		
Fixed-rate loan receivables	**4.7% per month**	2% per month

The fair values of the Group's loans and advances at the end of the reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period approximate to the corresponding carrying amount of the receivables. The loans and advances are concentrated with one (2009: two) individual borrowers and the balances had been subsequently settled in full in October 2010 and 2009 respectively.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 September 2010 HK$'000	30 September 2009 HK$'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 the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. TRADE RECEIVABLES

	As at	
	30 September 2010 HK$'000	30 September 2009 HK$'000
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	**82,306**	41,139
Secured margin loans	**440,465**	197,960
Initial public offering margin loans	**1,118,993**	438,284
Less: Impairment allowance on trade receivables from the business of dealing in securities:		
Secured margin loans	**–**	(38,051)
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	**68,485**	24,923
Trade receivables from the business of corporate finance	**218**	205
	1,710,467	664,460

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.

24. TRADE RECEIVABLES *(Continued)*

For secured margin loans, as at 30 September 2010 and 2009, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$4,645,505,000 and HK$1,769,907,000 respectively. The loans to margin clients bear variable interest at commercial rate, and are repayable on demand. No collateral was pledged for other trade receivables.

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

The aged analysis of the trade receivables are as follows:

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

Note a:

The Group has policy for impairment on trade receivables for those trade receivables without sufficient collaterals and with default or delinquency in interest or principal payment, which is based on the evaluation of collectability and aged analysis of accounts and on management's judgement including the current creditworthiness, collaterals value and the past collection history of each client.

Note b:

Movement in the impairment allowance on trade receivables:

	As at	
	30 September 2010 HK$'000	30 September 2009 HK$'000
Balance at the beginning of the year/period	**38,051**	650
Charge for the year/period	**–**	37,401
Amounts written off as uncollectible	**(38,051)**	–
Balance at the end of the year/period	**–**	38,051

24. TRADE RECEIVABLES *(Continued)*

In determining the recoverability of the trade receivable, 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.

Included in trade receivables from the business of dealing in securities are amounts due from the directors and disclosed pursuant to Section 161B of the Companies Ordinance, the details of which are as follows:

	Balance at the beginning of the year/period HK$'000	Balance at the end of the year/period HK$'000	Maximum amount outstanding during the period/year HK$'000	Market value of pledged securities at fair value at the end of the year/period HK$'000
Directors of the Company				
Ms. Yeung Daisy				
(1.10.2009 to 30.9.2010)	6,340	1,785	2,062	4,347
(1.4.2008 to 30.9.2009)	10,373	6,340	241,557	1,042,459
Mr. Chan Pak Lam, Tom				
(1.10.2009 to 30.9.2010)	13	–	1,148	1,474
(1.4.2008 to 30.9.2009)	104	13	1,616	–
Ms. Choi Suk Hing, Louisa				
(1.10.2009 to 30.9.2010)	–	–	–	–
(1.4.2008 to 30.9.2009)	–	–	132	–
Mr. Yeung Kun Lee, Sunny				
(1.10.2009 to 30.9.2010)*	N/A	N/A	N/A	N/A
(1.4.2008 to 30.9.2009)	–	–	51	–

The above balances are repayable on demand and bear interest at commercial rates. In the opinion of Directors, all amounts are expected to be recovered within 12 months after the end of the reporting period.

* The director resigned during the 18 months ended 30 September 2009.

25. BANK BALANCES AND CASH

	As at	
	30 September 2010 HK$'000	30 September 2009 HK$'000
Bank balances		
– trust accounts *(Note)*	**398,125**	234,229
– general accounts and cash	**110,440**	210,339
	508,565	444,568

Note: The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts, bear interest at commercial rate. 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 2010, bank balances and cash denominated in Japanese Yen, United States dollar and Renminbi, are approximately HK$163,000 (2009: HK$22,000), HK$32,622,000 (2009: HK$22,720,000) and HK$523,000 (2009: HK$572,000) respectively.

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

26. TRADE PAYABLES

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

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

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

26. TRADE PAYABLES *(Continued)*

Included in trade payables amounts of HK$398,125,000 and HK$234,229,000 as at 30 September 2010 and 2009 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

As at 30 September 2010, trade payables denominated in Japanese Yen and United States dollars, are approximately HK$172,000 (2009: HK$Nil) and HK$78,200,000 (2009: HK$28,135,000) respectively.

27. SHORT-TERM BANK BORROWINGS

The amounts represent short-term bank borrowings of HK$1,116,070,000 (2009: HK$352,600,000) which was secured by a charge over securities subscribed under each initial public offering and margin deposit as required for the initial public offerings as at 30 September 2010, and was fully repaid in October 2010. The prior year's short-term bank borrowings were fully repaid in October 2009.

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

28. SHARE CAPITAL

	Note	Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:			
As at 1 April 2008, 30 September 2009 and 30 September 2010		500,000,000,000	5,000,000
Issued and fully paid:			
As at 1 April 2008		721,511,272	7,215
Issue of shares	(a)	144,300,000	1,443
As 30 September 2009 and 30 September 2010		**865,811,272**	**8,658**

Note:

(a) 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 Group Limited ("Win Move"), a shareholder of the Company, 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.

29. SHARE OPTIONS

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

Under the Scheme, the Directors of the Company are authorised, at any time within ten years after the 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 2010 is as follows:

Date of grant	Exercisable period	Exercise price per share HK$	Granted on 28 January 2008 and outstanding at 1 April 2008 and 30 September 2009	Lapsed during the year	Outstanding at 30 September 2010
28 January 2008	28 January 2008 – 27 January 2013	1.2	6,000,000	(3,000,000)	3,000,000

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 30 September 2010, the share options with amount HK$1,022,000 had been forfeited and the amount in share option reserve had been transferred to retained profits.

30. 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 profit or loss 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 2010, no forfeited contributions arose upon employees leaving the ORSO Scheme.

31. RELATED PARTY TRANSACTIONS

(a) At the end of the reporting period, the balances and transactions of the Group with related parties are set out in the consolidated statement of financial position and notes 11, 14 and 24 to the consolidated financial statements.

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

		2010 HK$'000	2009 HK$'000
(i)	Advisory income from related companies *(Note a)*	**2,534**	3,263
(ii)	Commission paid to the associates of a director	**–**	108
(iii)	Management fee to a related company *(Note a)*		
	– computer services	**697**	1,500
	– administrative services and staff costs	**4,809**	4,757
		5,506	6,257
(iv)	Operating lease rentals expenses to a related company *(Note b)*	**4,290**	6,361
(v)	Commission and brokerage income from *(Note b)*		
	– a related company	**–**	2
	– directors	**43**	1,938
(vi)	Placing and underwriting commission income from related companies *(Note b)*	**4,490**	387
(vii)	Interest income from *(Note b)*		
	– Directors	**136**	1,005
(viii)	Interest expenses paid *(Note c)*		
	– a related company	**78**	84
(ix)	Printing, advertising and promotion expenses to related companies *(Note a)*	**445**	643
(x)	Trade payables to margin and cash clients arising from business dealing in securities *(Note a)*		
	– an associate	**215**	–
	– related companies	**–**	–
	– directors	**244**	5,206
		459	5,206
(xi)	Deposits paid to related companies *(Note d)*	**1,389**	1,387

Remark: The related companies represented subsidiaries controlled by a controlling shareholder of the Company.

31. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

Notes

(a) These transactions are connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

(b) Included in these transactions are those continuing connected transactions (as defined under the Chapter 14A of the Listing Rules) of the Company with details set out in the section headed "Directors' Interest in Contracts of Significance and Connected Transactions" of the Directors' Report and connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(c) This transaction involved the payment of interest to a subsidiary of the major shareholder of the Company for the provision of financial assistance from such company on normal commercial terms and no security over the assets of the Group was granted in respect of the financial assistance. The transaction is an exempted continuing connected transaction fall under Rule 14A.65 of the Listing Rules.

(d) This amount represents refundable rental deposits paid for the continuing connected transactions as set out in item 1 of the section headed "Directors' Interest in Contracts of Significante and Connected Transactions" of the Directors' Report.

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

32. OPERATING LEASE COMMITMENTS

At the end of each of the reporting periods, 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 2010		30 September 2009	
	Rental premises HK$'000	**Hired equipment HK$'000**	Rental premises HK$'000	Hired equipment HK$'000
Within one year	**3,278**	**65**	5,246	148
In the second to fifth years inclusive	**847**	**3**	2,083	65
	4,125	**68**	7,329	213

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

33. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	As at 30 September 2010 HK$'000	As at 30 September 2009 HK$'000
Investment in a subsidiary	**219,003**	219,003
Amount due from a subsidiary	**289,328**	284,860
Other assets	**466**	7,531
Total assets	**508,797**	511,394
Total liabilities	**(775)**	(807)
Net assets	**508,022**	510,587

34. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 30 September 2009 and 2010 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 30.9.2010 %	Proportion of nominal value of issued share capital held by the Company 30.9.2009 %	Principal activities
Emperor Asset Management Limited**	Hong Kong 4 July 2008	HK$5,000,000	**100**	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 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
Emperor Futures Limited	Hong Kong 12 May 1989	HK$50,000,000	**100**	100	Provision of futures brokerage
Emperor Gold & Silver Company Limited	Hong Kong 3 March 1994	HK$7,000,000	**100**	100	Holding of membership in the Hong Kong Precious Metals Exchange Limited and The Chinese Gold & Silver Exchange Society

34. 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		Principal activities
			30.9.2010 %	30.9.2009 %	
Emperor Securities Limited	Hong Kong 6 July 1990	HK$170,000,000	**100**	100	Provision of securities brokerage, money lending 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**	100	Business development in PRC
#英譽投資管理諮詢（上海）有限公司***	People's Republic of China 8 March 2010	HK$1,000,000	**51**	–	Business development in PRC

* Directly held by the Company.

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

*** Incorporated/established during the year ended 30 September 2010.

\# The subsidiary is a wholly owned foreign 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 year/period, or at any time during the year/period.

FINANCIAL SUMMARY

	For the year ended 31 March			For the period from 1 April 2008 to 30 September	**Year ended 30 September**
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULT					
Revenue	95,026	123,691	185,259	145,443	**201,931**
Profit (loss) before taxation	31,000	30,010	55,379	(9,198)	**85,082**
Taxation	(5,010)	(5,914)	(9,437)	1,167	**(13,139)**
Profit (loss) for the year/period	25,990	24,096	45,942	(8,031)	**71,943**

	As at 31 March			As at 30 September	
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	575,965	657,272	731,595	1,187,058	**2,273,716**
Total liabilities	(173,356)	(230,567)	(255,433)	(658,789)	**(1,685,987)**
Net assets	402,609	426,705	476,162	528,269	**587,729**

The results and summary of assets and liabilities for the year ended 31 March 2006 which was 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.