英皇證券集團有限公司

Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 717

Seizing **Opportunities**

Greating **Growth**

Annual Report 2010/2011


Seizing Opportunities
Greating Growth

CONTENTS

CORPORATE INFORMATION

DIRECTORS
Daisy Yeung *(Managing Director)*
Choi Suk Hing, Louisa
Pearl Chan
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 HM 11
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.emperorcapital.com

STOCK CODE
717

KEY DATES

Annual Results Announcement	8 December 2011
Book close dates	
– for AGM	7 February 2012
– for Final Dividend	15-16 February 2012
Record date	
– for AGM	7 February 2012
– for Final Dividend	16 February 2012
Annual General Meeting	8 February 2012
Payment of Final Dividend	28 February 2012 (HK0.38 cent per share)

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 our Corporate Communications. Upon written request, free printed version of this Report will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to this Annual Report through the Company's website. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

FINANCIAL HIGHLIGHTS

HK$'000 (Audited)	For the year ended 30 September 2011	2010
Revenue	**204,439**	201,931
– Brokerage	**98,723**	85,630
– Loans & Financing	**63,960**	47,330
– Placing & Underwriting	**28,997**	62,295
– Corporate Finance	**12,146**	6,676
– Asset Management	**613**	–
Profit for the year attributable to Owners of the Company	**62,098**	72,106
		(Restated)
Earnings per Share (Basic & diluted)	**HK 4.39 cents**	HK 6.86 cents

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1993, Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is a renowned Hong Kong based brokerage house providing a wide range of financial services including (i) brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom, (ii) provision of margin and IPO financings as well as loans and advances to its clients, (iii) corporate finance advisory, and (iv) wealth management and asset management services.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economic and financial environment were exceptionally complex for the year ended 30 September 2011 (the "Year") due to the lack lustre rebound in US economic growth, the ongoing European debt crisis, and Japan's massive earthquake in March 2011. Although the emerging markets are more outperformed than developed markets, they continued to face the challenges of capital inflow and the increasing pressure of inflation. As a result, the global financial markets have been volatised.

Despite of the above, China's economy maintained a fair growth. During the Year, the Central Government implemented a series of measurement against the potential real estate market bubbles and inflation. These measures successfully steered the Chinese economy towards the direction anticipated under macro-economic controls and secured a healthy general growth momentum.

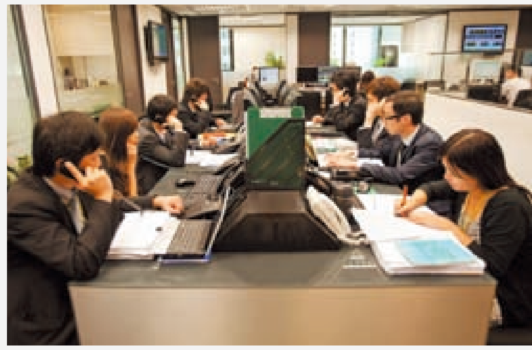
Led by factors such as inflationary pressures coming from both the external and domestic fronts and further liquidity tightening in China, Hong Kong is facing the possibility of a decline in its competitiveness. In the circumstances, the Government of the HKSAR has actively developed RMB related products and services so as to solidify its position as a major RMB offshore settlement centre. Investors by far have reacted positively to this transformation.

Subsequent to the massive earthquakes and potential release of radiation in Japan in mid-March 2011, some of the direct investments and funds in Japan have been relocated to other Asian countries, resulting an increase of market opportunities in Hong Kong due to the substantial influx of hot money to Greater China.

FINANCIAL REVIEW

During the Year, the Group's revenue increased by 1.2% to HK$204.4 million (2010: HK$201.9 million). Profit for the Year attributable to owners of the Company was approximately HK$62.1 million (2010: HK$72.1 million). Basic earnings per share were HK4.39 cents. The Group proposed a final dividend of HK0.38 cent per share. Together with the interim dividend of HK1 cent per share, the total dividend per share for the Year was HK1.38 cents.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Dedicated to the Group's continuous efforts on business development and comprehensive services, the Group was named the Top 5 "2010 Best Overall Local Brokerage" awarded by Asia Money Magazine during the Year.

Brokerage

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

During the Year, revenue generated from the brokerage services segment amounted to HK$98.7 million (2010: HK$85.6 million), accounting for 48.3% (2010: 42.4%) of the revenue of the Group. Riding on the strong customer loyalty and extensive branch network, the Group's frontline teams is able to drive a revenue growth of 15.3%.

A branch was newly established in Yuen Long in August 2011 to further enhance its comprehensive network in Hong Kong and expand its client base.

During the Year, the mobile trading platforms through iPhone, iPad and Android have been launched to create value-added services for the existing customers and expand the market horizon.

With respect to the wealth management team, the Group continued to focus on investors from the mainland in relation to Capital Investment Entrant Scheme (the "CIES") to grasp the market opportunities on the growing customers' demand for diversifying its assets under wealth management.

MANAGEMENT DISCUSSION AND ANALYSIS

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, market sentiment provided incentives for fund raising and corporate exercise. Driven by the market demand, revenue from this segment was up by 35.1% to HK$64.0 million (2010: HK$47.3 million).

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, this segment recorded revenue of HK$29.0 million (2010: HK$62.3 million), accounting for 14.2% of the Group's total revenue. The Group participated in numerous fund-raising engagements during the Year while the number of non-IPO engagements increased. Riding on the solid client base and professional team, the Group secured more encore clients to do the secondary market financing services.

MANAGEMENT DISCUSSION AND ANALYSIS

LEADING THE WAY IN PERFORMANCE AND GROWTH

Corporate Finance

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

During the Year, this segment was up by 81.9% significantly to HK$12.1 million (2010: HK$6.7 million), which accounted for 5.9% of the Group's total revenue. Driven by the strong execution strengths of the corporate finance team, the Group was appointed as financial adviser for a number of corporate transactions and secured several IPO sponsor mandates for companies seeking to be listed on both the Main Board and the GEM Board of the Stock Exchange. In May 2011, the Group had successfully sponsored GreaterChina Professional Services Limited to list on the GEM Board of the Stock Exchange where the Group also acted as the co-manager in the IPO share placing.

MANAGEMENT DISCUSSION AND ANALYSIS

Asset Management

In order to cater various investment needs of customers, the Group commenced a new business segment in asset management.

During the Year, the revenue of this segment was HK$0.6 million, accounting for 0.3% of the Group's total revenue.

The Group has set up the first Emperor Fund, with the focus on equities in the Greater China region, during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Riding on China's growing economy, thus the increasing commercial opportunities from China, the Group will continue to strengthen its China business in future. Following the extension of the scope of pilot RMB settlement in cross-border trade, the pace of developing Hong Kong into an offshore RMB financial centre is expected to accelerate. Dedicated to the Group's continuous efforts, the Group is fully capable to handle the trading and settlement of RMB-denominated stocks(s) listing on the Stock Exchange.

Other than the existing presence in Shenzhen and Shanghai, the Group has newly set up a liaison office in Beijing in October 2011 to further extend its coverage to the northern China.

Facing the growing demand of CIES customers on shifting their investment portfolio from real estate to securities and bonds, the Group will put more efforts on capturing the market window and further strengthening the team in their consultation advice on asset management.

With the commencement of new business in asset and fund management, the Group will widen the product and service range for catering the various investment needs of customers. More importantly, the first Emperor Fund, with the focus on equities in the Greater China region, has closed the book in September 2011. It is expected that its concurrent management fee and performance fee will be the new revenue sources of income in the next financial year.

With the well established base of margin financing, the Group takes a good chance to accelerate the expansion of the money lending business and second mortgage loan to generate stable income steam.

The Group will continue to improve 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 implement strategic development plans and better allocation of resources to provide a comprehensive one-stop consultation advisory and investment platform for customers. As investors nowadays have grown increasingly sophisticated and taken more prudent approach during the volatile market, the Group will provide tailor-made and quality investment solutions for its customers with scientific and professional assessment to satisfy their needs. The Group will also strive to explore both the domestic and international markets and expand its institutional and retail clientele, in order to consolidate its market share, utilise competitive edges and procure steady growth in business volume.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The board of directors of the Company (the "Board" or the "Directors") is pleased to recommend the payment of a final dividend of HK0.38 cent per share ("Final Dividend") for the year ended 30 September 2011 (2010: HK1.5 cents per share), amounting to approximately HK$9.9 million (2010: HK$13.0 million), subject to the approval of the shareholders at the forthcoming annual general meeting ("AGM") of the Company to be held on 8 February 2012 (Wednesday). If approved, the Final Dividend will be paid on 28 February 2012 (Tuesday) to shareholders whose names appear on the register of members of the Company on 16 February 2012 (Thursday).

CLOSURE OF REGISTER OF MEMBERS AND OTHER KEY DATES

For ascertaining shareholders' right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 6 February 2012
Book close date	7 February 2012
Record date	7 February 2012
AGM	8 February 2012

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 14 February 2012
Book close dates	15 to 16 February 2012
Record date	16 February 2012
Final Dividend payment date	28 February 2012

In order to qualify for the right to attend and vote at the AGM and for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration before the above latest time to lodge transfers. Dividend warrants will be despatched on 28 February 2012 (Tuesday).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

On 2 June 2011, the Company announced the rights issue on the basis of two rights shares for every one existing share held on the record date, i.e. 13 July 2011, at the subscription price of HK$0.338 per rights share (the "Rights Issue"). The Rights Issue was completed on 4 August 2011 and net proceeds of HK$578 million were raised and 1,731,622,544 new shares of the Company have been issued.

During the Year, the Group mainly financed its operations by cash generated from operations, the proceeds from the Rights Issue and short-term bank borrowings.

As at 30 September 2011, the Group's current assets and current liabilities were approximately HK$1,781.1 million and HK$587.6 million respectively. The Group had no bank borrowings and zero gearing ratio was recorded (calculated based on the basis of total bank and other borrowings over total equity). With the support of the Group's bank balances and cash amounting to HK$637.3 million (2010: HK$110.4 million), the Group demonstrated a strong financial position and healthy cash flow. In addition, its available unutilised bank facilities were approximately HK$270 million.

With the Group's sufficient bank balances and cash as well as its existing banking facilities, the Board considers the Group has sufficient working capital for its operation and the future development of the Group.

As at 30 September 2011, the Group has operating lease commitment of approximately HK$17.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2011, the Group did not have any material foreign exchange exposure.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

During the Year, the Group had placed an aggregate amount of HK$40,000,000 (the "Escrow Funds") with a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent (the "Escrow Agent"), of which HK$25,000,000 and HK$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. The Escrow Funds had fallen due and became payable to the Group in June 2011. Despite the Group's repeated requests to K&L Gates for the release of the Escrow Funds, the Group had not received the Escrow Funds. It was reported that a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies held in escrow account. In early July of 2011, the Group had commenced legal proceedings against the two borrowers and all the partners of K&L Gates, claiming for the return of the Escrow Funds, plus interests and legal costs. As at the date hereof, statements of claim had been filed, and that a final and interlocutory judgment was entered against the aforesaid arrested partner and the two borrowers, but the actions against K&L Gates continued with a hearing being fixed in January 2012. Based on the legal advice sought, the management of the Group is of the opinion that the Group has a reasonable good prospect of success in obtaining judgment against the rest of the partners of K&L Gates, in which event, each of them will be personally liable to the Group to satisfy the judgment.

It is currently expected that the enforcement of the judgment, if obtained, to recover the debt of HK$40,000,000 would be carried out in the year of 2012. Based on the opinion of the Group's legal advisors, the management of the Group is of the view that there is no impairment loss being recognised as at 30 September 2011. However, in the event that the actual future cash flows are less than expected, an impairment loss may arise in future period.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2011, the Group has 203 (2010: 196) account executives and 103 employees (2010: 85). Total staff costs (including Directors' remuneration) were approximately HK$43.4 million (2010: HK$39.0 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE SOCIAL RESPONSIBILITIES

Embracing the mission "From the community, to the community", the Group dedicates its efforts to giving supports to the elderly and the underprivileged. The Group joined a friendship visit co-organized by its mother group, Emperor Group, and Everybright Concern Action during the Mid-Autumn Festival. A number of staff members spent a day at two Helping hand's Housing for the Elderly units in Po Lam and Chuk Yuen respectively. This served as a platform to promote their care to the elderly who are living alone. Besides decorating the venue, the volunteers shared their festive blessings with the elderly, bringing them a little fun time and a full house of laughter with performance and games. They also went straight to the flats of some residents who were less mobile and were not able to join the activity with festival gifts of moon cake and fruit.

Apart from the local community, the Group also extends its care to the underprivileged in mainland China. Early this fiscal year, the Group joined a voluntary trip to Shaoguan, organized by Emperor Group and Agency for Volunteer Service to show their concern to the school children there. The voluntary team visited a primary school in Qujiang district and hosted a special themed school day about the Asian Games, which was ongoing at the time. The team also took the opportunity to visit some of the students' families at their homes to promote mutual understandings between city dwellers and rural residents.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

"Dedicated to the Group's continuous efforts on business development and comprehensive services, the Group was ranked as the Top 5 "2010 Best Overall Local Brokerage" in Asia Money Magazine. We will continue to provide a comprehensive one-stop consultation advisory and investment platform for customers. As investors nowadays have grown increasingly sophisticated and taken more prudent approach during the volatile market, the Group will provide tailor-made and quality investment solutions for its customers with scientific and professional assessment to satisfy their needs"

Daisy Yeung, aged 46, joined the Group in January 1996. She is the Managing Director and the Chairperson of the Remuneration Committee of the Company. She is also a director of various subsidiaries of the Company and a responsible officer of Emperor Securities Limited, Emperor Futures Limited, Emperor Wealth Management Limited and Emperor Asset Management Limited under the Securities and Futures Ordinance ("SFO"). 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 15 years' industrial experience and has been active in driving the development of the local finance 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.

MANAGING DIRECTOR

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

"We will widen the product and service range for catering the various investment needs of customers. More importantly, the first Emperor Fund, with the focus on equities in the Greater China region, has closed the book in September 2011. It is expected to be the new revenue sources of income in the next financial year."

Choi Suk Hing, Louisa, aged 47, 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 of various subsidiaries of the Company and a responsible officer of Emperor Capital Limited under the SFO. Ms. Choi holds a Master's Degree in Applied Finance from Macquarie University, 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 13 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.

EXECUTIVE DIRECTOR AND COMPANY SECRETARY

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

"Riding on the increasing commercial opportunities from China, the Group is fully capable to handle the trading and settlement of RMB-denominated stocks listed on the Hong Kong Stock Exchange. Besides, a liaison office in Beijing has newly set up in October this year so as to further extend our coverage to the northern China."

Pearl Chan, aged 38, joined the Board of the Company in June 2011. She is an Executive Director of the Company. She has been working in the corporate finance field for more than 10 years and has been a director and responsible officer (since July 2005) of Emperor Capital Limited under the SFO. Ms. Chan holds a Bachelor of Laws Degree from University of Hong Kong and a Master's Degree in Management from Macquarie University, Australia. Ms. Chan was a practising lawyer in Hong Kong before joining the Group.

EXECUTIVE DIRECTOR

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kwok Chi Sun, Vincent, aged 49, 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 Magnificent Estates Limited, Shun Ho Resources Holdings Limited, Shun Ho Technology Holdings Limited, China Digital Licensing (Group) Limited, Palmpay China (Holdings) Limited and Evergreen International Holdings Limited.

Cheng Wing Keung, Raymond, aged 52, 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 54, 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 also 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, listed companies in Hong Kong, and resigned on 20 November 2009 and 30 April 2010 respectively.

SENIOR EXECUTIVES

Managing Director of Emperor Capital Limited

Chan Shek Wah, aged 48, joined the Group in June 2011. He is the Managing Director and responsible officer of Emperor Capital Limited under the SFO. He has almost 25 years of professional experiences in the financial services industry. He has been engaged in the sales, proprietary trading, structuring of equity derivatives and equity capital market products as well as the provision of corporate finance advisory services to listed issuers. Before joining the Group, he was senior management and executive director in several international financial institutions. He is an independent non-executive director of CST Mining Group Limited and Future Bright Holdings Limited, both are listed companies in Hong Kong.

Financial Controller

Li Bo Chai, Vincent, aged 34, 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 11 years of experience in the field of auditing, finance, and accounting gained from international accounting firms and listed companies.

DIRECTORS' REPORT

The Directors of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 30 September 2011 (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 the 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 and asset management services and related consultancy services.

The activities of its principal subsidiaries are set out in note 33 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 37.

An interim dividend of HK1 cent 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 HK0.38 cent per share for the Year amounting to approximately HK$9.9 million subject to the approval of the shareholders at the forthcoming annual general meeting:

Annual general meeting date	:	8 February 2012 (Wednesday)
Record date for final dividend	:	16 February 2012
Final Dividend payment date	:	28 February 2012

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 39.

The Company's reserves available for distribution to shareholders as at 30 September 2011 represented the aggregate of contributed surplus (stated as "special reserve" in note 32 to the consolidated financial statement) and retained profits amounting to HK$194.5 million and 7.3 million (2010:HK$216.2 million and 3.3 million).

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 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.

DIRECTORS' REPORT

PROPERTY AND EQUIPMENT

During the Year, the Group acquired property and equipment at a cost of approximately HK$841,000.

Details of changes in the property and equipment of the Group are set out in note 17 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 27 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:

Ms. Daisy Yeung *(Managing Director)*
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan *(appointed on 1 June 2011)*

Independent non-executive Directors:

Mr. Kwok Chi Sun, Vincent
Mr. Cheng Wing Keung, Raymond
Mr. Chu Kar Wing

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

In accordance with the Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Ms. Choi Suk Hing, Louisa and Mr. Kwok Chi Sun, Vincent shall retire 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, Ms. Pearl Chan retired and was re-elected as Director at the Special General Meeting held on 13 July 2011.

Save for Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan, 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' REPORT

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(Continued)*

Each of Ms. Daisy Yeung, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan entered into an employment 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 (except for Ms. Pearl Chan who shall give 1 month's 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 2011, 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 ("SHARE(S)") OF THE COMPANY

Name of Director	Nature of interest/capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Ms. Daisy Yeung	Beneficiary of a trust	1,561,722,907	60.13%

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/capacity	Exercise price (as adjusted) *HK$*	Number of underlying Shares (as adjusted)	Approximate percentage of the issued share capital of the Company
Ms. Daisy Yeung	Beneficial owner	0.9879	3,644,100	0.14%

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. There is no vesting period for the options granted.

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

(II) LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY *(Continued)*

As a result of the issue of the Rights Shares of the Company during the Year, the exercise price per share option and the number of Shares to be allotted and issued upon exercise of the share options was adjusted from HK$1.2 and 3,000,000 Shares to HK$0.9879 and 3,644,100 Shares respectively with effect from 4 August 2011.

(III) LONG POSITIONS IN ORDINARY SHARES OF THE ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporations	Nature of interest	Number of issued ordinary Shares held	Approximate percentage holding
Ms. Daisy Yeung	Emperor International Holdings Limited ("EIHL")	Beneficiary of a trust	2,697,709,823	73.57%
Ms. Daisy Yeung	Emperor Entertainment Hotel Limited ("EEH")	Beneficiary of a trust	773,622,845	59.85%

Note: EIHL is a company with its shares listed in Hong Kong; 2,697,709,823 shares in EIHL were held by Charron Holdings Limited ("Charron"). 773,622,845 shares in EEH (a company with its shares listed in Hong Kong) were held by Worthly Strong Investment Limited, being an indirect wholly-owned subsidiary of EIHL. EIHL is the holding company of EEH. The entire issued share capital of Charron was held by Million Way which was wholly-owned by STC International, the trustee of the AY Trust. AY Trust is a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries. The above disclosures were voluntarily made by Ms. Daisy Yeung given that her discretionary interests in AY Trust may be ignored within the meaning of the Part XV of the SFO.

Save as disclosed above, as at 30 September 2011, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2011, 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.

DIRECTORS' REPORT

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 September 2011, 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 THE SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Million Way Holdings Limited (“Million Way”)	Interest in a controlled corporation	1,561,722,907	60.13%
STC International	Trustee	1,561,722,907	60.13%
Dr. Yeung Sau Shing, Albert (“Dr. Albert Yeung”)	Founder of a trust	1,561,722,907	60.13%
Ms. Luk Siu Man, Semon (“Ms. Semon Luk”)	Family	1,561,722,907	60.13%

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, is the founder of the AY Trust. By virtue of the SFO, each of Million Way, STC International and Dr. Albert Yeung had deemed interests in the same shares held by Win Move. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same 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 2011, the Directors are not aware of any other person or corporation (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

CONNECTED TRANSACTION

Disposal of Emperor Gold & Silver Company Limited

On 23 September 2011, Profit Ascent Group Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “Agreement”) with Emperor Service Group Limited, a company indirectly wholly-owned by The Yeung Family Discretionary Trust (the “YF Trust”), of which STC International is also the trustee, for the disposal of Emperor Gold & Silver Company Limited (“EGSCL”) at a consideration equivalent to the net asset value of EGSCL as at the completion date with the value of the membership in The Chinese Gold & Silver Exchange Society taken to be HK$7,900,000. The transaction was completed on 30 November 2011. Ms. Daisy Yeung, the Managing Director of the Company, is one of the eligible beneficiaries of the YF Trust and the Agreement constituted a connected transaction for the Company under the Listing Rules.

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

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	24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	1,284
	Operating lease rentals paid (effective monthly rental: HK$256,666.67)	(i) 28 February 2011 (ii) 1 April 2011 – 31 March 2014 (iii) 1 April 2011 – 31 May 2011 and 1 March 2014 – 31 March 2014	24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	1,540
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	541
	Subletting rentals paid (effective monthly rental: HK$156,131.94)	(i) 31 March 2011 (ii) 1 April 2011 – 31 March 2014 (iii) 1 April 2011 – 15 April 2011, 1 April 2012 – 30 April 2012 and 1 April 2013 – 30 April 2013	Portion of Shop 6 on Ground Floor, 1st Floor and canopy adjacent thereto, 2nd Floor, East Ocean Court, 525 Shanghai Street, Mongkok, Kowloon	937
Headwise Investment Limited *(note 1a)*	Operating lease rentals paid (monthly rental: HK$24,000)	(i) 28 February 2011 (ii) 1 March 2011 – 28 February 2013 (Agreed on 31 August 2011 for termination of the tenancy on 17 September 2011) (iii) N/A	Unit 1702, 17th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	157
	Operating lease rentals paid (effective monthly rental HK$22,520.83 for Unit 1605 and HK$36,991.67 for Unit 2006)	(i) 31 August 2011 (ii) 15 September 2011 – 14 September 2013 (iii) 15 September 2011 – 14 October 2011	Unit 1605, 16th Floor and Unit 2006, 20th Floor of Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	32
Active Pace Investment Limited *(note 1a)*	Operating lease rentals paid (effective monthly rental: HK$32,104.17)	(i) 31 August 2011 (ii) 15 September 2011 – 14 September 2013 (iii) 15 September 2011 – 14 October 2011	Unit 606, 6th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	17

DIRECTORS' REPORT

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

2. Financial Services Agreement with 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)	25
	(b) Margin loan financing		–
	(c) IPO loan financing		–

3. Financial Services Agreement with Ms. Daisy Yeung

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 more favourable than those available to other Independent Third Parties)	7,769
	(b) Margin loan financing		29,888
	(c) IPO loan financing		81,278
	(d) commission and fee payment to Yeung Family		311

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes:

1. **Tenancy Agreements**

   The premises under the Tenancy Agreements have been rented to the Group as its principal business premises. These transactions constituted non-exempted continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to reporting and announcement requirements under the Listing Rules but were exempted from independent shareholders' approval requirement. The Company has made announcements on 7 May 2008, 16 December 2008, 28 February 2011, 31 March 2011 and 31 August 2011.

   1a. The counterparties of the tenancy agreements are wholly-owned subsidiaries of EIHL which were controlled by the AY Trust, a discretionary trust set up by Dr. Albert Yeung being a deemed substantial shareholder of the Company.

   1b. The counterparty of the tenancy agreements is indirectly owned by YF Trust, of which STC International Limited is the trustee of both the YF Trust and the AY Trust. Ms. Daisy Yeung, the Managing Director of the Company, is one of the eligible beneficiaries of both trusts.

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.

AUDITOR'S LETTER ON DISCLOSED CONTINUING CONNECTED TRANSACTIONS

The Company's auditor was engaged to report on the Company's continuing connected transactions of the Group for the Year ("Disclosed CCTs") in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Disclosed CCTs as set out on pages 23 to 24 of the Annual Report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

DIRECTORS' REPORT

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to rule 14A.37 of the Listing Rules, the Company's Independent Non-executive Directors have reviewed the Disclosed CCTs and the aforesaid auditor's letter and have 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 any of its subsidiaries, holding companies and fellow subsidiaries was 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.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report from pages 28 to 34.

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$29,000.

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

Daisy Yeung
Managing Director

Hong Kong
8 December 2011

CORPORATE GOVERNANCE REPORT

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 2011, the Board comprised six Directors (three Executive Directors and three Independent Non-executive Directors) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The Independent Non-executive Directors will also share their valuable impartial view on matters to be discussed at the Board meetings. The biographies of the Directors are set out from pages 14 to 17 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 should 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.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Board held nine Board meetings during the Year with the attendance of each Director as follows:-

Name of Directors	Meetings attended/ No. of board meetings	Attendance rate
Executive Directors		
Daisy Yeung *(Managing Director)*	9/9	100%
Choi Suk Hing, Louisa	9/9	100%
Pearl Chan *(appointed on 1 June 2011)*	4/4	100%
Independent Non-executive Directors		
Kwok Chi Sun, Vincent	9/9	100%
Cheng Wing Keung, Raymond	9/9	100%
Chu Kar Wing	9/9	100%

Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team 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.

CORPORATE GOVERNANCE REPORT

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.emperorcapital.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	3/3	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 year ended 30 September 2010 and for the six-months ended 31 March 2011 respectively;

ii. met with the external auditor and reviewed their work and findings relating to the annual audit for the year ended 30 September 2010 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 of the Group for the Year;

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

vi. approved the audit plan for the financial year ended 30 September 2011 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.

CORPORATE GOVERNANCE REPORT

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 11 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee is available on the Company's website: www.emperorcapital.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 *(Chairperson)*	3/3	100%
Kwok Chi Sun, Vincent	3/3	100%
Cheng Wing Keung, Raymond	3/3	100%

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

i. approved the remuneration package of the newly appointed Executive Director and senior executives of the Company;

ii. reviewed the Directors' fees and recommended to the Board on the fees of the Non-executive Directors and;

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issues as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries 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 throughout the Year.

CORPORATE GOVERNANCE REPORT

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 following: 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.

CORPORATE GOVERNANCE REPORT

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 of the twenty securities with the highest losing percentages and those stocks classified as highly concentrated collaterals of the Group on a daily basis. In addition, 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 ensure that the Group maintains adequate liquid capital to fund its business commitments as well as to comply with the 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 maintained 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.emperorcapital.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 2011 annual general meeting was sent to shareholders at least 20 clear business days before the meeting and notices of special general meetings held on 13 July 2011 and 23 September 2011 have sent to shareholders at least 10 clear business days before the meetings.

CORPORATE GOVERNANCE REPORT

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 27 January 2011. The chairman/ member of the independent board committee was also available at the special general meetings held on 13 July 2011 and 23 September 2011 to answer questions from the independent shareholders of the Company for approving, inter alia, the Rights Issue and the refreshment of the general mandate.

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	1,190
Non-audit services:	
Review of pro-forma financial information relating to rights issue	81
Review of the potential tax exposure	58
Review of the preliminary announcement of results	60

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

德勤 · 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

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

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

We have audited the consolidated financial statements of Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 81, which comprise the consolidated statement of financial position as at 30 September 2011, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

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 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 of consolidated financial statements that give a true and fair view 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 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 December 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	8	**204,439**	201,931
Other operating income		**4,910**	3,529
Staff costs	9	**(43,367)**	(39,004)
Commission expenses		**(43,678)**	(33,986)
Other expenses		**(47,480)**	(42,850)
Finance costs	10	**(1,102)**	(2,296)
Share of loss of an associate		**(730)**	(2,242)
Profit before taxation	13	**72,992**	85,082
Taxation	14	**(11,413)**	(13,139)
Profit for the year		**61,579**	71,943
Other comprehensive income for the year			
Fair value gain from revaluation of available-for-sale financial assets	22	**7,900**	–
Exchange differences arising on translation		**7**	14
Total comprehensive income for the year		**69,486**	71,957
Profit for the year attributable to:			
Owners of the Company		**62,098**	72,106
Non-controlling interests		**(519)**	(163)
		61,579	71,943
Total comprehensive income attributable to:			
Owners of the Company		**70,005**	72,120
Non-controlling interests		**(519)**	(163)
		69,486	71,957
			(Restated)
Earnings per share	16		
Basic		**HK4.39 cents**	HK6.86 cents
Diluted		**HK4.39 cents**	HK6.86 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Interests in an associate	19	–	–
Property and equipment	17	4,255	5,933
Intangible assets	18	–	–
Other assets	20	4,814	8,064
Amount due from an associate	19	3,624	4,354
Available-for-sale financial assets	22	8,036	136
Deferred tax asset	14	–	–
		20,729	18,487
Current assets			
Trade receivables	23	511,177	1,710,467
Loans and advances	21	184,600	30,000
Other debtors, deposits and prepayments		12,886	6,197
Bank balances and cash – trust accounts	24	435,073	398,125
Bank balances and cash – general accounts	24	637,327	110,440
		1,781,063	2,255,229
Current liabilities			
Trade payables	25	544,320	538,937
Other creditors and accrued charges		19,645	18,661
Tax liabilities		23,662	12,319
Short-term bank borrowings	26	–	1,116,070
		587,627	1,685,987
Net current assets		1,193,436	569,242
Net assets		1,214,165	587,729
Capital and reserves			
Share capital	27	25,974	8,658
Reserves		1,188,383	578,744
Equity attributable to owners of the Company		1,214,357	587,402
Non-controlling interest		(192)	327
Total equity		1,214,165	587,729

The consolidated financial statements on pages 37 to 81 were approved and authorised for issue by the board of Directors on 8 December 2011 and are signed on its behalf by:

DAISY YEUNG
DIRECTOR

CHOI SUK HING, LOUISA
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2011

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital contribution reserve HK$'000	Revaluation reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 October 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
Other comprehensive income for the period	–	–	–	–	7,900	7	–	–	7,907	–	7,907
Profit for the year	–	–	–	–	–	–	62,098	–	62,098	(519)	61,579
Total comprehensive income for the year	–	–	–	–	7,900	7	62,098	–	70,005	(519)	69,486
Issue of shares	17,316	567,973	–	–	–	–	–	–	585,289	–	585,289
Transaction cost attributable to issue of shares	–	(6,694)	–	–	–	–	–	–	(6,694)	–	(6,694)
Amount transfer from special reserve to retained profits	–	–	(21,645)	–	–	–	21,645	–	–	–	–
Dividend recognised as distribution	–	–	–	–	–	–	(21,645)	–	(21,645)	–	(21,645)
At 30 September 2011	25,974	841,266	102,529	2,004	7,900	25	233,636	1,023	1,214,357	(192)	1,214,165

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 a group reorganisation on 2 April 2007.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**72,992**	85,082
Adjustments for:		
Interest expenses	**1,102**	2,296
Depreciation of property and equipment	**2,520**	2,469
Share of loss of an associate	**730**	2,242
Operating cash flows before movements in working capital	**77,344**	92,089
Decrease (increase) in trade receivables	**1,199,290**	(1,046,007)
Decrease (increase) in other assets	**3,250**	(3,730)
(Increase) decrease in loans and advances	**(154,600)**	25,235
Increase in other debtors, deposits and prepayments	**(6,689)**	(2,034)
Increase in bank balances and cash – trust accounts	**(36,948)**	(163,896)
Increase in trade payables	**5,383**	246,061
Increase in other creditors and accrued charges	**984**	5,348
Cash from (used in) operations	**1,088,014**	(846,934)
Hong Kong Profits Tax refunded	**–**	134
PRC Tax paid	**(70)**	(68)
Interest paid	**(1,102)**	(2,296)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**1,086,842**	(849,164)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(841)**	(1,754)
Proceeds on disposal of property and equipment	**–**	32
NET CASH USED IN INVESTING ACTIVITIES	**(841)**	(1,722)
FINANCING ACTIVITIES		
Drawdown on bank borrowings	**7,079,494**	19,681,629
Repayment of bank borrowings	**(8,195,564)**	(18,918,159)
Advance from a related company	**–**	300,000
Repayment to a related company	**–**	(300,000)
Advance from an immediate holding company	**100,000**	–
Repayment to an immediate holding company	**(100,000)**	–
Proceeds from issue of shares	**585,289**	–
Expenses for issue of shares	**(6,694)**	–
Dividend paid	**(21,645)**	(12,987)
Contribution from non-controlling interest	**–**	490
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(559,120)**	750,973
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**526,881**	(99,913)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	**6**	14
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	**110,440**	210,339
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	**637,327**	110,440
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	**637,327**	110,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

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 immediate holding company is Win Move Group Limited ("Win Move"), which is a limited liability company incorporated in the British Virgin Islands (the "BVI"). The ultimate holding company is Million Way Holdings Limited, a limited liability company incorporated in BVI. The entire issued share capital of Million Way Holdings Limited is in turn wholly-owned by STC International Limited, being the trustee of The Albert Yeung Discretionary Trust (the "AY Trust"), a discretionary trust set up by Dr. Albert Yeung.

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 33.

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

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

In the year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs in 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 27 and HKAS 28, HKAS 31 and HKAS 21
HKAS 32 (Amendments)	Classification of rights issues
HKFRS 1 (Amendments)	Additional exemptions for first-time adopters
HKFRS 1 (Amendments)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments
HK – INT 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

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

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

HKFRSs (Amendments)	Improvements to HKFRSs in 2010[1]
HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangements[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurement[3]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[5]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employment benefits[3]
HKAS 24 (Revised)	Related party disclosures[1]
HKAS 27 (as revised in 2011)	Separate financial statements[3]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[3]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a minimum funding requirement[1]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[3]

[1] Effective for annual periods beginning on or after 1 January 2011.
[2] Effective for annual periods beginning on or after 1 July 2011.
[3] Effective for annual periods beginning on or after 1 January 2013.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.

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

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

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

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of the other new or revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

The principal accounting policies are set out below.

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 and 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 in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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. Prior to 1 October 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

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 decisions 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 initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. 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. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Revenue recognition

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

- Commission income for broking business of securities, futures and option dealing is recorded as income 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 income are recognised once the corresponding underlying exposure has ceased.

- Handling fee income is recognised when the relevant transactions have been arranged or the relevant services are been 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 on initial recognition.

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

3. SIGNIFICANT ACCOUNTING POLICIES (*Continued)*

Property and equipment

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

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 the 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).

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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 temporary 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.

3. SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Taxation *(Continued)*

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.

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 acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent 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. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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 or 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.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

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.

Interest 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, 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 and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods.

Financial liabilities and equity instruments

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 to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

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TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(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 in its entirety, 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 and accumulated in equity is recognised in profit or loss.

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

Impairment losses on tangible and intangible assets

At 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year.

Estimated impairment of trade receivables and loans and advances

When there is objective evidence of impairment loss, the Group estimates the future cash flows of assets for impairment testing purpose. 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. As at 30 September 2011, the aggregate carrying amount of trade receivables is HK$511,177,000 (2010: HK$1,710,467,000) and the aggregate carrying amount of loans and advances is HK$184,600,000 (2010: HK$30,000,000), no impairment allowance had been made for both years.

Monies held in an escrow account

During the reporting period, the Group had placed an aggregate amount of HK$40,000,000 (the "Escrow Funds") with a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent (the "Escrow Agent"), of which HK$25,000,000 and HK$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. The Escrow Funds had fallen due and became payable to the Group in June 2011. Despite the Group's repeated requests to K&L Gates for the release of the Escrow Funds, the Group had not received the Escrow Funds. It was reported a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies held in escrow accounts. In early July of 2011, the Group has commenced legal proceedings against the two borrowers and the partners of K&L Gates, claiming for the return of the Escrow Funds, plus interests and costs. As at the date when the financial statements are authorised for issue, statements of claim have been filed, a final and interlocutory judgment was entered against the aforesaid arrested partner and the two borrowers, the actions against K&L Gates continued with a hearing being fixed in January 2012. Based on the legal advice sought, the management of the Group is of the opinion that the Group has a reasonable good prospect of success in obtaining summary judgment against the rest of the partners of K&L Gates, in which event, each of them will be personally liable to the Group to satisfy the judgment.

It is currently expected that the enforcement of the judgment, if obtained, to recover the debt of HK$40,000,000 would be carried out in the year of 2012. Based on the opinion of the Group's legal advisors, the management of the Group is of the view that there is no impairment loss being recognised as at 30 September 2011.

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

5. 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.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2011 **HK$'000**	2010 HK$'000
Financial assets		
Available-for-sale financial assets	**8,036**	136
Loans and receivables (including bank balances and cash)	**1,779,536**	2,259,583
Financial liabilities		
Amortised cost	**563,965**	1,673,668

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.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

Currency risk is the risk of loss due to adverse movements in foreign exchange rates relating to 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, except for certain receivables from and payable to foreign brokers and bank deposits which are denominated in United States dollar, Renminbi and Japanese Yen (see notes 23, 24 and 25 for details). 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. 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 2011 (see notes 21 and 26 for details).

The Group's cash flow interest rate risk is mainly relating to the fluctuation of best lending rate arising from the Group's trade receivables and market saving interest rate arising from the Group's bank balances and trade payables. The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

Financial instruments bearing variable interest rates in nature

	2011 **HK$'000**	2010 HK$'000
Assets		
Trade receivables	**401,374**	1,561,782
Bank balances	**14,106**	165,630
Liability		
Trade payables	**285,057**	321,815

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk *(Continued)*

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the 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 2011, in view of the current market saving interest rate for bank balances and trade payables 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 (2010: 50 basis point) change represents management's assessment of the reasonably possible change in interest rates in respect of trade receivables.

	2011		2010	
	Change in basis points		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	**1,734**	**(1,734)**	6,521	(6,521)

In management's opinion, the sensitivity analysis is unrepresentative of the market interest rate risk as the year end exposure does not reflect the exposure during the year.

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 2011 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 and trade receivables as disclosed in note 21 and 23.

Details of analysis of the credit risk exposure of loans and advances and trade receivables are disclosed in note 21 and 23.

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

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

As at 30 September 2011, the Group has available unutilised banking facilities of approximately HK$270 million (30 September 2010: HK$170 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$Nil (2010: HK$1,116,070,000), which was due within one month from the end of the reporting period in 30 September 2010 and full repayment (together with interest) HK$1,116,200,000 had been made in October 2010.

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 in 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 to their fair values.

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

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

(b) 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

(e) Asset management – Provision of asset management services

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

7. SEGMENT INFORMATION (*Continued)*

Segment revenues and results

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

For the year ended 30 September 2011

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Asset management HK$'000	Elimination HK$'000	Total HK$'000
REVENUE							
Segment revenue – external customers	98,723	63,960	28,997	12,146	613	–	204,439
Inter-segment sales	–	5,638	–	–	–	(5,638)	–
	98,723	69,598	28,997	12,146	613	(5,638)	204,439

Inter-segment sales are charged at prevailing market rate.

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Asset management HK$'000	Total HK$'000
RESULTS						
Segment results	28,828	62,863	17,786	4,872	508	114,857
Unallocated other operating income						683
Unallocated corporate expenses						
– staff costs (including directors' remuneration)						(27,140)
– management fee to a related company						(259)
– management fee to a fellow subsidiary						(4,580)
– others						(9,839)
Share of loss of an associate						(730)
Profit before taxation						72,992

7. SEGMENT INFORMATION (*Continued)*

Segment revenues and results *(Continued)*

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					
– staff costs					
(include directors' remuneration)					(25,830)
– management fee to related companies					(4,539)
– others					(10,422)
Share of loss of an associate					(2,242)
Profit before taxation					85,082

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of staff costs (including directors' remuneration but excluding staff commission expenses), management fee to related companies, central administration costs and share of loss of associate. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2011

7. SEGMENT INFORMATION (*Continued)*

Other segment information

For the year ended 30 September 2011

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Asset management HK$'000	Total HK$'000
Additions of property and equipment	**808**	**–**	**–**	**–**	**33**	**841**
Depreciation of property and equipment	**2,510**	**–**	**–**	**–**	**10**	**2,520**

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

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 relation to brokerage revenue and based on the country in which the customers are located in relation to financing, placing and underwriting and corporate finance revenue.

	Revenue	
	2011 HK$'000	2010 HK$'000
Hong Kong	**184,656**	191,187
United States	**16,292**	9,399
Other	**3,491**	1,345
	204,439	201,931

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.

8. REVENUE

	2011 HK$'000	2010 HK$'000
Commission and brokerage fees on dealing in securities	**55,405**	59,941
Commission and brokerage fees on dealing in futures and options contracts	**27,029**	16,341
Commission from insurance brokerage and wealth management	**14,201**	8,496
Corporate finance advisory services fee income	**12,146**	6,676
Placing and underwriting commission	**28,997**	62,295
Commission from asset management	**613**	–
Interest income from:		
Margin and initial public offer financing	**36,127**	33,038
Loans and advances	**27,832**	14,292
Bank deposits	**2,086**	850
Others	**3**	2
	204,439	201,931

9. STAFF COSTS

	2011 HK$'000	2010 HK$'000
Staff costs represent the amounts paid and payable to the directors and employees and comprise:		
Salaries, bonus, allowances and commission	**42,356**	38,190
Contributions to retirement benefits scheme	**1,011**	814
	43,367	39,004

10. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	**1,034**	2,206
Amount due to a related company	**–**	78
Amount due to an immediate holding company	**57**	–
Others	**11**	12
	1,102	2,296

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

11. DIRECTORS' REMUNERATION

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

For the year ended 30 September 2011

	Yeung Daisy HK$'000	Choi Suk Hing, Louisa HK$'000	Chan Pearl HK$'000	Kwok Chi Sun, Vincent HK$'000	Cheung Wing Keung, Raymond HK$'000	Chu Kar Wing HK$'000	Total HK$'000
Fees	**100**	**100**	**33**	**150**	**150**	**150**	**683**
Other remuneration							
Salaries and allowances	**1,575**	**1,600**	**1,315**	**–**	**–**	**–**	**4,490**
Discretionary bonus *(note)*	**900**	**580**	**500**	**–**	**–**	**–**	**1,980**
Contributions to retirement benefits scheme	**17**	**112**	**86**	**–**	**–**	**–**	**215**
Total remuneration	**2,592**	**2,392**	**1,934**	**150**	**150**	**150**	**7,368**

For the year ended 30 September 2010

	Yeung Daisy HK$'000	Chan Pak Lam, Tom HK$'000	Choi Suk Hing, Louisa HK$'000	Kwok Chi Sun, Vincent HK$'000	Cheung Wing Keung, Raymond HK$'000	Fung Chi Kin HK$'000	Chu Kar Wing HK$'000	Total HK$'000
Fees	100	67	100	150	150	100	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	150	100	50	5,860

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

12. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group included three (2010: two) directors of the Company for the year ended 30 September 2011 and 30 September 2010, details of whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining two (2010: three) individuals for the year were as follows:

	2011 HK$'000	2010 HK$'000
Salaries, allowances, bonus and benefits in kind	**2,222**	3,904
Contributions to retirement benefits scheme	**16**	94
	2,238	3,998

Their remuneration were within the following bands:

	Number of employees	
	2011	2010
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**2**	3
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	–
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	**–**	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

13. PROFIT BEFORE TAXATION

	2011 **HK$'000**	2010 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	**5,803**	4,822
Auditor's remuneration	**1,254**	1,200
Depreciation of property and equipment	**2,520**	2,469
Management fee to related company(ies)	**989**	5,506
Management fee to a fellow subsidiary	**4,580**	–
Net exchange gain	**(12)**	(11)
Operating lease rentals in respect of		
– rented premises	**6,726**	5,507
– office equipment	**2,211**	68
Other equipment hiring charges	**8,930**	9,170
Legal and professional fee	**920**	814
Included in other operating income:		
Handling fee income	**(3,409)**	(3,250)

14. TAXATION

	2011 **HK$'000**	2010 HK$'000
Current year:		
Hong Kong Profits Tax provision for the year	**11,359**	12,319
PRC Enterprise Income Tax	**54**	68
Deferred taxation		
– charge for the year	**–**	752
	11,413	13,139

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both years.

14. TAXATION (*Continued*)

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

	2011 **HK$'000**	2010 HK$'000
Profit before taxation	**72,992**	85,082
Taxation at income tax rate of 16.5%	**12,044**	14,038
Tax effect of expenses not deductible for tax purpose	**351**	15
Tax effect of income not taxable for tax purpose	**(358)**	(143)
Utilisation of tax losses previously not recognised	**(1,515)**	(1,066)
Tax effect of tax losses not recognised	**773**	148
Tax effect of share of loss of an associate	**120**	370
Others	**(2)**	(223)
Taxation charge for the year	**11,413**	13,139

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 October 2009	(1,200)	448	(752)
Charged (credited) to profit or loss	1,200	(448)	752
At 30 September 2010 and 30 September 2011	–	–	–

As at 30 September 2011, the Group had unused estimated tax losses of HK$17,866,000 (2010: HK$22,465,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of HK$17,866,000 (2010: HK$22,465,000) due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

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For the year ended 30 September 2011

15. DIVIDENDS

	2011	2010
	HK$'000	HK$'000
Recognised as distribution:		
Interim dividend paid: HK$0.01 (2010: HK$0.01) per share	**8,658**	8,658
Final dividend paid in respect of 2010: HK$0.015 per share (2010: HK$0.005 in respect of 2009)	**12,987**	4,329
	21,645	12,987

The Directors proposed the payment of a final dividend of HK0.38 cent per share amounting to HK$9,870,000 in aggregate in respect of the year ended 30 September 2011 (2010: HK1.5 cents per share amounted to approximate by HK$12,987,000 in aggregate in respect of the year ended 30 September 2010), which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

16. EARNINGS PER SHARE

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

	2011	2010
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share	**62,098**	72,106

	Number of shares	
	2011	2010
		(Restated)
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**1,415,960**	1,051,778

The computation of diluted earnings 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 2011 and 30 September 2010.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per shares for the years of 2011 and 2010 have been adjusted to reflect the bonus element of the rights issue during the year ended 30 September 2011.

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17. 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 October 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
Additions	126	16	103	–	544	52	841
Exchange alignment	–	–	–	–	2	–	2
At 30 September 2011	7,663	1,503	4,089	–	12,041	816	26,112
ACCUMULATED DEPRECIATION							
At 1 October 2009	3,563	1,016	2,767	49	8,982	547	16,924
Provided for the year	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
Provided for the year	1,325	115	303	–	720	57	2,520
Exchange alignment	–	–	–	–	1	–	1
At 30 September 2011	6,131	1,246	3,378	–	10,446	656	21,857
CARRYING VALUES							
At 30 September 2011	1,532	257	711	–	1,595	160	4,255
At 30 September 2010	2,731	356	911	–	1,770	165	5,933

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

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For the year ended 30 September 2011

18. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 October 2009, 30 September 2010 and 30 September 2011	9,802
AMORTISATION AND IMPAIRMENT	
At 1 October 2009, 30 September 2010 and 30 September 2011	9,802
CARRYING VALUES	
At 30 September 2011	–
At 30 September 2010	–

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.

19. INTERESTS IN AN ASSOCIATE

	2011 HK$'000	2010 HK$'000
Cost of investment in an unlisted associate	**1**	1
Share of post-acquisition loss	**(1)**	(1)
	–	–
Amount due from an associate	**5,987**	5,987
Less: loss allocated in excess of cost of investment	**(2,363)**	(1,633)
	3,624	4,354

As at 30 September 2010 and 2011, 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**		**Principal activity**
				2011	2010	
Boom High Investment Limited ("Boom High")	Incorporated	British Virgin Islands	Ordinary shares	**28%**	28%	Trading in securities and investment in funds

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For the year ended 30 September 2011

19. INTERESTS IN AN ASSOCIATE (*Continued)*

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

	2011	2010
	HK$'000	HK$'000
Total assets	**12,957**	15,563
Total liabilities	**(21,395)**	(21,395)
Net liabilities	**(8,438)**	(5,832)
Group's share of net liabilities of the associate	**(2,363)**	(1,633)

	2011	2010
	HK$'000	HK$'000
Revenue	**–**	–
Loss for the year	**(2,607)**	(8,007)
Group's share of loss of the associate for the year	**(730)**	(2,242)

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.

20. OTHER ASSETS

	2011	2010
	HK$'000	HK$'000
Statutory and other deposits	**4,814**	8,064

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

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21. LOANS AND ADVANCES

	2011	2010
	HK$'000	HK$'000
Short-term fixed-rate loan receivables	**184,600**	30,000

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

	2011	2010
Effective interest rate:		
Fixed-rate loan receivables	**1.5% per month – 4.7% per month**	4.7% per month

Included in the loans and advances as at 30 September 2011 are secured loans and advances with the aggregate amount of HK$144,600,000 (2010: nil). The remaining amount of HK$40,000,000 (2010: HK$30,000,000) are unsecured.

Included in the secured loans and advances as at 30 September 2011, there was an advance made to a corporate, which is an independent third party of the Group, amounting to HK$65,000,000, representing 45% of the total balance of secured loans and advances, with security of a second legal charge in respect of a commercial property in Hong Kong, which will be due for repayment in July 2012. For the remaining balances of secured loans and advances which are advanced to various independent individual/corporate borrowers that each represents less than 20% of the total balance of secured loans and advances and are secured by marketable securities in Hong Kong and will be due for repayment within the range between November 2011 to March 2012.

At 30 September 2011, the unsecured loans and advances amounting to $40,000,000 was advanced to two borrowers as a loan which was agreed to be placed in escrow in a law firm, K&L Gates, as an escrow agent. It was reported that a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies in the escrow accounts. As described in Note 4, the Group has commenced legal proceedings against the borrowers and the partners of K&L Gates. Based on the opinion of the Group's legal advisors, the management of the Group is of the view that there is no impairment loss being recognized as at 30 September 2011. The unsecured loans and advances as at 30 September 2010 represented a loan advanced to an independent corporate borrower and the balance was settled in full on its maturity date in October 2010.

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

The fair values of the Group's loans and advances at the end of 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.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 **HK$'000**	2010 HK$'000
Unlisted securities		
– Equity securities of Hong Kong Precious Metals Exchange Limited	**136**	136
– Equity securities in the Chinese Gold and Silver Exchange Society		
- At the beginning of the year	**1,300**	1,300
- Less: Impairment for unlisted securities	**(1,300)**	(1,300)
- Add: Fair value gain from revaluation	**7,900**	–
	7,900	–
	8,036	136

In previous years, the unlisted securities in the Chinese Gold and Silver Exchange Society and Hong Kong Precious Metals Exchange Limited were measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates was so wide that the directors of the Group are of the opinion that their fair values would not be measured reliably. Whereas in the current year, the directors of the Company determined the fair value of the equity securities investment in the Chinese Gold and Silver Exchange Society could be measured reliably based on the agreed transaction price with a related company of the Group, as stated in the announcement of the Company on 23 September 2011. The transaction was completed on 30 November 2011.

The acquirer is indirectly wholly-owned by the Yeung Family Discretionary Trust (the "YF Trust"), of which STC International Limited is also the trustee. Ms. Daisy Yeung, the managing director of the Company, is one of the eligible beneficiaries of both AY Trust and YF Trust. hence the acquirer is considered as a related company.

23. TRADE RECEIVABLES

	2011 **HK$'000**	2010 HK$'000
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	**47,056**	82,306
Secured margin loans	**378,724**	440,465
Initial public offering margin loans	**–**	1,118,993
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	**83,987**	68,485
Trade receivables from the business of corporate finance	**1,410**	218
	511,177	1,710,467

The settlement terms of trade receivables, except for secured margin loans, arising from the business of dealing in securities are two days after trade date, and of 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.

NOTES
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For the year ended 30 September 2011

23. TRADE RECEIVABLES (*Continued)*

For secured margin loans, as at 30 September 2011 and 2010, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$3,405,308,000 and HK$4,645,505,000 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 2011, trade receivables from foreign brokers denominated in Japanese Yen and United States dollar were approximately HK$140,000 (2010: HK$30,000) and HK$65,332,000 (2010: HK$46,047,000) respectively.

For the balance of trade receivables which were due from various debtors, each represents less than 15% of the total balance, the Group did not have any significant concentration of credit risk for both years.

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

	2011	2010
	HK$'000	HK$'000
Past due:		
0 – 30 days	**11,507**	6,404
31 – 60 days	**69**	72
61 – 90 days	**82**	50
Over 90 days	**4,378**	63
Trade receivable which were past due but not impaired	**16,036**	6,589
Trade receivables which were neither past due nor impaired	**495,141**	1,703,878
	511,177	1,710,467

Notes:

(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.

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

	2011	2010
	HK$'000	HK$'000
Balance at the beginning of the year	**–**	38,051
Amounts written off as uncollectible	**–**	(38,051)
Balance at the end of the year	**–**	–

23. TRADE RECEIVABLES

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	**Balance at the end of the year**	**Maximum amount outstanding during the period**	**Market value of pledged securities at fair value at the end of the year**
	HK$'000	HK$'000	HK$'000	HK$'000
Directors of the Company				
Ms. Yeung Daisy				
(1.10.2010 to 30.9.2011)	1,785	–	1,785	150
(1.10.2009 to 30.9.2010)	2,062	1,785	2,062	4,347
Mr. Chan Pak Lam, Tom				
(1.10.2010 to 30.9.2011)	N/A	N/A	N/A	N/A
(1.10.2009 to 30.9.2010)*	13	–	1,148	1,474
Ms. Choi Suk Hing, Louisa				
(1.10.2010 to 30.9.2011)	–	–	–	–
(1.10.2009 to 30.9.2010)	–	–	–	–
Ms. Chan Pearl				
(1.10.2010 to 30.9.2011)**	–	–	–	–
(1.10.2009 to 30.9.2010)	N/A	N/A	N/A	N/A

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 year ended 30 September 2010.

** The director appointed during the year ended 30 September 2011.

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24. BANK BALANCES AND CASH

	2011 **HK$'000**	2010 HK$'000
Bank balances		
– trust accounts *(Note)*	**435,073**	398,125
– general accounts and cash	**637,327**	110,440
	1,072,400	508,565

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 and 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 2011, bank balances and cash denominated in Japanese Yen, United States dollar and Renminbi, are approximately HK$1,084,000 (2010: HK$163,000), HK$65,181,000 (2010: HK$32,622,000) and HK$1,706,000 (2010: HK$523,000) 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 to their carrying amounts.

25. TRADE PAYABLES

	2011 **HK$'000**	2010 HK$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	**203,849**	132,976
Trade payables from the business of dealing in securities:		
Clearing house	**11,979**	–
Margin and cash clients	**328,492**	405,961
	544,320	538,937

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.

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25. TRADE PAYABLES (*Continued)*

Included in trade payables amounts of HK$435,073,000 and HK$398,125,000 as at 30 September 2011 and 2010 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 2011, trade payables denominated in Japanese Yen and United States dollars, are approximately HK$1,197,000 (2010: HK$172,000) and HK$114,800,000 (2010: HK$78,200,000) respectively.

26. SHORT-TERM BANK BORROWINGS

The amounts represent short-term bank borrowings of HK$Nil (2010: HK$1,116,070,000) 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 bank borrowings carried interest at fixed rate and were denominated in Hong Kong dollar.

27. SHARE CAPITAL

	Note	**Number of ordinary shares of HK$0.01 each**	**Nominal value of ordinary shares** HK$'000
Authorised:			
As at 1 October 2009, 30 September 2010 and 30 September 2011		500,000,000,000	5,000,000
Issued and fully paid:			
As at 1 October 2009 and 30 September 2010		865,811,272	8,658
Issue of shares	(a)	1,731,622,544	17,316
At 30 September 2011		2,597,433,816	25,974

Note:

(a) On 4 August 2011, the Company allotted and issued 1,731,622,544 shares by way of rights issue at a subscription price of HK$0.338 per rights share on the basis of two rights shares for every single share held.

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28. 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, and total of 3,000,000 share options were lapsed in 2010.

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 2011 is as follows:

Date of grant	Exercisable period	Exercise price per share	Outstanding at 1 October 2009	Lapsed during 2010	Outstanding at 30 September 2010	Adjustment by rights issue	Outstanding at 30 September 2011
		HK$ (Note 1)				(Note 2)	
28 January 2008	28 January 2008 – 27 January 2013	0.9879	6,000,000	(3,000,000)	3,000,000	644,100	3,644,100

Note:

(1) The exercise price had been adjusted from HK$1.2 to HK$0.9879 with the effect of the rights issue as disclosed in note 27.

(2) The rights issue as disclosed in note 27 constitutes a reorganisation of capital structure pursuant to the Option Scheme and adjustment has to be made to the exercise prices and the number of shares subject to the Option Scheme.

28. SHARE OPTIONS (*Continued)*

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 of HK$1,022,000 had been forfeited and the amount in share option reserve had been transferred to retained profits.

29. 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 2010 and 2011, no forfeited contributions arose upon employees leaving the ORSO Scheme.

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30. 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, consolidated statement of cash flows and notes 10, 13, 22 and 23 to the consolidated financial statements.

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

		2011 HK$'000	2010 HK$'000
(i)	Advisory income from fellow subsidiaries *(notes 1 & 4)*	**1,700**	2,534
(ii)	Underwriting commission in respect of right issue exercise of the Company, paid to the immediate holding company of the Company *(note 5)*	**4,747**	–
(iii)	Management fee to a fellow subsidiary *(note 4)*		
	– computer services	**541**	–
	– administrative services and staff costs	**4,039**	–
		4,580	–
	Management fee to related company(ies)		
	– computer services	**–**	697
	– administrative services and staff costs	**989**	4,809
		989	5,506
(iv)	Operating lease rentals expenses to fellow subsidiaries *(notes 1 & 6)*	**5,007**	4,290
(v)	Commission and brokerage income from		
	– fellow subsidiaries *(notes 1 & 6)*	**577**	–
	– directors of the Company *(notes 2 & 6)*	**5**	43
(vi)	Placing and underwriting commission income from		
	– a fellow subsidiary *(notes 1 & 6)*	**3,450**	–
	– related companies	**–**	4,490
(vii)	Interest income from		
	– director of the Company *(notes 3 & 6)*	**113**	136
(viii)	Interest expenses paid to		
	– the controlling shareholder	**–**	78
	– an immediate holding company *(notes 1 & 4)*	**57**	–
(ix)	Printing, advertising and promotion expenses to fellow subsidiaries *(notes 1 & 4)*	**432**	445
(x)	Trade payables to margin and cash clients arising from business dealing in securities		
	– an associate *(note 7)*	**6,666**	215
	– directors of the Company *(notes 2 & 4)*	**89**	244
		6,755	459
(xi)	Rental and other deposits paid to fellow subsidiaries *(notes 1 & 8)*	**2,198**	1,389

Remark: The related company(ies) under items (iii) and (vi) above represented companies controlled by the YF Trust/AY Trust.

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30. RELATED PARTY TRANSACTIONS (*Continued*)

(a) *(Continued)*

Notes:

(1) The fellow subsidiary(ies) represented companies controlled by the ultimate holding company of the Company.

(2) For the transactions with the director(s) of the Company, the directors include a director who is one of the eligible beneficiaries of the AY Trust, a trust set up by Dr. Albert Yeung who is the deemed substantial shareholder of the Company.

(3) The director is also one of the eligible beneficiaries of the AY Trust.

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

(5) This transaction is a connected transaction exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.31(2) and Rule 14A.31(3)(c) of the Listing Rules.

(6) Included in these transactions are those discloseable continuing connected transactions (as defined under 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. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(7) An associate represents the associate company of the Group as disclosed in note 19 to the consolidated financial statements.

(8) 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 Significance and Connected Transactions" of the Director's Report.

(b) The compensation of key management personnel was disclosed in note 11.

31. 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:

	2011		2010	
	Rental premises HK$'000	**Hired equipment HK$'000**	Rental premises HK$'000	Hired equipment HK$'000
Within one year	**7,589**	**336**	3,278	65
In the second to fifth years inclusive	**9,099**	**741**	847	3
	16,688	**1,077**	4,125	68

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

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32. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2011	2010
	HK$'000	HK$'000
Investment in a subsidiary	**219,003**	219,003
Bank balances and cash	**310,845**	360
Amount due from a subsidiary	**259,745**	289,328
Subordinated loan due from a subsidiary	**280,000**	–
Other assets	**148**	106
Total assets	**1,069,741**	508,797
Total liabilities	**(854)**	(775)
Net assets	**1,068,887**	508,022
Capital and reserves		
Share capital	**25,974**	8,658
Reserves *(Note)*	**1,042,913**	499,364
Net assets	**1,068,887**	508,022

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32. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (*Continued)*

Note:

	Share capital HK$'000	**Share premium** HK$'000	**Special reserve** HK$'000	**Retained profits** HK$'000	**Share option reserve** HK$'000	**Total** HK$'000
At 1 October 2009	8,658	278,821	216,177	4,886	2,045	510,587
Profit for the year	–	–	–	10,422	–	10,422
Total comprehensive income for the year	–	–	–	10,422	–	10,422
Dividend recognised as distribution	–	–	–	(12,987)	–	(12,987)
Effect of share options forfeited	–	–	–	1,022	(1,022)	–
At 30 September 2010	8,658	278,821	216,177	3,343	1,023	508,022
Profit for the year	–	–	–	3,915	–	3,915
Total comprehensive income for the year	–	–	–	3,915	–	3,915
Issue of shares	17,316	567,973	–	–	–	585,289
Transaction cost attributable to issue of shares	–	(6,694)	–	–	–	(6,694)
Amount transfer from special reserve to retained profits	–	–	(21,645)	21,645	–	–
Dividend recognised as distribution	–	–	–	(21,645)	–	(21,645)
At 30 September 2011	25,974	840,100	194,532	7,258	1,023	1,068,887

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

33. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 30 September 2010 and 2011 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		Principal activities
			30.9.2011 %	30.9.2010 %	
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[Δ]	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 services
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
Emperor Securities Limited[Δ]	Hong Kong 6 July 1990	HK$170,000,000	**100**	100	Provision of securities brokerage services and margin financing services
Emperor Securities Nominees Limited	Hong Kong 27 August 1996	HK$2	**100**	100	Provision of securities nominee services
Emperor Wealth Management Limited	Hong Kong 23 September 2006	HK$6,500,000	**100**	100	Provision of insurance and other brokerage services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

33. 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
			30.9.2011	30.9.2010	
			%	*%*	
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**	51	Business development in PRC

* Directly held by the Company.

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

The subsidiary is a wholly owned foreign enterprise.

△ The subsidiary changed its name to Emperor Finance Limited with effect from 10 October 2011.

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

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

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

34. EVENTS AFTER THE REPORTING PERIOD

On 30 November 2011, the transaction in relation to the disposal of a wholly-owned subsidiary of the Group, which had been stated in the announcement of the Company on 23 September 2011, had been completed.

FINANCIAL SUMMARY

	For the year ended 31 March		For the period from 1 April 2008 to 30 September	Year ended 30 September	
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULT					
Revenue	123,691	185,259	145,443	201,931	**204,439**
Profit (loss) before taxation	30,010	55,379	(9,198)	85,082	**72,992**
Taxation	(5,914)	(9,437)	1,167	(13,139)	**(11,413)**
Profit (loss) for the year	24,096	45,942	(8,031)	71,943	**61,579**

	As at 31 March		As at 30 September		
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	657,272	731,595	1,187,058	2,273,716	**1,801,792**
Total liabilities	(230,567)	(255,433)	(658,789)	(1,685,987)	**(587,627)**
Net assets	426,705	476,162	528,269	587,729	**1,214,165**