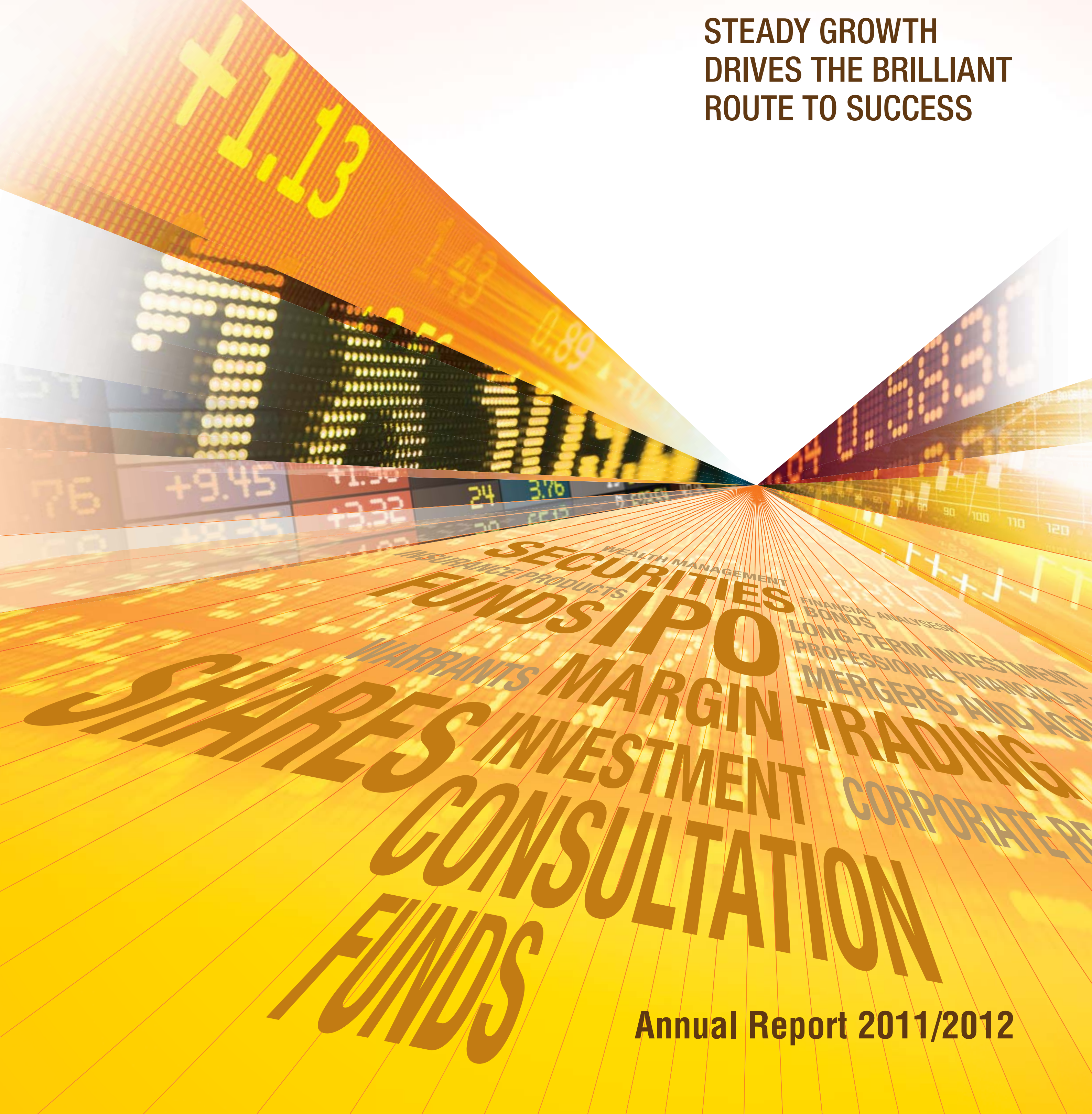
英皇證券集團有限公司

Emperor Capital Group Limited

Incorporated in Bermuda with limited liability (Stock Code: 717)

STEADY GROWTH DRIVES THE BRILLIANT ROUTE TO SUCCESS



Annual Report 2011/2012

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CORPORATE INFORMATION

DIRECTORS
Daisy Yeung *(Managing Director)*
Chan Shek Wah
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
Chu Kar Wing *(Chairman)*
Daisy Yeung
Kwok Chi Sun, Vincent

NOMINATION COMMITTEE
Cheng Wing Keung, Raymond *(Chairman)*
Daisy Yeung
Chu Kar Wing

CORPORATE GOVERNANCE COMMITTEE
Choi Suk Hing, Louisa *(Chairperson)*
Kwok Chi Sun, Vincent
Cheng Wing Keung, Raymond
A representative from company secretarial function
A representative from finance and accounts function

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
26 Burnaby Street
Hamilton HM11
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

AUDITOR
Deloitte Touche Tohmatsu

INVESTOR RELATIONS CONTACT
Luk Man Ching, Anna
Email: ir717@emperorgroup.com

WEBSITE
http://www.emperorcapital.com

STOCK CODE
Hong Kong Stock Exchange: 717

KEY DATES

Annual Results Announcement	5 December 2012
Book close dates	
– for AGM	29 January 2013
– for Final Dividend	6-7 February 2013
Record dates	
– for AGM	29 January 2013
– for Final Dividend	7 February 2013
Annual General Meeting	30 January 2013
Payment of Final Dividend	28 February 2013 (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 this Annual Report. Upon written request, a free printed version of this Annual 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

The Group was able to deliver stable growth despite the volatile market environment, reflecting the success of new businesses diversification.

HK$'000 (Audited)	For the year ended 30 September	
	2012	2011
Revenue	**223,801**	204,439
– Brokerage	**75,536**	99,336
– Financing	**94,395**	63,960
– Placing & Underwriting	**42,819**	28,997
– Corporate Finance	**11,051**	12,146
Profit for the year attributable to Owners of the Company	**63,411**	62,098

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, as well as wealth management and asset management services; (ii) provision of margin and IPO financings as well as loans and advances such as personal money lending and second mortgage loan; (iii) placing and underwriting services; and (iv) corporate finance advisory services.

MARKET REVIEW

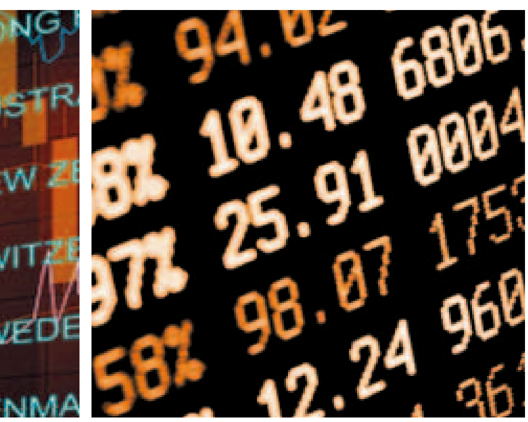
For the year ended 30 September 2012 (the "Year"), the global economy remained unstable due to the overhang of Eurozone debt issues and the fragile recovery in the United States. Concerns over the global economy, coupled with the disappointing corporate earnings, undermined global investor confidence in equity investment.

Growing global uncertainties are causing consumers to become more cautious on spending, which has dampened demand for China's export. Facing the weakening external demand and a cooling China's property market, the China's economy has exhibited a gradual deceleration. According to the China's National Bureau of Statistics, China's year-on-year gross domestic product growth in the second quarter and third quarter of 2012 were 7.6% and 7.4% respectively, down from 8.1% in the first quarter and reached the lowest level since early 2009.

Given the uncertain market situation, investment sentiment towards local securities market had been suppressed. During the Year, the average daily turnover on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was HK$54.69 billion, representing a year-on-year decline of 28.7%. Meanwhile, the corporate fund raising initiatives, including initial public offering, placing and rights issue exercises, had been downsized or even withdrawn.

FINANCIAL REVIEW

During the Year, riding on the success of the diversification of the business line into financing and the solid client base and professional team of placing and underwriting, the Group's revenue increased by 9.5% to HK$223.8 million (2011: HK$204.4 million). Profit for the Year attributable to owners of the Company was HK$63.4 million (2011: HK$62.1 million), representing an increase of 2.1% when compared with last year. Basic earnings per share were HK2.44 cents (2011: HK4.39 cents). The Group proposed a final dividend of HK0.38 cent per share. Together with the interim dividend of HK0.38 cent per share, the total dividend per share for the Year was HK0.76 cent (2011: HK1.38 cents).



"Facing intense competition in brokerage industry in recent years, the Group has strategically diversified into other financial services including assets management and money lending business."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

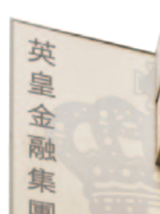
Facing intense competition in brokerage industry in recent years, the Group has strategically diversified into other financial services including assets management and money lending business. The gains from these new businesses had helped offset the revenue decline in brokerage resulted from the weakened market sentiment. During the Year, the Group was able to deliver stable growth despite the volatile market environment, reflecting the success of new businesses diversification.

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 wealth management and asset management services. During the Year, the Group was awarded as "Capital Merits of Securities Services" in the Capital Merits of Achievements in Banking and Finance annual program, the second consecutive year for recognition of its excellent service by Capital Magazine.

During the Year, revenue generated from the brokerage services segment was HK$75.5 million (2011: HK$99.3 million), accounting for 33.8% of the revenue of the Group.

In view of the growing demand of structured products, the Group extends the product range to various financial products, such as RMB-denominated ETF and new futures products. During the Year, the Group continued to explore new business opportunities and strengthened its effort to enrich the investment knowledge of retail customers by offering informative workshops and seminars.



The Group was awarded as "Capital Merits of Securities Services" by Capital Magazine for the second consecutive year.

The Group's 5th listing anniversary cocktail event was held in July 2012.

A branch was newly established in Central in August 2012, further expanding its network to cover key areas in Hong Kong. During the Year, the Group had also set up an institutional division to serve its corporate clients by providing a full range of brokerage services.

Regarding asset management business, the Group provides customised discretionary investment services to its customers for catering various investment needs. The Group also runs a private equity fund, namely “Emperor Greater China Opportunities Fund”. During the Year, the concurrent management fee and performance fee from the discretionary investment services and private equity fund served as a new revenue source.

As for the wealth management business, the Group had continued to focus on China investors seeking investments under the Capital Investment Entrant Scheme. Acting as a one-stop investment centre, the wealth management segment offers wide scope of investment tools including securities, mutual funds, insurance-linked products, as well as real estate investment advisory. During the Year, the Group had established strategic cooperation with the immigration consultancy companies in China, to fully capture the quality and potential customers.

Emperor Financial Services Centre in Mongkok.

A new branch in Central commenced operation in August 2012.

Steady Growth Drives The Brilliant Route to Success

Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances. The loans granting to customers are ranging from short-term unsecured loans to long-term second mortgage loans.

During the Year, the demand for margin financing, second mortgage loans and personal loans remained strong. Attributable to the significant growth in money lending business, revenue from the financing segment climbed by 47.6% to HK$94.4 million (2011: HK$64.0 million), accounting for 42.2% of the Group's total revenue.

Placing and Underwriting

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

During the Year, the Group secured a number of primary and secondary market financing projects. Despite the corporate fund raising initiatives over the market had been downsized or even withdrawn due to the weakened market sentiment, the Group successfully participated in several IPO related transactions and many placing and rights issue fund raising exercises. Segmental revenue increased remarkably by 47.7% to HK$42.8 million (2011: HK$29.0 million), accounting for 19.1% of the Group's total revenue.

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 issue and advisory services on various corporate transactions including merger and acquisition. In April 2012, the Group had successfully sponsored Synertone Communication Corporation to list on the main board of the Stock Exchange where the Group also acted as the Sole Lead Manager in the IPO fund raising exercise. During the Year, segmental revenue was HK$11.1 million (2011: HK$12.1 million), which accounted for 4.9% of the Group's total revenue.


85.5
84.0
83.5
83.0

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The overall investor sentiment towards the global economic environment has improved after the announcement of a third round of quantitative easing (QE3) by the United States Federal Reserve in September 2012. At the local level, the Stock Exchange has continued to initiate various supportive measures to extend the breadth and depth of local market. In the long run, the Group is optimistic towards the Hong Kong's equity market given its advantageous position as an international financial center is likely to persist. On the brokerage front, the Group will strive to capture the opportunities ahead through enhancing customers' user experience, delivering professional services and expanding its product offerings.

The Group offers informative workshops for retail customers

With the first Renminbi-traded equity security outside Mainland China commenced trading on the Stock Exchange in October 2012, the pace of transforming Hong Kong into an offshore RMB financial centre is expected to accelerate. Being one of the local leading financial institutions, the Group is poised to tap the potential growth from the trading of RMB-denominated products.

In the ever-changing financial landscape, the management believes the Group's sustainability is rooted in strategic diversification. The Group will continue to pursue a balanced mix of businesses to secure steady earnings growth. In view of the growing demand for second mortgage loans and personal loans, the Group expects the financing business will be the key driver for business growth in the near term. Riding on its well established network and clientele, the Group will further accelerate the expansion of the money lending business and second mortgage loan, and at the same time, implement a sound credit risk management framework that includes effective loan policy guidelines and independent credit analysis.

The year 2012 was a milestone for the Group as it marked the 5^{th} anniversary of the Company's listing on the Stock Exchange. A celebration event was held on 12 July 2012 to commemorate the occasion with the frontline staff, business partners and senior management, recogising the Group's remarkable progress and development in the past 5 years since listing. The Group will continue to accelerate the business development and expansion to further put forward the next stage of growth.

“In the ever-changing financial landscape, the management believes the Group's sustainability is rooted in strategic diversification. The Group will continue to pursue a balanced mix of businesses to secure steady earnings growth.”

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 2012 (2011: HK0.38 cent per share), amounting to approximately HK$9.9 million (2011: HK$9.9 million), subject to the approval of the shareholders at the forthcoming annual general meeting ("AGM") of the Company to be held on 30 January 2013 (Wednesday). If approved, the Final Dividend will be paid on 28 February 2013 (Thursday) to shareholders whose names appear on the register of members of the Company on 7 February 2013 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at AGM	
Latest time to lodge transfers	4:30 p.m. on 28 January 2013 (Monday)
Book close date	29 January 2013 (Tuesday)
Record date	29 January 2013 (Tuesday)
AGM	30 January 2013 (Wednesday)

For ascertaining shareholders' entitlement to the proposed Final Dividend	
Latest time to lodge transfers	4:30 p.m. on 5 February 2013 (Tuesday)
Book close dates	6 to 7 February 2013 (Wednesday to Thursday)
Record date	7 February 2013 (Thursday)
Final Dividend payment date	28 February 2013 (Thursday)

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 Branch Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration before the above latest time to lodge transfers.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2012, the Group's current assets and current liabilities were HK$1,839.0 million and HK$653.6 million (2011: 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$222.2 million (2011: HK$637.3 million), the Group demonstrated a strong financial position and healthy cash flow. In addition, its available unutilised banking facilities were approximately HK$420 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 future development.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2012, the Group did not have any material foreign exchange exposure.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

In 2011, 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 the escrow accounts. In early July of 2011, the Group has commenced legal proceedings against the two borrowers and partners of K&L Gates. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK$40,000,000 will be recovered.

However, as the timing of recovering this amount is expected to be longer than 12 months after the end of the reporting period, the Group has recognised an allowance of HK$12,000,000 (2011: Nil) at a discount rate of 12% per annum, and the Group has reclassified the Escrow Fund to non-current asset, which was presented as a current asset under loans and advances as at 30 September 2011. If the actual recoverable amount is less than expected, a material impairment loss may arise.

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 Company is engaged or pending or which was threatened against the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2012, the Group has 198 (2011: 203) account executives and 117 employees (2011: 103). Total staff costs (including Directors' remuneration) were approximately HK$50.4 million (2011: HK$43.4 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

CORPORATE SOCIAL RESPONSIBILITY

The Group has been living up to its aspiration to help the elderly and the underprivileged over the year. It participated in an outbound volunteering tour in October 2011, organized by the Group's affiliated charitable organisation Emperor Foundation on a yearly basis. The staff volunteers went to "Albert Yeung Sau Shing Charity Foundation (Shun Ping) Elderly Care Centre" in Shun Ping County, Hebei Province and made a friendly visit to the seniors there.

In November 2011, "Lohas Organic Farm Day for the Elderly", an outing jointly organised by Emperor Foundation and Everybright Concern Action in Hong Kong, again received enthusiastic response from the Group's staff, who volunteered to spend a fun autumn day in an organic farm with more than 300 senior citizens invited from community elderly homes.

The Group also took part in "Kite with Love EEG Family 10th Anniversary Charity Event" organized by the Group's sister company Emperor Entertainment Group in December 2011. It helped to raise fund under the lead of EEG artistes with Tung Wah Group of Hospitals as the beneficiary.

The Group has once again been awarded Caring Company logo for the fourth consecutive year by the Hong Kong Council of Social Service in recognition of its contribution to society.

(1) & (2) Kite with Love EEG Family 10th Anniversary Charity Event, December 2011

(3) & (4) Lohas Organic Farm Day for the Elderly, November 2011

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

"This year is the 5th anniversary of the Company's listing in Hong Kong. I am pleased with the remarkable progress and development in the last 5 years. We will continue to accelerate the business development and expansion to put forward the growth. In the long run, we are optimistic that the equity market in Hong Kong as the hub of an international financial centre will likely persist."

Daisy Yeung
MANAGING DIRECTOR

Daisy Yeung, aged 47, joined the Group in January 1996. She is the Managing Director as well as a member of the Remuneration Committee and the Nomination 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. She has accumulated over 16 years' of management experience in securities field and has been active in driving the development of the local industry. Moreover, 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.

Chan Shek Wah
EXECUTIVE DIRECTOR

Chan Shek Wah, aged 49, joined the Board of the Company in December 2011. He is an Executive Director of the Company. He is also the Managing Director and responsible officer of Emperor Capital Limited under the SFO. He has over 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 the senior management and an executive director in several international financial institutions. He also acts as an independent non-executive director of another Hong Kong listed company, CST Mining Group Limited (Stock Code: 985).

Choi Suk Hing, Louisa
EXECUTIVE DIRECTOR AND COMPANY SECRETARY

Choi Suk Hing, Louisa, aged 48, joined the Board of the Company in March 2008. She is an Executive Director and the Company Secretary of the Company as well as the Chairperson of the Corporate Governance Committee 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 14 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.

Pearl Chan
EXECUTIVE DIRECTOR

Pearl Chan, aged 39, 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 11 years and is a director and responsible officer 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.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Kwok Chi Sun, Vincent, aged 50, joined the Board of the Company as an Independent Non-executive Director in March 2007. He is the Chairman of the Audit Committee as well as a member of the Remuneration Committee and the Corporate Governance 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 also an independent non-executive director of the following listed companies in Hong Kong, namely Magnificent Estates Limited (Stock Code: 201), Shun Ho Resources Holdings Limited (Stock Code: 253), Shun Ho Technology Holdings Limited (Stock Code: 219), China Digital Licensing (Group) Limited (Stock Code: 8175), China Neng Xiao Technology (Group) Limited (formerly known as Palmpay China (Holdings) Limited) (Stock Code: 8047) and Evergreen International Holdings Limited (Stock Code: 238).

Cheng Wing Keung, Raymond, aged 53, joined the Board of the Company as an Independent Non-executive Director in March 2007. He is the Chairman of the Nomination Committee as well as a member of the Audit Committee and the Corporate Governance 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 two listed companies in Hong Kong, namely Skyfame Realty (Holdings) Limited (Stock Code: 59) and Sino Resources Group Limited (carrying on business in Hong Kong as Sino Gp Limited) (Stock Code: 223).

Chu Kar Wing, aged 55, joined the Board of the Company as an Independent Non-executive Director in May 2010. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nomination 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 another Hong Kong listed company, China Power New Energy Development Company Limited (Stock Code: 735). Moreover, he is now the President of Canada-China Culture and Education Association.

FINANCIAL CONTROLLER

Li Bo Chai, Vincent, aged 35, joined the Company in November 2010 as the Financial Controller. Mr. Li obtained a Bachelor's Degree in Accountancy from University of Southern California and is a member of the American Institute of Certified Public Accountants. Mr. Li has over 12 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 2012 (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 including (i) brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and United Kingdom, as well as wealth management and asset management services; (ii) provision of margin and initial public offering financings as well as loans and advances such as personal money lending and second mortgage loan; (iii) placing and underwriting services; and (iv) corporate finance advisory 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 38.

An interim dividend of HK0.38 cent per share amounting to approximately HK$9.87 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$9.87 million subject to approval of the shareholders at the forthcoming annual general meeting:

Annual general meeting date	:	Wednesday, 30 January 2013
Record date for final dividend	:	7 February 2013
Final Dividend payment date	:	28 February 2013

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 40.

The Company's reserves available for distribution to shareholders as at 30 September 2012 represented the aggregate of contributed surplus (stated as "special reserve" in note 32 to the consolidated financial statements) and retained profits amounting to approximately HK$174.79 million and HK$10.79 million respectively (2011: HK$194.53 million and HK$7.26 million).

The special reserve 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 reserve if there are reasonable grounds for believing that:

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

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

PROPERTY AND EQUIPMENT

During the Year, the Group acquired property and equipment at a cost of approximately HK$3,761,000.

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 the share capital of the Company during the Year are set out in note 27 to the consolidated financial statements. There is no movement in the share capital of the Company during the Year.

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)*
Mr. Chan Shek Wah *(appointed on 15 December 2011, and retired and re-elected on 8 February 2012)*
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan

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. Daisy Yeung, Mr. Cheng Wing Keung, Raymond and Mr. Chu Kar Wing shall retire by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, shall offer themselves for re-election.

Save for Mr. Chan Shek Wah, 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 (as the case may be) of the Company for an initial term of three years commencing from 1 March 2007 (except for Mr. Chu Kar Wing whose term commenced from 31 May 2010) and continued thereafter until terminated by not less than three months' notice in writing served by either party.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (Continued)

Each of Ms. Daisy Yeung, Mr. Chan Shek Wah, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan entered into an employment contract with the Group in relation to her / his service as an executive with no fixed terms, but shall be terminable by either party upon giving two months' notice for Ms. Daisy Yeung and Ms. Choi Suk Hing, Louisa, and one month's notice for Mr. Chan Shek Wah and Ms. Pearl Chan.

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 2012, the interests and short positions of the Directors and chief executives of the Company 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	Capacity / Nature of interests	Number of Issued Shares held	Approximate percentage holding
Ms. Daisy Yeung	Beneficiary of a trust	1,660,326,907	63.92%

Note: The above shares were held by Emperor Capital Group Holdings Limited ("Emperor Capital Holdings") (formerly known as Win Move Group Limited), a wholly-owned subsidiary of Albert Yeung Holdings Limited ("AY Holdings") (formerly known as Million Way Holdings Limited). AY Holdings was held by STC International Limited ("STC International") being the trustee of 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	Capacity / Nature of interests	Exercise price (adjusted) *HK$*	Number of Underlying Shares (adjusted)	Approximate percentage holding
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 (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.

As a result of the rights issue of the Company completed in August 2011, 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.

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

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

Name of Director	Name of associated corporations	Capacity / Nature of interest	Number of shares held	Approximate percentage holding
Ms. Daisy Yeung	Emperor International Holdings Limited ("Emperor International")	Beneficiary of a trust	2,747,493,823 *(Note 1)*	74.93%
Ms. Daisy Yeung	Emperor Entertainment Hotel Limited ("Emperor EH")	Beneficiary of a trust	807,362,845 *(Note 1)*	62.46%
Ms. Daisy Yeung	Emperor Watch & Jewellery Limited ("Emperor W&J")	Beneficiary of a trust	3,609,550,000 *(Note 2)*	53.73%
Ms. Daisy Yeung	New Media Group Holdings ("New Media Group")	Beneficiary of a trust	453,430,000 *(Note 3)*	52.48%

Notes :

1. Emperor International is a company with its shares listed in Hong Kong: 2,747,493,823 shares in Emperor International was held by Emperor International Group Holdings Limited ("Emperor International Group Holdings"). Emperor EH is company with its shares listed in Hong Kong: 807,362,845 shares in Emperor EH were held by Emperor Entertainment Hotel Holdings Limited ("Emperor EH Holdings"), being an indirect wholly owned subsidiary of Emperor International. Emperor International is the holding company of Emperor EH. The entire issued share capital of Emperor International Group Holdings was owned by AY Holdings which was in turn held by STC International, the trustee of the AY Trust. Ms. Daisy Yeung, by virtue of being one of the eligible beneficiaries of the AY Trust, had deemed interests in the said shares.

2. Emperor W&J is a company with its shares listed in Hong Kong: 3,609,550,000 shares of Emperor W&J were held by Emperor Watch & Jewellery Group Holdings Limited ("Emperor W&J Holdings"). The entire issued share capital of Emperor W&J Holdings was owned by AY Holdings which was in turn held by STC International, the trustee of the AY Trust. Ms. Daisy Yeung, by virtue of being one of the eligible beneficiaries of the AY Trust, had deemed interests in the said shares.

3. New Media Group is a company with its shares listed in Hong Kong: 453,430,000 shares of New Media Group were held by New Media Group Investment Limited ("New Media Investment"). The entire issued share capital of New Media Investment was owned by AY Holdings which was in turn held by STC International, the trustee of the AY Trust. Ms. Daisy Yeung, by virtue of being one of the eligible beneficiaries of the AY Trust, had deemed interests in the said shares.

Save as disclosed above, as at 30 September 2012, none of the Directors or chief executives of the Company 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 and fellow subsidiaries, a party to any arrangement to enable any Director or his/her nominee 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 2012, none of the Directors nor their respective associates was interested in any business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 30 September 2012, 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 shareholders	Capacity / Nature of interest	Number of issued Shares interested in or deemed to be interested	Approximate percentage holding
Emperor Capital Holdings *(Note)*	Beneficial owner	1,660,326,907	63.92%
AY Holdings *(Note)*	Interest in a controlled corporation	1,660,326,907	63.92%
STC International *(Note)*	Trustee	1,660,326,907	63.92%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") *(Note)*	Founder of a discretionary trust	1,660,326,907	63.92%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") *(Note)*	Interest of spouse	1,660,326,907	63.92%
Mr. Li Kwok Po, David	Beneficial owner	129,876,000	5.00%

Note: The entire issued share capital of Emperor Capital Holdings was owned by AY Holdings which was in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of AY Trust, had deemed interests in the above shares held by Emperor Capital Holdings. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the said shares. The said shares were the same shares as those set out under Section (i) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long positions. As at 30 September 2012, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 September 2012, 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 TRANSACTIONS

Disposal of Emperor Gold & Silver Company Limited

On 23 September 2011, Profit Ascent Group Limited (now known as Emperor Capital Investment Holdings Limited), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with Emperor Service Group Limited, a company then indirectly wholly-owned by The Yeung Family Discretionary Trust (the "YF Trust"), 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 by then Emperor Service Group Limited which was indirectly wholly-owned by AY Trust. Ms. Daisy Yeung, the Managing Director of the Company, is one of the eligible beneficiaries of the YF Trust and AY Trust and the Agreement constituted a connected transaction of the Company under the Listing Rules.

Acquisition of mortgage loans from related companies

On 17 October 2011, Emperor Finance Limited, a company indirectly wholly-owned by the Company, entered into three respective sale and purchase agreements with Brightwing Development Limited (being an indirect associate of Emperor International), Circle World Limited (being an indirect subsidiary of Emperor International) and Emperor Financial Management Limited (being an indirect wholly-owned subsidiary of Emperor International), all are companies controlled by AY Holdings which is the substantial shareholder of the Company, for the acquisition of mortgage loans at a total consideration of approximately HK$21,965,000. The transaction was completed on 30 March 2012.

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 (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	3,080
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, 6/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	385
Headwise Investment Limited *(note 1a)*	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, 16/F. and Unit 2006, 20/F. of Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	714

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

CONTINUING CONNECTED TRANSACTIONS (Continued)

1. Tenancy Agreements (Continued)

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms (iii) Rent free period	Location of premises	Amount for the year *HK$'000*
	Operating lease rentals paid (effective monthly rental: HK$17,982.61)	(i) 31 August 2011 (ii) 15 October 2011 – 14 September 2013 (iii) 15 October 2011 - 14 November 2011	Unit 603, 6/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	207
	Operating lease rentals paid (monthly rental: HK$24,000)	(i) 28 February 2011 (ii) 1 March 2011 – 28 February 2013 (early termination of tenancy on 16 September 2011) (iii) N/A	Unit 1702, 17/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	–
Emperor Bullion Investments (Asia) Limited *(note 1b)*	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 G/F., 1/F. and canopy adjacent thereto, 2/F., East Ocean Court, 525 Shanghai Street, Mongkok, Kowloon	1,874

2. Financial Services Agreement with Emperor International

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Amount for the year *HK$'000*
Emperor International *(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 no more favourable than those available to other Independent Third Parties)	52
	(b) Margin loan financing		–
	(c) IPO loan financing		–

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

CONTINUING CONNECTED TRANSACTIONS (Continued)

3. Financial Services Agreement with the Yeung Family

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Amount for the year *HK$'000*
Ms. Daisy Yeung *(note 3)*	(a) Brokerage on dealing in securities, futures and option trading and interest income from margin IPO financings	(i) 26 March 2010 (ii) 1 April 2010 to 30 September 2012 (on normal commercial terms and at rates no	5,036
	(b) Margin loan financing	more favourable than	31,892
	(c) IPO loan financing	those available to other	540
	(d) commission and fee payment to Yeung Family	Independent Third Parties)	189

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 28 February 2011, 31 March 2011 and 31 August 2011.

1a. The counterparties of the tenancy agreements are wholly-owned subsidiaries of Emperor International which are ultimately held by STC International being the trustee of the AY Trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

1b. The counterparty of the tenancy agreement was then indirectly held by STC International being the trustee of YF Trust. Since 1 January 2012, such counterparty was indirectly owned by AY Holdings which was held by STC International in trust of the AY Trust. STC International is the trustee of both the YF Trust and the AY Trust. Ms. Daisy Yeung, is one of the eligible beneficiaries of both trusts.

2. Financial Services Agreement with Emperor International

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 Emperor International 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.

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

CONTINUING CONNECTED TRANSACTIONS (Continued)

Notes: (Continued)

3. **Financial Services Agreement with Ms. Daisy Yeung**

   Under this agreement, the Group has agreed to provide to Ms. Daisy Yeung and her associates ("Yeung Family") (i) financial services including brokerage services for securities, futures and options trading; (ii) margin loans; and (iii) IPO loans 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 CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.38 of the Listing Rules, the Board has engaged the auditor of the Company to review the disclosed 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 and the auditor has reported to the Directors and concluded that the Disclosed CCTs:

(1) have received the approval of the Board of the Company;

(2) are entered into, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Group;

(3) have been entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and

(4) have not exceeded the maximum aggregate annual value for the Year disclosed in previous announcements made by the Company in respect of each of the Disclosed CCTs.

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.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 27 to 35.

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$2,000.

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
5 December 2012

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 (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) (the "Code") under Appendix 14 of the Listing Rules. For the Year, the Company has complied fully with the code provisions of the Code except with a 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 as explained below.

THE BOARD

BOARD COMPOSITION

As at 30 September 2012, the Board comprised seven Directors (four Executive Directors of which one is the Managing Director 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 16 of this report under the "Biographies of Directors and Senior Executives" section.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 requires that 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 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 recognised experience and expertise in professional and/or 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 as set out in Rule 3.13 of 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.

ROLES AND RESPONSIBILITIES OF THE BOARD

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 Company's shareholders ("Shareholders") by formulating strategic directions and monitoring the financial and management performance of the Group.

DELEGATION TO THE MANAGEMENT

The management team of the Company (the "Management") is led by the Executive Directors of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group; formulate business policies and make decision on key business issues; and exercise power and authority delegated by the Board from time to time. The Management assumes full accountability to the Board for the operation of the Group.

THE BOARD (Continued)

DELEGATION TO THE MANAGEMENT (Continued)

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the Management that certain matters (including the followings) must be reserved to the Board:

– Publication of final and interim results of the Company
– Dividend distribution or other distribution
– Major issues of treasury policy, accounting policy and remuneration policy
– Review on internal control system and risk management
– Changes to major group structure or Board composition requiring notification by announcement
– Notifiable transaction and non-exempted connected transaction/continuing connected transaction
– Proposed transaction requiring Shareholders' approval
– Capital restructuring
– Joint venture with outside party involving substantial capital commitment from the Group that require notification by announcement
– Financial assistance to Directors

RELATIONSHIP BETWEEN THE BOARD MEMBERS

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) between each other.

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors have been given relevant guideline materials 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 and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. 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.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the Code effective on 1 April 2012 on Directors' training. During the Year or since the effective date of the Code, all Directors have participated in continuous professional development by attending seminars/in-house briefing/reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

Name of Directors	Topics on training covered *(Note)*
Daisy Yeung	(a), (b)
Chan Shek Wah	(a), (b)
Choi Suk Hing, Louisa	(a), (b), (d)
Pearl Chan	(a), (b), (d)
Kwok Chi Sun, Vincent	(a), (b), (c)
Cheng Wing Keung, Raymond	(a), (b)
Chu Kar Wing	(a), (b)

Note: (a) corporate governance
(b) regulatory
(c) finance
(d) industry-specific

THE BOARD (Continued)

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

The attendance of Directors at the following meetings during the Year is set out below:

	Meetings attended/held			
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**AGM**
Executive Directors				
Daisy Yeung (Note 1)	6/6	N/A	1/1	1/1
Chan Shek Wah *(appointed on 15/12/2011)*	3/3	N/A	N/A	1/1
Choi Suk Hing, Louisa	6/6	N/A	N/A	1/1
Pearl Chan	6/6	N/A	N/A	1/1
Independent Non-Executive Directors				
Kwok Chi Sun, Vincent (Note 2)	5/6	3/3	1/1	1/1
Cheng Wing Keung, Raymond (Note 3)	6/6	3/3	1/1	1/1
Chu Kar Wing (Note 1)	6/6	3/3	N/A	1/1
Total number of meetings held:	6	3	1	1

Notes:

1. With effect from 28 March 2012, Ms. Daisy Yeung ceased to be the Chairperson of the Remuneration Committee whilst Mr. Chu Kar Wing was appointed as Chairman of the Committee in her stead. Ms. Daisy Yeung remains as a member of the Remuneration Committee.
2. Chairman of the Audit Committee.
3. With effect from 28 March 2012, Mr. Cheng Wing Keung, Raymond ceased to be a member of the Remuneration Committee.

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their respective board committee meetings, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the Year.

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, and all applicable rules and regulations, are followed.

With the assistance of the Company Secretary, the meeting agenda is set by the Chairperson of the meeting in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board Meeting. 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.

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.

THE BOARD (Continued)

BOARD COMMITTEES

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, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are Independent Non-executive Directors. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

1. **Audit Committee** *(set up on 1 March 2007)*

   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 specific written terms of reference of the Audit Committee which was re-adopted on 28 March 2012 in light of the amendments of the Listing Rules, is available on the Company's website. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing of the financial reporting system and internal control procedures. The Audit Committee held three meetings during the Year.

   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 2011 and for the six-months ended 31 March 2012 respectively;

   ii. met with the external auditor and reviewed their work and findings relating to the annual audit for the year ended 30 September 2011 and the effectiveness of the audit process;

   iii. reviewed with 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 ended 30 September 2011;

   v. approved the audit plan for the financial year ended 30 September 2012, reviewed the external auditor's independence, approved the engagement of external auditor and recommended the Board on the re-appointment of external auditor;

   vi. reviewed the terms of reference of the Audit Committee in light of the relevant amendments to the Listing Rules and recommended the Board to re-adopt such terms and to adopt the whistle-blowing policy of the Company; 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.

THE BOARD (Continued)

BOARD COMMITTEES (Continued)

2. **Remuneration Committee** *(set up on 1 March 2007)*

   The Remuneration Committee consists of three members, namely Mr. Chu Kar Wing (Chairman of the Committee since 28 March 2012) and Mr. Kwok Chi Sun, Vincent, both being Independent Non-executive Directors, and Ms. Daisy Yeung, the Managing Director.

   The specific written terms of reference of the Remuneration Committee which was re-adopted on 28 March 2012 in light of the amendments of the Listing Rules, is available on the Company's website. Pursuant to the revised terms of reference, the primary duties of the Remuneration Committee are making recommendation to the Board on the Company's policies and structure of the remuneration of Directors and senior management and the remuneration packages of individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held one meeting during the Year.

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

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

   ii. assessed the performance of executive Directors and reviewed their current level and remuneration structure/package and approved their specific remuneration package of executive Directors.

3. **Nomination Committee** *(set up on 28 March 2012)*

   The Nomination Committee consists of three members, namely Mr. Cheng Wing Keung, Raymond (Chairman of the Committee) and Mr. Chu Kar Wing, both being Independent Non-executive Directors, and Ms. Daisy Yeung, the Managing Director. The specific written terms of reference of the Nomination Committee is available on the Company's website. The primary duties of the Nomination Committee are reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become board members, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on any proposed changes to the board, or selection of individual nominated for directorships; and or appointments or re-appointment of directors. No meeting was held by the Nomination Committee during the Year.

4. **Corporate Governance Committee** *(set up on 28 March 2012)*

   The Corporate Governance Committee consists of five members, namely Ms. Choi Suk Hing, Louisa (Chairperson of the Committee), an Executive Director, Mr. Kwok Chi Sun, Vincent and Mr. Cheng Wing Keung, Raymond, both being Independent Non-executive Directors, a representative from company secretarial function and a representative from finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. The primary duties of the Corporate Governance Committee are (a) reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulations requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of directors and senior management; and (c) reviewing the Company's compliance with code and disclosure in this report. No meeting was held by the Corporate Governance Committee during the Year.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers 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.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the financial statements 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.

The Management has provided all members of the Board with monthly updates on internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimize 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 Management is primarily responsible for the design, implementation and maintenance of the internal control system to safeguard the Shareholders' investment and assets of the Group. The Management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements are carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

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.

During the Year, the Management had analyzed the control environment and risk assessment, identified the various control systems implemented. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the internal control system and evaluating findings on any deficiencies in the design of the internal controls and developing recommendations for improvement, where appropriate. The scope and findings of the review had been reported to and reviewed by the Audit Committee.

INTERNAL CONTROLS (Continued)

The following policies and procedures are also in place to enhance the internal control system:

i. A whistle-blowing policy for employees of the Group to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters to his/her immediate supervisor or department head or to the head of the internal audit department who would report the case directly to the Audit Committee for further investigation, if required.

ii. Policies and practices on compliance with legal and regulatory requirements which shall be reviewed and monitored by the Corporate Governance Committee of the Company regularly as delegated by the Board.

iii. The establishment of a CCT Compliance Committee to monitor, control and regularly review connected transactions and continuing connected transactions of the Company and ensure proper compliance with all relevant laws and regulations, Listing Rules and disclosure requirements.

The Board and the Audit Committee had conducted a review on the effectiveness of internal control system of the Group (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting and financial reporting function for the Year. The Board considered that its internal control system is effective and adequate and the Company had complied with the code provisions on internal control of the Code in this respect 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

Our Credit Committee has put in place credit management policies and procedures covering: 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 our 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 the senior management as well as by the Credit Committee at quarterly meetings.

Moreover, our 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.

RISK MANAGEMENT (Continued)

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 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 and can 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 upkeeping of the latest information of the Group in the Company's website at http://www.emperorcapital.com. Shareholders and investors are welcome to visit such website.

In order to protect the environment and save costs for the benefit of Shareholders, the Company has introduced electronic means for receiving corporate communication by Shareholders. 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.

Separate resolutions are proposed at the general meetings for substantial issues, including re-election of retiring Directors. The Company's notice to Shareholders for the 2012 annual general meeting was sent to Shareholders at least 20 clear business days before the meeting and notices of special general meetings will be sent to shareholders at least 10 clear business days before such meetings. 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 8 February 2012.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the Year.

SHAREHOLDERS' RIGHTS

Convening a special general meeting ("SGM") and putting forward proposals at general meetings

Pursuant to the Bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board. The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day not more than two months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on page 2 of this Annual Report.

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 has recommended 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 paid/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 the preliminary results announcement	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 38 to 85, which comprise the consolidated statement of financial position as at 30 September 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

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

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 2012, 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
5 December 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	8	**223,801**	204,439
Other operating income		**4,541**	4,910
Staff costs	9	**(50,390)**	(43,367)
Commission expenses		**(41,214)**	(43,678)
Other expenses		**(72,926)**	(47,480)
Gain upon disposal of a subsidiary that holds available-for-sale financial assets	26	**7,900**	–
Finance costs	10	**(36)**	(1,102)
Share of profit (loss) of an associate		**925**	(730)
Profit before taxation	13	**72,601**	72,992
Taxation	14	**(9,230)**	(11,413)
Profit for the year		**63,371**	61,579
Other comprehensive income for the year			
Fair value gain from revaluation of available-for-sale financial assets	22	**–**	7,900
Reclassification adjustment for the cumulative gain on available-for-sale financial assets from other comprehensive income to profit or loss upon disposal of a subsidiary that holds available-for-sale financial assets	22	**(7,900)**	–
Exchange differences arising on translation		**3**	7
Total comprehensive income for the year		**55,474**	69,486
Profit for the year attributable to:			
Owners of the Company		**63,411**	62,098
Non-controlling interests		**(40)**	(519)
		63,371	61,579
Total comprehensive income attributable to:			
Owners of the Company		**55,514**	70,005
Non-controlling interests		**(40)**	(519)
		55,474	69,486
Earnings per share	16		
Basic		**HK2.44 cents**	HK4.39 cents
Diluted		**HK2.44 cents**	HK4.39 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Interest in an associate	*19*	–	–
Property and equipment	*17*	**5,694**	4,255
Intangible assets	*18*	–	–
Other assets	*20*	**4,563**	4,814
Amount due from an associate	*19*	**4,549**	3,624
Available-for-sale financial assets	*22*	–	8,036
Loans and advances	*21*	**49,714**	–
		64,520	20,729
Current assets			
Trade receivables	*23*	**697,337**	511,177
Loans and advances	*21*	**408,247**	184,600
Other debtors, deposits and prepayments		**13,743**	12,886
Bank balances and cash – trust accounts	*24*	**497,428**	435,073
Bank balances and cash – general accounts	*24*	**222,176**	637,327
		1,838,931	1,781,063
Current liabilities			
Trade payables	*25*	**621,352**	544,320
Other creditors and accrued charges		**26,033**	19,645
Tax liabilities		**6,167**	23,662
		653,552	587,627
Net current assets		**1,185,379**	1,193,436
Net assets		**1,249,899**	1,214,165
Capital and reserves			
Share capital	*27*	**25,974**	25,974
Reserves		**1,224,157**	1,188,383
Equity attributable to owners of the Company		**1,250,131**	1,214,357
Non-controlling interest		**(232)**	(192)
Total equity		**1,249,899**	1,214,165

The consolidated financial statements on pages 38 to 85 were approved and authorised for issue by the Board of Directors on 5 December 2012 and are signed on its behalf by:

DAISY YEUNG
DIRECTOR

CHAN SHEK WAH
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2012

	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 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 transferred from special reserve to retained profits	–	–	(21,645)	–	–	–	21,645	–	–	–	–
Dividend recognised as distribution	–	–	–	–	–	–	(21,645)	–	(21,645)	–	(21,645)
At 30 September 2011 and 1 October 2011	25,974	841,266	102,529	2,004	7,900	25	233,636	1,023	1,214,357	(192)	1,214,165
Other comprehensive income for the period	–	–	–	–	(7,900)	3	–	–	(7,897)	–	(7,897)
Profit for the year	–	–	–	–	–	–	63,411	–	63,411	(40)	63,371
Total comprehensive income for the year	–	–	–	–	(7,900)	3	63,411	–	55,514	(40)	55,474
Amount transferred from special reserve to retained profits	–	–	(19,740)	–	–	–	19,740	–	–	–	–
Dividend recognised as distribution	–	–	–	–	–	–	(19,740)	–	(19,740)	–	(19,740)
At 30 September 2012	**25,974**	**841,266**	**82,789**	**2,004**	**–**	**28**	**297,047**	**1,023**	**1,250,131**	**(232)**	**1,249,899**

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 2012

	Note	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**72,601**	72,992
Adjustments for:			
Interest expenses		**36**	1,102
Depreciation of property and equipment		**2,315**	2,520
Share of (profit) loss of an associate		**(925)**	730
Allowance for loans and advances		**12,000**	–
Bad debt written off		**765**	–
Gain upon disposal of a subsidiary that holds available-for-sale financial asset		**(7,900)**	–
Operating cash flows before movements in working capital		**78,892**	77,344
(Increase) decrease in trade receivables		**(186,925)**	1,199,290
Decrease in other assets		**251**	3,250
Increase in loans and advances		**(285,361)**	(154,600)
Increase in other debtors, deposits and prepayments		**(1,659)**	(6,689)
Increase in bank balances and cash – trust accounts		**(62,355)**	(36,948)
Increase in trade payables		**77,032**	5,383
Increase in other creditors and accrued charges		**6,388**	984
Cash (used in) generated from operations		**(373,737)**	1,088,014
Hong Kong Profits Tax paid		**(26,692)**	–
PRC Tax paid		**(33)**	(70)
Interest paid		**(36)**	(1,102)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(400,498)**	1,086,842
INVESTING ACTIVITIES			
Purchase of property and equipment		**(3,761)**	(841)
Proceed of disposal of property and equipment		**7**	–
Net cash inflow of disposal of subsidiary	*26*	**8,838**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**5,084**	(841)
FINANCING ACTIVITIES			
Drawdown on bank borrowings		**112,200**	7,079,494
Repayment of bank borrowings		**(112,200)**	(8,195,564)
Advance from the immediate holding company		**–**	100,000
Repayment to the immediate holding company		**–**	(100,000)
Proceeds from issue of shares		**–**	585,289
Expenses for issue of shares		**–**	(6,694)
Dividend paid		**(19,740)**	(21,645)
NET CASH USED IN FINANCING ACTIVITIES		**(19,740)**	(559,120)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2012

	2012 HK$'000	2011 HK$'000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(415,154)**	526,881
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**637,327**	110,440
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**3**	6
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**222,176**	637,327
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	**222,176**	637,327

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 Emperor Capital Group Holdings Limited ("Emperor Capital Holdings") (formerly known as Win Move Group Limited), which is a limited liability company incorporated in the British Virgin Islands (the "BVI"). The ultimate holding company is Albert Yeung Holdings Limited (formerly known as Million Way Holdings Limited), a limited liability company incorporated in BVI. The entire issued share capital of Albert Yeung Holdings Limited is in turn held 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 ("HKFRSs")

In the current year, the Group has applied a number of new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for current reporting period.

The application of the new and revised HKFRSs in the current year has had no material impact on Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[3]
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets[5]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[4]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]

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

2 Effective for annual periods beginning on or after 1 January 2015.

3 Effective for annual periods beginning on or after 1 July 2012.

4 Effective for annual periods beginning on or after 1 January 2014.

5 Effective for annual periods beginning on or after 1 January 2012.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors of the Company anticipate that the adoption of the other new and revised HKFRSs will have no material impact on the 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 value, 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 into 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.

Allocation of total comprehensive income to non-controlling interests

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 (effective from 1 January 2010 onwards).

Interest in an associate

An associate is an entity over which the Group 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 an associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment 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 associate. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

- Insurance brokerage commission is recognised when the services are rendered or on straight-line basis over the claw back period, as appropriate.

- Advisory, other corporate finance services fee income and asset management 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.

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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) using exchange rates prevailing at the end of each reporting period. Income and expenses items 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 under the heading of translation reserve.

Equity-settled share-based payment transactions

Share options granted to directors

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When share options are exercised, the amount previously recognised in share options 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 options reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised 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 the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

Current and 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 current and deferred tax are 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. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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.

Financial assets

The Group's financial assets are classified into two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss and loans and receivables.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

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 of 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 considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans and advances, 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 the trade receivables and loans and advances are considered uncollectible upon the bankruptcy of customers, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For impairment assessment, each receivable is reviewed individually at the end of each month. Specifically, in assessing impairment for each receivable, management estimates the present value of future cash flows which are expected to be received, taking into account the borrower's financial situation and the net realisable value of the underlying collateral or guarantees in favour of the Group. Any impairment allowance is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows discounted at the loan's original effective interest rate.

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.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired. 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 immediately in profit or loss.

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

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 assets 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 2012, the gross carrying amount of trade receivables is HK$697,337,000 (2011: HK$511,177,000), the gross carrying amount of loans and advances is HK$469,961,000 (2011: HK$184,600,000), trade receivables of HK$765,000 (2011: nil) was written off and an allowance on loans and advances of HK$12,000,000 was provided for the year ended 30 September 2012 (2011: nil).

Monies held in an escrow account

During the year ended 30 September 2011, 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 accounts. In July 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. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment, and hence, the amount of HK$40,000,000 will be recovered.

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 two to three years. An allowance of HK$12,000,000 was made in the current year that reflects the difference between HK$40,000,000 and the present value of HK$40,000,000. If the actual recoverable amount is less than expected, a material impairment loss may arise. Please refer to note 21 for details.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Monies held in an escrow account *(Continued)*

Save as disclosed above, so far as known to the Directors of the Company, 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.

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 from prior year.

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

	2012 **HK$'000**	2011 HK$'000
Financial assets		
Available-for-sale financial assets	**–**	8,036
Loans and receivables (including bank balances and cash)	**1,891,532**	1,779,536
Financial liabilities		
Amortised cost	**647,385**	563,965

6. FINANCIAL INSTRUMENTS *(Continued)*

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 and other creditors. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

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

It is the Group's policy for each operating entity to operate in local currencies as far as possible to minimise currency risks. Most of the Group's principal businesses are conducted and recorded in Hong Kong dollar, the functional currency of respective group entities, except for certain receivables from and payable to foreign brokers and bank deposits which are denominated in United States dollar, Renminbi, Japanese Yen and Singapore dollar (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 Renminbi, Japanese Yen and Singapore dollar 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, loans and advances and trade payables. The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans and advances as at 30 September 2012 (see note 21 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 loans and advances 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

	2012 **HK$'000**	2011 HK$'000
Assets		
Trade receivables	**570,673**	401,374
Loans and advances	**61,085**	–
Bank balances	**14,979**	14,106
Liability		
Trade payables	**379,710**	285,057

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 2012, in view of the fact that 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 (2011: 50 basis point) change represents management's assessment of the reasonably possible change in interest rates in respect of variable rate trade receivables and loans and advances.

	2012		2011	
	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	**2,637**	**(2,637)**	1,734	(1,734)

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 2012 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 notes 21 and 23.

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

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. The 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 2012, the Group has available unutilised banking facilities of approximately HK$420 million (30 September 2011: HK$270 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.

Fair value

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values because most of the financial assets and financial liabilities have a maturity of less than 12 months from the date of advance.

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

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 30 September 2012

	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	75,536	94,395	42,819	11,051	–	223,801
Inter-segment sales	–	7,019	–	–	(7,019)	–
	75,536	101,414	42,819	11,051	(7,019)	223,801

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	15,375	71,952	29,121	1,690	118,138
Unallocated other operating income					581
Unallocated corporate expenses					
– staff costs (including directors' remuneration)					(35,340)
– management fee to a related company					(360)
– management fee to a fellow subsidiary					(6,168)
– others					(13,075)
Share of profit of an associate					925
Gain upon disposal of a subsidiary that holds available-for-sale financial assets					7,900
Profit before taxation					72,601

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 30 September 2011

	Brokerage HK$'000 (re-presented) *(Note)*	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Elimination HK$'000	Total HK$'000
REVENUE						
Segment revenue – external customers	99,336	63,960	28,997	12,146	–	204,439
Inter-segment sales	–	5,638	–	–	(5,638)	–
	99,336	69,598	28,997	12,146	(5,638)	204,439

Inter-segment sales are charged at prevailing market rate.

	Brokerage HK$'000 (re-presented) *(Note)*	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Total HK$'000
RESULTS					
Segment results	29,336	62,863	17,786	4,872	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

Note: The asset management segment is no longer a reportable and operating segment to the Group's operation due to its insignificant size of operation and the Board of Directors of the Company has included the results of this segment into the brokerage segment. The comparative figures of 2011 have been re-presented to conform to current year presentation.

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 central administrative staff costs (including directors' remuneration but excluding staff commission expenses), management fee to related companies, central administration costs and share of profit or loss of an associate. This is the measure reported to the Board of Directors of the Company for the purpose of resource allocation and performance assessment.

7. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 30 September 2012

	Brokerage HK$'000	Financing HK$'000	Placing and underwriting HK$'000	Corporate finance HK$'000	Total HK$'000
Additions of property and equipment	3,742	–	–	19	3,761
Depreciation of property and equipment	2,304	–	–	11	2,315
Bad debt written off	765	–	–	–	765
Allowance for loans and advances	–	12,000	–	–	12,000

For the year ended 30 September 2011

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

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 2012 HK$'000	Revenue 2011 HK$'000
Hong Kong	208,327	184,656
United States	13,964	16,292
Other	1,510	3,491
	223,801	204,439

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

7. SEGMENT INFORMATION *(Continued)*

Information about major customer

Revenue from a customer of corresponding years contributing over 10% of total revenue of the Group is as follows:

	2012 HK$'000	2011 HK$'000
Customer A[1]	26,127	N/A[2]

[1] Revenue mainly from financing and placing and underwriting.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. REVENUE

	2012 HK$'000	2011 HK$'000
Commission and brokerage fees on dealing in securities	30,947	55,405
Commission and brokerage fees on dealing in futures and options contracts	20,324	27,029
Commission from insurance brokerage and wealth management	14,864	14,201
Corporate finance advisory services fee income	11,051	12,146
Placing and underwriting commission	42,819	28,997
Asset management fee income	1,982	613
Interest income from:		
Margin and initial public offer financing	38,432	36,127
Loans and advances	55,540	27,832
Bank deposits	7,417	2,086
Others	425	3
	223,801	204,439

9. STAFF COSTS

	2012 HK$'000	2011 HK$'000
Staff costs represent the amounts paid and payable to the directors and employees and comprise:		
Salaries, bonus, allowances and commission	48,838	42,356
Contributions to retirement benefits scheme	1,552	1,011
	50,390	43,367

10. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	19	1,034
Amount due to the immediate holding company	–	57
Others	17	11
	36	1,102

11. DIRECTORS' REMUNERATION

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

For the year ended 30 September 2012

	Daisy Yeung HK$'000	Chan Shek Wah* HK$'000	Choi Suk Hing, Louisa HK$'000	Pearl Chan HK$'000	Kwok Chi Sun, Vincent HK$'000	Cheng Wing Keung, Raymond HK$'000	Chu Kar Wing HK$'000	Total HK$'000
Fees	125	105	125	125	165	165	165	975
Other remuneration								
Salaries and allowances	1,614	3,510	1,812	1,552	–	–	–	8,488
Discretionary bonus *(note)*	1,000	700	650	500	–	–	–	2,850
Contributions to retirement benefits scheme	17	13	127	103	–	–	–	260
Total remuneration	2,756	4,328	2,714	2,280	165	165	165	12,573

For the year ended 30 September 2011

	Daisy Yeung HK$'000	Choi Suk Hing, Louisa HK$'000	Pearl Chan HK$'000	Kwok Chi Sun, Vincent HK$'000	Cheng 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

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

* Director appointed during the year ended 30 September 2012.

12. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group included four (2011: three) directors of the Company for the years ended 30 September 2012, details of whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining one (2011: two) individual for the year were as follows:

	2012	2011
	HK$'000	HK$'000
Salaries, allowances, bonus and benefits in kind	**3,134**	2,222
Contributions to retirement benefits scheme	**13**	16
	3,147	2,238

The remunerations were within the following bands:

	Number of employees	
	2012	2011
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	2
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	**1**	–
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.

13. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	**7,629**	5,803
Auditor's remuneration	**1,250**	1,254
Depreciation of property and equipment	**2,315**	2,520
Management fee to related company(ies)	**941**	989
Management fee to a fellow subsidiary	**6,168**	4,580
Net exchange loss (gain)	**13**	(12)
Operating lease rentals in respect of		
– rented premises	**10,309**	6,726
– office equipment	**2,996**	2,211
Other equipment hiring charges	**8,999**	8,930
Legal and professional fee	**6,190**	920
Bad debt written off	**765**	–
Allowance for loans and advances	**12,000**	–
Included in other operating income:		
Handling fee income	**(3,694)**	(3,409)

14. TAXATION

	2012 HK$'000	2011 HK$'000
Current year:		
Hong Kong Profits Tax provision for the year	**9,197**	11,359
PRC Enterprise Income Tax	**33**	54
	9,230	11,413

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

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:

	2012 HK$'000	2011 HK$'000
Profit before taxation	**72,601**	72,992
Taxation at income tax rate of 16.5%	**11,979**	12,044
Tax effect of expenses not deductible for tax purpose	**700**	351
Tax effect of income not taxable for tax purpose	**(2,637)**	(358)
Utilisation of tax losses previously not recognised	**(1,200)**	(1,515)
Tax effect of tax losses not recognised	**425**	773
Tax effect of share of (profit) loss of an associate	**(152)**	120
Others	**115**	(2)
Taxation charge for the year	**9,230**	11,413

As at 30 September 2012, the Group had unused estimated tax losses of HK$13,140,000 (2011: HK$17,866,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of HK$13,140,000 (2011: HK$17,866,000) due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

15. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Recognised as distribution:		
Interim dividend paid: HK$0.0038 (2011: HK$0.01) per share	**9,870**	8,658
Final dividend paid in respect of 2011: HK$0.0038 per share (2011: HK$0.015 in respect of 2010)	**9,870**	12,987
	19,740	21,645

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 2012 (2011: HK0.38 cent per share amounted to HK$9,870,000 in aggregate in respect of the year ended 30 September 2011), 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:

	2012 HK$'000	2011 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**63,411**	62,098

	Number of shares	
	2012 '000	2011 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**2,597,434**	1,415,960

The computation of diluted earnings per share does not assume the exercise of 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 years ended 30 September 2012 and 30 September 2011.

17. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer and equipment HK$'000	Air–conditioners HK$'000	Total HK$'000
COST						
At 1 October 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
Additions	2,664	152	118	827	–	3,761
Disposal	–	–	–	(12)	–	(12)
At 30 September 2012	**10,327**	**1,655**	**4,207**	**12,856**	**816**	**29,861**
ACCUMULATED DEPRECIATION						
At 1 October 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
Provided for the year	985	146	327	791	66	2,315
Written back on disposal	–	–	–	(5)	–	(5)
At 30 September 2012	**7,116**	**1,392**	**3,705**	**11,232**	**722**	**24,167**
CARRYING VALUES						
At 30 September 2012	**3,211**	**263**	**502**	**1,624**	**94**	**5,694**
At 30 September 2011	1,532	257	711	1,595	160	4,255

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

18. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 October 2010, 30 September 2011 and 30 September 2012	9,802
AMORTISATION AND IMPAIRMENT	
At 1 October 2010, 30 September 2011 and 30 September 2012	9,802
CARRYING VALUES	
At 30 September 2012	–
At 30 September 2011	–

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. INTEREST IN AN ASSOCIATE

	2012 HK$'000	2011 HK$'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	**(1,438)**	(2,363)
	4,549	3,624

As at 30 September 2011 and 2012, the Group had interest 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 2012	2011	Principal activity
Boom High Investment Limited ("Boom High")	Incorporated	British Virgin Islands	Ordinary shares	**28%**	28%	Trading in securities and investment in funds

19. INTEREST IN AN ASSOCIATE *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Total assets	**16,260**	12,957
Total liabilities	**(21,395)**	(21,395)
Net liabilities	**(5,135)**	(8,438)
Group's share of net liabilities of the associate	**(1,439)**	(2,364)

	2012 HK$'000	2011 HK$'000
Revenue	**3,323**	–
Profit (loss) for the year	**3,303**	(2,607)
Group's share of profit (loss) of the associate for the year	**925**	(730)

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

	2012 HK$'000	2011 HK$'000
Statutory and other deposits	**4,563**	4,814

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

21. LOANS AND ADVANCES

	2012 HK$'000	2011 HK$'000
Fixed-rate loan receivables	**368,876**	144,600
Variable-rate loan receivables	**61,085**	–
	429,961	144,600
Loan receivables from K&L Gates *(note)*	**40,000**	40,000
Less: Allowance for loan receivables from K&L Gates	**(12,000)**	–
	28,000	40,000
	457,961	184,600
Analysed as:		
Current	**408,247**	184,600
Non-current	**49,714**	–
	457,961	184,600

Note: During the year ended 30 September 2011, the Group placed an aggregate amount of HK$40,000,000 (the "Escrow Fund") 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. 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 two borrowers and the partners of K&L Gates. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK$40,000,000 will be recovered. However, as the timing of recovering this amount is expected to be longer than 12 months after the end of the reporting period, the Group has recognised an allowance of HK$12,000,000 (2011: Nil) at a discount rate of 12% per annum, and the Group has reclassified the Escrow Fund to non-current asset, which was presented as a current asset under loans and advances as at 30 September 2011. If the actual recoverable amount is less than expected, a material impairment loss may arise.

21. LOANS AND ADVANCES *(Continued)*

The contractual maturity dates of the Group's fixed and variable rate loans are presented below:

	2012	2011
	HK$'000	HK$'000
Fixed rate loan receivables:		
Within one year *(note)*	**368,456**	184,600
In more than one year but no more than five years	**420**	–
	368,876	184,600

	2012	2011
	HK$'000	HK$'000
Variable rate loan receivables:		
Within one year *(note)*	**39,791**	–
In more than one year but no more than five years	**3,934**	–
Over five years	**17,360**	–
	61,085	–

Note: Included in fixed and variable rate loan receivables were balances of HK$15,000,000 (2011: nil) and HK$32,803,000 (2011: nil) respectively which had been past due but not impaired. Taking into account the creditworthiness of the borrowers, the Directors of the Company believe that no allowance for impairment is necessary. Full repayments were made by the borrowers subsequent to the end of the reporting period.

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

	2012	2011
Effective interest rate:		
Fixed-rate loan receivables	**0.28% per month – 4.7% per month**	1.5% per month – 4.7% per month
Variable-rate loan receivables	**Prime rate – 3% per annum – Prime rate + 5% per annum**	–

Included in the loans and advances as at 30 September 2012 were secured loans and advances with the aggregate amount of HK$188,322,000 (2011: HK$79,600,000). These secured loans and advances were secured by listed marketable securities in Hong Kong except for one secured loan which was secured with first legal charge in respect of a residential property located in Hong Kong. These loans and advances were advanced to various independent individual/corporate borrowers and will be due for repayment within one year from the date of advance. Included in the balance of loans and advances secured by listed marketable securities in Hong Kong, there was a fixed rate loan advance made to a corporate amounting to HK$149,922,000 (2011: HK$25,000,000), representing 32% (2011: 14%) of the gross loans and advances balance. Each of the remaining loans and advances represents less than 10% of the gross balance.

21. LOANS AND ADVANCES *(Continued)*

The balance of the loans and advances amounting to HK$241,639,000 (2011: HK$105,000,000) were unsecured. Included in the unsecured loans and advances were advances made to corporates and individuals, which are independent third parties of the Group, amounting to HK$166,469,000 (2011: HK$65,000,000), with second legal charges in respect of commercial and residential properties located in Hong Kong, which will be due for repayment within 1 to 29 years from the respective loans' date of advance. Included in the mentioned loans receivable was a fixed rate loan advance to a corporate amounting to HK$144,300,000 (2011: HK$65,000,000), which represents 31% (2011: 35%) of the gross loans and advances balance and will be due for repayment within 1 year from the date of advance. The remaining loans and advances with second legal charges in respect of residential properties in Hong Kong and the other unsecured loans each represents less than 10% (2011: 10%) of the gross balance of loans and advances.

In addition, included in the loans and advances as at 30 September 2012, there was an unsecured loan advance made to a corporate, which is an independent third party of the Group, amounting to approximately HK$5,000,000 (2011: nil). There is an option embedded in the loan whereby the Group has the contractual right to receive either in cash or the borrower's shares after successful listing on the Growth Enterprises Market Board of the Stock Exchange at maturity of the loan. Taking into account the possibility of successful listing and the related "lock-up" period, management considered that the fair value of the embedded option is immaterial.

To minimise the Group's exposure to credit risk, there was a credit risk control team responsible for the evaluation of customers' credit rating, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances that are unsecured, those that are secured but without sufficient collaterals and those with default or delinquency in interest or principal payment, on individual basis. The assessment is based on a close monitor and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collaterals value and the past collection history of each individual client. Taking into account the above, the Directors of the Company believe that no allowance for impairment is necessary.

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 the corresponding carrying amount of the receivables because most of the loans and advances have a maturity of less than 12 months from the date of advance.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 HK$'000	2011 HK$'000
Unlisted securities		
– Equity securities of Hong Kong Precious Metals Exchange Limited	–	136
– Equity securities in the Chinese Gold and Silver Exchange Society		
– At the beginning of the year	**7,900**	1,300
– Less: Impairment for unlisted securities	–	(1,300)
– Add: Fair value gain from revaluation	–	7,900
– Less: Derecognition upon disposal of a subsidiary	**(7,900)**	–
	–	7,900
	–	8,036

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 Company are of the opinion that their fair values would not be measured reliably. Whereas in the 2011, 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 acquirer was then 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. The transaction was completed on 30 November 2011.

23. TRADE RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables from the business of dealing in securities:		
Clearing houses, brokers and cash clients	**57,235**	47,056
Secured margin loans	**573,397**	378,724
Trade receivables from the business of dealing in futures contracts:		
Clearing houses and brokers	**65,625**	83,987
Trade receivables from the business of corporate finance	**1,080**	1,410
	697,337	511,177

23. TRADE RECEIVABLES *(Continued)*

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.

For secured margin loans, as at 30 September 2012, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$6,962,608,000 (2011: HK$3,405,308,000). Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at year end, and considered that no impairment allowance is necessary. 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 2012, trade receivables from foreign brokers denominated in Japanese Yen and United States dollar were approximately HK$256,000 (2011: HK$140,000) and HK$43,942,000 (2011: HK$65,332,000) respectively.

As at 30 September 2012, trade receivables were due from various debtors, besides the top margin customer representing 22% (2011: 15%) of total balance, each remaining debtor represents less than 10% of the total balance of trade receivables. 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:

	2012 **HK$'000**	2011 HK$'000
Past due:		
0 – 30 days	**1,157**	11,507
31 – 60 days	**16**	69
61 – 90 days	**–**	82
Over 90 days	**152**	4,378
Trade receivables which were past due but not impaired	**1,325**	16,036
Trade receivables which were neither past due nor impaired	**696,012**	495,141
	697,337	511,177

Note: To minimise the Group's exposure to credit risk, there is a credit risk control team responsible for the evaluation of the customers' credit rating, financial background and repayment abilities. Management had set up the credit limits for each individual customer which could be changed at the discretion of the directors. Any further extension of credit beyond these approval limits had to be first approved by the financial controller and then by the executive directors on individual basis. The Group has a policy for testing for impairment trade receivables without sufficient collaterals and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aged analysis of the accounts and on management's judgment including the current creditworthiness, collaterals value and the past collection history of each client.

23. TRADE RECEIVABLES *(Continued)*

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Besides the bad debt written off of HK$765,000 (2011: Nil) as disclosed in note 13 relating to a client that has gone into bankruptcy, the Directors of the Company believe that no other provision for impairment is necessary.

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 the end of the year**
	HK$'000	HK$'000	HK$'000	HK$'000
Directors of the Company				
Ms. Daisy Yeung				
(1.10.2011 to 30.9.2012)	–	–	–	70
(1.10.2010 to 30.9.2011)	1,785	–	1,785	150
Ms. Choi Suk Hing, Louisa				
(1.10.2011 to 30.9.2012)	–	–	–	–
(1.10.2010 to 30.9.2011)	–	–	–	–
Ms. Pearl Chan				
(1.10.2011 to 30.9.2012)	–	–	–	–
(1.10.2010 to 30.9.2011)*	–	–	–	–
Ms. Chan Shek Wah				
(1.10.2011 to 30.9.2012)**	–	–	–	–
(1.10.2010 to 30.9.2011)	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.

* Director appointed during the year ended 30 September 2011.
** Director appointed during the year ended 30 September 2012.

24. BANK BALANCES AND CASH

	2012 HK$'000	2011 HK$'000
Bank balances		
– trust accounts *(Note)*	**497,428**	435,073
– general accounts and cash	**222,176**	637,327
	719,604	1,072,400

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 2012, bank balances and cash denominated in Japanese Yen, United States dollar, Renminbi and Singapore dollar, are approximately HK$916,000 (2011: HK$1,084,000), HK$83,632,000 (2011: HK$65,181,000), HK$1,196,000 (2011: HK$1,706,000) and HK$1,088,000 (2011: HK$846,000) respectively.

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

25. TRADE PAYABLES

	2012 HK$'000	2011 HK$'000
Trade payables from the business of dealing in securities:		
Clearing house	**22,715**	11,979
Margin and cash clients	**423,774**	328,492
Trade payables from the business of dealing in futures contracts:		
Margin clients	**174,863**	203,849
	621,352	544,320

The settlement terms of trade payables, except for margin loans, arising from the business of dealing in securities for cash clients 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 are repayable on demand subsequent to settlement date.

25. TRADE PAYABLES *(Continued)*

Included in trade payables, amounts of HK$497,428,000 and HK$435,073,000 as at 30 September 2012 and 2011 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 conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

As at 30 September 2012, trade payables denominated in Japanese Yen and United States dollars are approximately HK$1,145,000 (2011: HK$1,197,000) and HK$124,416,000 (2011: HK$114,800,000) respectively.

26. DISPOSAL OF A SUBSIDIARY

On 30 November 2011, the Group completed the disposal of its wholly-owned subsidiary, Emperor Gold & Silver Company Limited to a related company, details of which were set out in the Company's announcement dated 23 September 2011. Emperor Gold & Silver Company Limited, other than having a membership in The Chinese Gold & Silver Exchange Society and 136,000 shares in Hong Kong Precious Metals Exchange Limited, has no other business operations. The net assets of Emperor Gold & Silver Company Limited as at the date of disposal, being 30 November 2011, were as follows:

	HK$'000
Consideration received:	
Total cash consideration received	14,337
Analysis of assets and liabilities over which control was lost:	
Available-for-sale financial assets	8,036
Other deposits	802
Bank balances and cash	5,499
Net assets disposed of	14,337
Gain recognised on disposal of a subsidiary:	
Consideration received	14,337
Net assets disposed of	(14,337)
Reclassification adjustment for the cumulative gain on available-for-sale financial assets from other comprehensive income to profit or loss upon disposal of a subsidiary that holds available-for-sale financial assets	7,900
Gain on disposal	7,900
Net cash inflow arising on disposal:	
Cash consideration	14,337
Less: Bank balances and cash disposed of	(5,499)
	8,838

27. SHARE CAPITAL

		Number of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised:			
As at 1 October 2010, 30 September 2011 and 30 September 2012		500,000,000,000	5,000,000
Issued and fully paid:			
As at 1 October 2010		865,811,272	8,658
Issue of shares	Note	1,731,622,544	17,316
At 30 September 2011 and 30 September 2012		2,597,433,816	25,974

Note: 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.

28. SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") 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 lapsed in 2010.

28. SHARE OPTIONS *(Continued)*

A summary of the movements of the outstanding share options, which were granted to the directors of the Company under the Scheme, during the period ended 30 September 2012 and the balance at that date is as follows:

Date of grant	Exercisable period	Exercise price per share HK$ *(Note 1)*	Outstanding at 1 October 2010	Adjustment by rights issue *(Note 2)*	Outstanding at 30 September 2011 and 2012
28 January 2008	28 January 2008 – 27 January 2013	0.9879	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 Scheme and adjustment has to be made to the exercise prices and the number of shares subject to the Scheme.

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 the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

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 for the period from 1 October 2011 to 31 May 2012 and HK$1,250 for the period from 1 June 2012 to 30 September 2012, 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 2011 and 2012, no forfeited contributions arose upon employees leaving the ORSO Scheme.

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, 23 and 26 and to the consolidated financial statements.

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

		2012 HK$'000	2011 HK$'000
(i)	Corporate finance advisory services fee income from fellow subsidiaries *(notes 1 & 4)*	**2,210**	1,700
(ii)	Underwriting commission in respect of rights 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	**194**	541
	– administrative services and staff costs	**5,974**	4,039
		6,168	4,580
	Management fee to related company(ies) *(notes 4 & 9)*		
	– computer services	**360**	–
	– administrative expenses and staff costs	**581**	989
		941	989
(iv)	Operating lease rentals expenses to fellow subsidiaries *(notes 1 & 6)*	**6,645**	5,007
(v)	Commission and brokerage income from		
	– a fellow subsidiary *(notes 1 & 6)*	**52**	577
	– directors of the Company *(notes 2 & 6)*	**–**	5
(vi)	Placing and underwriting commission income from – a fellow subsidiary *(notes 1 & 6)*	**–**	3,450
(vii)	Interest income from – director of the Company *(notes 3 & 6)*	**–**	113
(viii)	Interest expenses paid to – an immediate holding company *(notes 1 & 4)*	**–**	57
(ix)	Printing, advertising and promotion expenses to fellow subsidiaries *(notes 1 & 4)*	**281**	432
(x)	Trade payables to margin and cash clients arising from business dealing in securities *(note 4)*		
	– an associate *(note 7)*	**1,174**	6,666
	– directors of the Company *(note 2)*	**211**	89
		1,385	6,755
(xi)	Rental and other deposits paid to fellow subsidiaries *(notes 1 & 8)*	**2,110**	2,198

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 discloseable continuing connected transactions (as defined under Chapter 14A of the Listing Rules) of the Company which details have been 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 "Continuing Connected Transactions" under "Directors' Interest in Contracts of Significance and Connected Transactions" of the Director's Report.

(9) The related parties are either controlled by the AY Trust or being Directors of the Company.

(b) The compensation of key management personnel was disclosed in notes 11 and 12.

(c) During the year, the Group purchased mortgage loans from Circle World Limited, Brightwing Development Limited and Emperor Financial Management Limited, all being related companies of the Company, for a cash consideration of approximately HK$21,965,000. The related companies are controlled by the AY Trust. The mortgage loans bear variable interest and have second legal charges in respect of residential properties in Hong Kong, which were grouped in loans and advances as disclosed in note 21.

(d) During the year, the Group disposed of all the ordinary shares of Emperor Gold & Silver Company Limited, a subsidiary, to Emperor Service Group Limited, being a related company of the Company, at a consideration of approximately HK$14,337,000, which was disclosed in note 26.

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:

	2012		2011	
	Rental premises HK$'000	**Hired equipment HK$'000**	Rental premises HK$'000	Hired equipment HK$'000
Within one year	**8,199**	**437**	7,589	336
In the second to fifth years inclusive	**3,490**	**1,370**	9,099	741
	11,689	**1,807**	16,688	1,077

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

32. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2012 HK$'000	2011 HK$'000
Investment in a subsidiary	**219,003**	219,003
Bank balances and cash	**1,748**	310,845
Amount due from a subsidiary	**553,268**	259,745
Subordinated loan due from a subsidiary	**280,000**	280,000
Other assets	**133**	148
Total assets	**1,054,152**	1,069,741
Total liabilities	**(1,469)**	(854)
Net assets	**1,052,683**	1,068,887
Capital and reserves		
Share capital	**25,974**	25,974
Reserves *(Note)*	**1,026,709**	1,042,913
Net assets	**1,052,683**	1,068,887

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 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 transferred 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
Profit for the year	–	–	–	3,536	–	3,536
Total comprehensive income for the year	–	–	–	3,536	–	3,536
Amount transferred from special reserve to retained profits	–	–	(19,740)	19,740	–	–
Dividend recognised as distribution	–	–	–	(19,740)	–	(19,740)
At 30 September 2012	**25,974**	**840,100**	**174,792**	**10,794**	**1,023**	**1,052,683**

Special reserve represents the difference between 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.

33. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 30 September 2011 and 2012 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
			30.9.2012 %	30.9.2011 %	
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 Capital (China) Limited (previously known as Emperor China Business Development Company Limited)	Hong Kong 25 May 2007	HK$100,000	**100**	100	Provision of promotion and marketing services in the PRC
Emperor Finance Limited (previously known as Emperor Credit Limited)	Hong Kong 2 June 1994	HK$2	**100**	100	Provision of money lending services
Emperor Futures Limited	Hong Kong 12 May 1989	HK$50,000,000	**100**	100	Provision of futures brokerage services
Emperor Gold & Silver Company Limited[Δ]	Hong Kong 3 March 1994	HK$7,000,000	**–**	100	Holding of membership in the Hong Kong Precious Metals Exchange Limited and The Chinese Gold & Silver Exchange Society
Emperor Securities Limited	Hong Kong 6 July 1990	HK$170,000,000	**100**	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

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
			30.9.2012	30.9.2011	
			%	%	
Emperor Capital Investment Holdings Limited (previously known as 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
#英皇投資諮詢（北京）有限公司**	People's Republic of China 2 March 2012	HK$1,000,000	**100**	–	Business development in PRC

* Directly held by the Company.

** Incorporated/established during the year ended 30 September 2012.

\# The subsidiary is a wholly owned foreign enterprise.

Δ Disposed of during the year ended 30 September 2012 (see note 26).

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

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

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

FINANCIAL SUMMARY

	Year ended 31 March	For the period from 1 April 2008 to 30 September	Year ended 30 September		
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULT					
Revenue	185,259	145,443	201,931	204,439	**223,801**
Profit (loss) before taxation	55,379	(9,198)	85,082	72,992	**72,601**
Taxation	(9,437)	1,167	(13,139)	(11,413)	**(9,230)**
Profit (loss) for the year	45,942	(8,031)	71,943	61,579	**63,371**

	As at 31 March	As at 30 September			
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	731,595	1,187,058	2,273,716	1,801,792	**1,903,451**
Total liabilities	(255,433)	(658,789)	(1,685,987)	(587,627)	**(653,552)**
Net assets	476,162	528,269	587,729	1,214,165	**1,249,899**