



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

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

**Driving balanced  
growth with  
sustainable strategies**

**Interim Report 2012/2013**

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## FINANCIAL HIGHLIGHTS

HK\$'000 (Unaudited)

	Six months ended 31 March			
	2013	2013	2012	Changes
	Per Reported	Excluding allowance for loan receivables <sup>1</sup>	Per Reported	
Revenue	155,847	155,847	98,691	+57.9%
– Brokerage	39,738	39,738	41,827	-5.0%
– Financing	91,056	91,056	45,532	+100.0%
– Placing & Underwriting	21,493	21,493	5,603	+283.6%
– Corporate Finance	3,560	3,560	5,729	-37.9%
Profit for the period attributable to owners of the Company	53,128	61,128	37,337	+63.7%
Net profit margin	34.1%	39.2%	37.8%	+1.4 ppts
Earnings per share (Basic & diluted)	HK2.05 cents	HK2.35 cents	HK1.44 cents	+63.2%
Dividend per share	HK0.50 cent	HK0.50 cent	HK0.38 cent	+31.6%

<sup>1</sup> Allowance for loan receivables amounting to HK\$8.0 million was not an actual expense during the Period. Please refer to note 9 for details.

## 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 financial institution 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***

During the six months ended 31 March 2013 (the “Period”), the global economy showed signs of gradual recovery due to the ease of global financial tensions, especially in Europe and the United States. In China, although economic growth turned to be mild, fears of a downward trend had been relieved. Slowly-improving economic fundamentals had driven a wave of optimism which helped to boost confidence among consumers, investors and enterprises. During the Period, the average daily turnover on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was HK\$65.03 billion, representing an increase of 6.2% when compared with the same period last year. In light of improved economic outlook, more enterprises predicted a healthy turnaround and kicked-off their secondary market financing projects during the Period to fuel their business growth and expansion. However, the IPO market remained inactive as investors are relatively cautious towards new listings.

### ***Financial Review***

During the Period, the Group delivered a remarkable growth of revenue by 57.9% to HK\$155.8 million (2012: HK\$98.7 million). Profit for the Period attributable to owners of the Company increased to HK\$53.1 million (2012: HK\$37.3 million). Excluding the allowance for loan receivables amounting to HK\$8.0 million, the Group's adjusted profit for the Period attributable to owners of the Company increased by 63.7% to HK\$61.1 million (2012: HK\$37.3 million) with net profit margin of 39.2% (2012: 37.8%). The outstanding performance was primarily contributed by the escalating demand for loan services, as well as the significant growth from placing and underwriting business. Adjusted basic earnings per share were HK2.35 cents (2012: HK1.44 cents). The Group proposed an interim dividend of HK0.5 cent per share (2012: HK0.38 cent).

### ***Business Review***

After years of effort in strengthening different business lines, the Group had successfully transformed from a traditional local brokerage house to a one-stop financial institution with wide exposure in both Hong Kong and mainland, offering a variety of financial products to meet customers' needs. During the Period, the Group devoted more resources into financing business in order to broaden its revenue base. Taking advantage of the huge potential from the loan market, the Group accelerated the expansion of money lending business and achieved satisfactory results.

### ***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 Period, revenue generated from the brokerage services segment was HK\$39.7 million (2012: HK\$41.8 million), accounting for 25.5% of the Group's total revenue.

In line with the expanded RMB product range trading on the Stock Exchange, the Group introduced the trading services for RQFII A-share ETFs during the Period. The Group also flourished its product offerings by introducing trading services for securities short selling, as well as overseas futures options products.

Currently, the Group operates 13 branches, covering key commercial and pop residential areas with convenient pedestrian access. The Group also runs four representative offices located at Beijing, Shanghai, Guangzhou and Shenzhen respectively, serving as enquiry centres for mainland investors.

The asset management arm runs a private equity fund, namely "Emperor Greater China Opportunities Fund", and provides customised discretionary investment services to its customers. During the Period, the concurrent management fee and performance fee continued to serve as stable revenue contribution.

The Group's wealth management division comprised of qualified professionals and expertise to advise on a wide array of investment services including securities, mutual funds, insurance-linked products, as well as real estate investment advisory. Targeting mainland investors who are seeking investments under the Capital Investment Entrant Scheme, the Group strengthened its marketing effort and expanded its team in mainland during the Period. Together with close connection and collaboration with immigration consultancy companies in mainland, the Group further enlarged its customer base in this niche segment.

### *Financing*

The Group's financing segment comprises interest income from margin and IPO financing as well as loans and advances. It offers client with financial flexibility to meet their personal or business needs. The loans granting to customers are ranging from short-term unsecured loans (e.g. tax loan, bridging loan, term loan, personal loan) to long-term secured loans (e.g. second mortgage loan).

During the Period, the Group had fully captured the market opportunities from soaring loan demand. Revenue from the financing segment surged significantly by 100.0% to HK\$91.1 million (2012: HK\$45.5 million), accounting for 58.4% of the Group's total revenue. The segment became the Group's largest source of revenue and surpassed the revenue from the brokerage business.

### *Placing and Underwriting*

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

Thanks to a highly experienced team of professionals, the Group successfully completed a number of fund raising transactions and the segmental revenue grew by 283.6% to HK\$21.5 million (2012: HK\$5.6 million) and accounted for 13.8% of the total revenue during the Period. The Group served as placing agents in many equity and debt placement deals and IPO-related transactions. The Group also participated in rights issue fund raising exercises.

In October 2012, the Group acted as a Joint Lead Manager in the IPO placing of Pegasus Entertainment Holdings Limited which was listed on the GEM board of the Stock Exchange.

### *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 institutional clients with advisory and financing services for corporate transactions including placing, rights issue, corporate restructuring, merger and acquisition and pre-IPO financing.

During the Period, 26 newly listed companies on the Stock Exchange raised HK\$53.56 billion, representing a decrease of 28.5% over the same period last year. Given the weakened IPO market, revenue from the Group's corporate finance segment decreased to HK\$3.6 million (2012: HK\$5.7 million), accounting for 2.3% of the total revenue.

### OUTLOOK

Price competition in brokerage services among banks and securities houses has been stepping up over the past decade. The Group has strived to stand away from price competition and distinguish itself by offering one-stop comprehensive financial services to deliver a superior customer experience. This is a winning strategy for the Group as evidenced by the growing numbers of high net-worth clients.

Following the introduction of after-hours futures trading by the Stock Exchange in April 2013, the Group will launch a mobile platform specifically for trading of futures in the second half of 2013, offering a convenient and timely way for clients to manage their future accounts. In view of the gaining popularity of stock options and index options, the Group will further extend its product range and encourage investors to enrich their knowledge on such financial products by offering informative seminars.

Hong Kong financial market is highly sensitive and susceptible to the global environment. While the investors are looking forward to stronger vital signs of recovery, threats from US and Europe financial tensions, global political backdrop and sustainability of China's economic growth have raised some concerns about the economy. Under the volatile financial environment, the Group will continue to attain balanced development among its diversified yet related business lines, including brokerage, asset management, wealth management, financing, placing and underwriting and corporate finance businesses.

In the near term, the Group will continue to explore new opportunities and accelerate the expansion of financing business which contributes a better profit margin. Riding on the Group's well-established reputation, solid base of quality customers and expertise on financial services, the Group is confident to achieve steady and sustainable growth, thereby creating long-term value to the shareholders.

### RISK MANAGEMENT

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

### *Credit risk*

The Group's Credit Committee has put in place credit management policies and procedures 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 the Group's Credit and Risk Control Department in accordance with the policies and procedures approved by the Credit Committee with toleration and exception reports reviewed by responsible officers and senior management of the Group as well as by the Credit Committee at quarterly meetings.

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

### *Market risk*

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

The management of the Group keeps close monitoring of the market condition so that immediate precautionary measures will be taken to reduce such risk that the Group may encounter. For example, the Group's Credit and Risk Control Department will monitor 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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.

### LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group mainly financed its operations by cash generated from operations, short-term bank borrowings and loan from a fellow subsidiary.

As at 31 March 2013, the Group's current assets and current liabilities were approximately HK\$2,282.8 million and HK\$1,088.5 million respectively. As at 31 March 2013, the Group had total bank borrowings of approximately HK\$160 million (30 September 2012: Nil). Due to the increase of bank borrowings and loan from a fellow subsidiary, the gearing ratio of the Group calculated on the basis of the total borrowings over total equity as at 31 March 2013 increased to 23.0% (30 September 2012: Nil). With the support of the Group's bank balances and cash amounting to HK\$198.5 million (30 September 2012: HK\$222.2 million) and banking facilities, the Group demonstrated a strong financial position and healthy cash flow. In addition, its available unutilised banking facilities were approximately HK\$480 million as at 31 March 2013.

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

### FOREIGN EXCHANGE EXPOSURE

As at 31 March 2013, the Group did not have any material foreign exchange exposure.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group has 225 (2012: 214) account executives and 130 employees (2012: 113). Total staff costs (including Directors' remuneration) were approximately HK\$28.5 million (2012: HK\$24.6 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.

### LITIGATION, CLAIMS AND CONTINGENT LIABILITY

#### *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 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. The Escrow Fund 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 Fund, the Group had not received the Escrow Fund. 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 commenced legal proceedings against the two borrowers and the partners of K&L Gates, claiming for the return of the Escrow Fund, plus interests and costs. Taking into account the specific facts and circumstances and the legal advice, the board of directors of the Company (the “Board” or the “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 four to six years. An allowance of HK\$12,000,000 and HK\$8,000,000 were made for the year ended 30 September 2012 and the six months ended 31 March 2013 respectively that reflects the difference between HK\$40,000,000 and the present value of HK\$40,000,000 at the respective dates. If the actual recoverable amount is less than expected, a material impairment loss may arise. Please refer to note 9 for details.

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.

#### *Contingent Liability*

The Group did not have any material contingent liability as at the end of the Period.

## INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK0.5 cent per share (2012: HK0.38 cent per share) for the financial year ending 30 September 2013 (“Interim Dividend”), amounting to approximately HK\$13.0 million (2012: HK\$9.9 million). The Interim Dividend will be paid on 27 June 2013 (Thursday) to shareholders whose names appear on the register of members of the Company on 14 June 2013 (Friday).

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 13 June 2013 (Thursday) to 14 June 2013 (Friday), during which period no share transfer will be effected.

In order to qualify for the Interim 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 no later than 4:30 p.m. on 11 June 2013 (Tuesday).

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 31 March	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Revenue	4	155,847	98,691
Other operating income		5,021	1,373
Staff costs		(28,538)	(24,613)
Commission expenses		(23,225)	(16,200)
Other expenses		(36,917)	(26,205)
Gain upon disposal of a subsidiary that holds available-for-sale financial assets	5	–	7,900
Finance costs		(3,936)	(33)
Share of profit (loss) of an associate		217	(226)
Profit before taxation		68,469	40,687
Taxation	6	(15,344)	(3,576)
Profit for the period		53,125	37,111
Other comprehensive income for the period <i>Items that may be reclassified subsequently to profit or loss:</i> 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)
Other comprehensive income for the period		–	(7,900)
Total comprehensive income for the period		53,125	29,211

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

	Notes	Six months ended 31 March	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Profit for the period attributable to:			
Owners of the Company		<b>53,128</b>	37,337
Non-controlling interests		<b>(3)</b>	(226)
		<b>53,125</b>	37,111
Total comprehensive income attributable to:			
Owners of the Company		<b>53,128</b>	29,437
Non-controlling interests		<b>(3)</b>	(226)
		<b>53,125</b>	29,211
Earnings per share	7		
– Basic		<b>HK2.05 cents</b>	HK1.44 cents
– Diluted		<b>HK2.05 cents</b>	HK1.44 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March 2013 (unaudited) HK\$'000	30 September 2012 (audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Interest in an associate		–	–
Property and equipment		5,707	5,694
Intangible assets		–	–
Other assets		7,766	4,563
Amount due from an associate		4,766	4,549
Loans and advances	9	80,545	49,714
		<b>98,784</b>	64,520
<b>Current assets</b>			
Trade receivables	10	982,799	697,337
Loans and advances	9	571,195	408,247
Other debtors, deposits and prepayments		15,868	13,743
Tax recoverable		1,690	–
Bank balances and cash – trust accounts		512,736	497,428
Bank balances and cash – general accounts		198,548	222,176
		<b>2,282,836</b>	1,838,931
<b>Current liabilities</b>			
Trade payables	11	744,588	621,352
Amount due to a fellow subsidiary		138,000	–
Other creditors and accrued charges		31,544	26,033
Tax liabilities		14,334	6,167
Short-term bank borrowings		160,000	–
		<b>1,088,466</b>	653,552
<b>Net current assets</b>		<b>1,194,370</b>	1,185,379
<b>Net assets</b>		<b>1,293,154</b>	1,249,899
Capital and reserves			
Share capital		25,974	25,974
Reserves		1,267,415	1,224,157
Equity attributable to owners of the Company		1,293,389	1,250,131
Non-controlling interests		(235)	(232)
<b>Total equity</b>		<b>1,293,154</b>	1,249,899

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2011 (audited)	25,974	841,266	102,529	2,004	7,900	25	233,636	1,023	1,214,357	(192)	1,214,165
Profit for the period	-	-	-	-	-	-	37,337	-	37,337	(226)	37,111
Other comprehensive income for the period	-	-	-	-	(7,900)	-	-	-	(7,900)	-	(7,900)
Total comprehensive income for the period	-	-	-	-	(7,900)	-	37,337	-	29,437	(226)	29,211
Dividend recognised as distribution	-	-	(9,870)	-	-	-	-	-	(9,870)	-	(9,870)
At 31 March 2012 (unaudited)	25,974	841,266	92,659	2,004	-	25	270,973	1,023	1,233,924	(418)	1,233,506

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital contribution reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 October 2012 (audited)	25,974	841,266	82,789	2,004	28	297,047	1,023	1,250,131	(232)	1,249,899
Profit for the period	-	-	-	-	-	53,128	-	53,128	(3)	53,125
Total comprehensive income for the period	25,974	841,266	82,789	2,004	28	350,175	1,023	1,303,259	(235)	1,303,024
Amount transferred from special reserve to retained from special reserve to retained profits	-	-	(9,870)	-	-	9,870	-	-	-	-
Dividend recognised as distribution	-	-	-	-	-	(9,870)	-	(9,870)	-	(9,870)
Effect of share options forfeited	-	-	-	-	-	1,023	(1,023)	-	-	-
At 31 March 2013 (unaudited)	25,974	841,266	72,919	2,004	28	351,198	-	1,293,389	(235)	1,293,154

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash (used in) operating activities	(320,600)	(2,890)
Net cash (used in) from investing activities	(1,158)	5,990
Net cash from (used in) financing activities	298,130	(9,870)
Net (decrease) in cash and cash equivalents	(23,628)	(6,770)
Cash and cash equivalents as at the beginning of the period	222,176	637,327
Cash and cash equivalents as at the end of the period	198,548	630,557
Analysis of the balances of cash and cash equivalents		
Bank balances and cash – general accounts	198,548	630,557

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 31 March 2013 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 September 2012.

In the current period, the Group has applied a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are mandatorily effective for current reporting period.

### ***Amendments to HKAS 1 Presentation of items of other comprehensive income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### *Amendments to HKAS 1 Presentation of items of other comprehensive income (Continued)*

The application of other amendments to HKFRSs in the current period has had no material impact on Group's financial performance and positions for the current period and prior period and/or on the disclosures set out in these consolidated financial statements.

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 <sup>1</sup>
Amendments to HKFRS 1	Government loans <sup>1</sup>
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities <sup>1</sup>
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures <sup>2</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities <sup>3</sup>
HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 10	Consolidated financial statements <sup>1</sup>
HKFRS 11	Joint arrangements <sup>1</sup>
HKFRS 12	Disclosure of interests in other entities <sup>1</sup>
HKFRS 13	Fair value measurement <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate financial statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures <sup>1</sup>
Amendments to HKAS 32	Offsetting financial assets and financial liabilities <sup>3</sup>
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014.

The Directors of the Company anticipate that the adoption of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

### 3. 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   |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. SEGMENT INFORMATION (Continued)

### Segment Revenues and Results

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

For the six months ended 31 March 2013

	Brokerage (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>REVENUE</b>						
Segment revenue						
– external customers	39,738	91,056	21,493	3,560	–	155,847
Inter-segment sales	–	4,881	–	–	(4,881)	–
	39,738	95,937	21,493	3,560	(4,881)	155,847

Inter-segment sales are charged at prevailing market rate.

### RESULTS

Segment results	10,033	72,454	15,000	1,576		99,063
Unallocated other operating income						483
Unallocated corporate expenses						
– staff costs						
(include Directors' remuneration)						(21,329)
– management fee to a related company						(157)
– management fee to a fellow subsidiary						(2,792)
– others						(7,016)
Share of profit of an associate						217
Profit before taxation						68,469

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. SEGMENT INFORMATION (Continued)

### *Segment Revenues and Results (Continued)*

For the six months ended 31 March 2012

	Brokerage (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>REVENUE</b>						
Segment revenue						
– external customers	41,827	45,532	5,603	5,729	–	98,691
Inter-segment sales	–	3,510	–	–	(3,510)	–
	41,827	49,042	5,603	5,729	(3,510)	98,691

Inter-segment sales are charged at prevailing market rate.

### **RESULTS**

Segment results	9,235	45,516	4,099	1,284		60,134
Unallocated other operating income						128
Unallocated corporate expenses						
– staff costs						
(include Directors' remuneration)						(17,775)
– management fee to a related company						(747)
– management fee to a fellow subsidiary						(2,590)
– others						(6,137)
Share of loss of an associate						(226)
Gain upon disposal of a subsidiary that holds available-for-sale financial assets						7,900
Profit before taxation						40,687

#### 4. REVENUE

	Six months ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Commission and brokerage fees on dealing in securities	20,221	18,293
Commission and brokerage fees on dealing in futures and options contracts	12,657	9,798
Commission from insurance brokerage and wealth management	5,649	8,881
Corporate finance advisory services fee income	3,560	5,729
Placing and underwriting commission	21,493	5,603
Interest income from:		
Margin and initial public offer ("IPO") financing	42,373	15,262
Loans and advances	48,683	30,270
Bank deposits	1,211	4,855
	155,847	98,691

## 5. DISPOSAL OF A SUBSIDIARY

On 30 November, 2011, the Group completed and disposed 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:

### Consideration received:

	HK\$'000 (unaudited)
Total cash consideration received	14,337

	As at 30 November 2011 (unaudited) HK\$'000
--	--

### 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

## 6. TAXATION

	Six months ended 31 March 2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Current period:		
Hong Kong Profits Tax provision for the period	15,260	3,555
PRC Enterprise Income Tax	84	21
	15,344	3,576

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

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%.

## 7. 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:

	Six months ended 31 March 2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share	53,128	37,337
	Number of shares 2013 '000	2012 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,597,434	2,597,434

## 7. EARNINGS PER SHARE (Continued)

The computation of diluted earnings per share did not assume the exercise of the Company's 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 period from 1 October 2012 to 28 January 2013 and the six months ended 31 March 2012. As at 31 March 2013, there was no diluted instrument as the share options expired on 28 January 2013.

## 8. DIVIDENDS

	Six months ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Recognised as distribution:		
Final dividend of HK\$0.38 cent per share for the year ended 30 September 2012 paid during the Period (year ended 30 September 2011: HK\$0.38 cent)	9,870	9,870

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. LOANS AND ADVANCES

	As at 31 March 2013 (unaudited) HK\$'000	30 September 2012 (audited) HK\$'000
Fixed-rate loan receivables	601,202	368,876
Variable-rate loan receivables	30,538	61,085
	<b>631,740</b>	429,961
Loan receivables from K&L Gates ( <i>Note</i> )	40,000	40,000
Less: Allowances for loan receivables from K&L Gates	(20,000)	(12,000)
	<b>20,000</b>	28,000
	<b>651,740</b>	457,961
Analysed as:		
Current	571,195	408,247
Non-current	80,545	49,714
	<b>651,740</b>	457,961

*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. 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 30 September 2012, the Group has recognized an allowance of HK\$12,000,000 for the year ended 30 September 2012 at a discount rate of 12% per annum. As from the financial year ended 30 September 2012, 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. In view of the prolonged legal procedures and the time required to enforce judgment, the Group revised its estimate of eventual receipt of full settlement from three years to six years and accordingly, the Group has recognized a further allowance of HK\$8,000,000 for the six months ended 31 March 2013. If the actual recoverable amount is less than expected, a material impairment loss may arise.

## 9. LOANS AND ADVANCES (Continued)

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

	As at 31 March 2013 (unaudited) HK\$'000	30 September 2012 (audited) HK\$'000
Fixed rate loan receivables:		
Within one year	561,711	368,456
In more than one year but no more than five years	39,283	420
Over five years	208	—
	<b>601,202</b>	<b>368,876</b>

	As at 31 March 2013 (unaudited) HK\$'000	30 September 2012 (audited) HK\$'000
Variable rate loan receivables:		
Within one year	9,484	39,791
In more than one year but no more than five years	4,321	3,934
Over five years	16,733	17,360
	<b>30,538</b>	<b>61,085</b>

## 9. LOANS AND ADVANCES (Continued)

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

	31 March 2013 (unaudited)	As at 30 September 2012 (audited)
Effective interest rate:		
Fixed-rate loan receivables	0.246% per month – 4.7% per month	0.28% per month – 4.7% per month
Variable-rate loan receivables	Prime rate – 3% per annum – Prime rate + 6% per annum	Prime rate – 3% per annum – Prime rate + 5% per annum

Included in the loans and advances as at 31 March 2013 were secured loans and advances with the aggregate amount of HK\$203,722,000 (30 September 2012: HK\$188,322,000). 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.

The balance of the loans and advances amounting to HK\$428,018,000 (30 September 2012: HK\$241,639,000) 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\$158,149,000 (30 September 2012: HK\$166,469,000), 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.

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 consider that no allowance for impairment is necessary.

## 9. LOANS AND ADVANCES (Continued)

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.

## 10. TRADE RECEIVABLES

The aged analysis of the trade receivables are as follows:

	As at 31 March 2013 (unaudited) HK\$'000	30 September 2012 (audited) HK\$'000
Past due:		
0–30 days	1,022	1,157
31–60 days	43	16
61–90 days	2	–
Over 90 days	173	152
Trade receivables which were past due but not impaired	1,240	1,325
Trade receivables which were neither past due nor impaired	981,559	696,012
	982,799	697,337

No aged analysis for loans to margin clients is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of business of share margin financing.

As at 31 March 2013 and 30 September 2012, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$8,693,320,000 and HK\$6,962,608,000 respectively.

The Group has policy for impairment on trade receivables for those without sufficient collaterals or with default or delinquency in interest or principal payment, which is based on the closely monitor of evaluation of collectability and aged analysis of accounts and on management's judgment including the current creditworthiness, collaterals value and the past collection history of each client. Accordingly, the Directors of the Company consider that no allowance for impairment is necessary.

## 11. TRADE PAYABLES

	As at	
	31 March 2013 (unaudited) HK\$'000	30 September 2012 (audited) HK\$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	294,635	174,863
Trade payables from the business of dealing in securities:		
Clearing house	13,115	22,715
Margin and cash clients	436,838	423,774
	744,588	621,352

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.

Included in trade payables, amounts of HK\$512,736,000 and HK\$497,428,000 as at 31 March 2013 and 30 September 2012 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 31 March 2013, trade payables denominated in Japanese Yen and United States dollars are approximately HK\$658,000 (30 September 2012: HK\$1,145,000) and HK\$221,899,000 (30 September 2012: HK\$124,416,000) respectively.

## 12. RELATED PARTY TRANSACTIONS

- (a) During the Period, the Group had the following significant transactions with the related parties:

		Six months ended 31 March	
		2013	2012
		(unaudited)	(unaudited)
		HK\$'000	HK\$'000
(i)	Corporate finance advisory services fee from fellow subsidiaries	1,160	760
(ii) (a)	Management fee to a fellow subsidiary		
	– computer services	341	223
	– administrative services and staff costs	2,451	2,367
		2,792	2,590
(ii) (b)	Management fee to related companies		
	– administrative services and staff costs	740	953
(iii)	Operating lease rentals expenses to fellow subsidiaries	3,186	3,337
(iv)	Printing, advertising and promotion expenses to fellow subsidiaries	179	144
(v)	Commission and brokerage income from		
	– fellow subsidiaries	49	–
	– Directors of the Company	1	–
		11	–
(vi)	Interest expenses paid to a fellow subsidiary	2,087	–
(vii)	Trade payables to margin and cash clients arising from business dealing in securities		
	– an associate of the Group	805	5,856
	– Directors of the Company	215	222
		1,020	6,078
(viii)	Rental and other deposits paid to fellow subsidiaries	2,214	2,110

## 12. RELATED PARTY TRANSACTIONS (Continued)

- (b) The key management personnel of the Company are the Directors of the Company. The remuneration paid to them during the Period are as follows:

	<b>Six months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Fees	<b>570</b>	405
Salaries and other emoluments	<b>8,134</b>	6,953
	<b>8,704</b>	7,358

*Notes:*

Related companies and fellow subsidiaries are companies controlled by a deemed substantial shareholder or certain Directors of the Company.

## 13. 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:

	<b>As at</b>			
	<b>31 March 2013</b>		<b>30 September 2012</b>	
	<b>Rental</b>	<b>Hired</b>	<b>Rental</b>	<b>Hired</b>
	<b>premises</b>	<b>equipment</b>	<b>premises</b>	<b>equipment</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>8,008</b>	<b>431</b>	8,199	437
In the second to fifth years inclusive	<b>1,577</b>	<b>1,163</b>	3,490	1,370
	<b>9,585</b>	<b>1,594</b>	11,689	1,807

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

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

As at 31 March 2013, 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 and 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 ("Model Code") of the Listing Rules were as follows:

### *(i) Long Position in Ordinary Shares of HK\$0.01 Each ("Shares") of the Company*

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	Approximate percentage holding
Ms. Daisy Yeung	Beneficiary of The Albert Yeung Discretionary Trust ("AY Trust")	1,694,406,907	65.23%

*Note:* The above shares were held by Emperor Capital Group Holdings Limited ("Emperor Capital Holdings"), a wholly-owned subsidiary of Albert Yeung Holdings Limited ("AY Holdings"). AY Holdings was held by STC International Limited ("STC International") being the trustee of the AY Trust, a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

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

### (ii) Long Positions in Ordinary Shares of the Associated Corporations

Name of Director	Name of associated corporations	Capacity/ Nature of interests	Number of shares held	Approximate percentage holding
Ms. Daisy Yeung	Emperor International Holdings Limited ("Emperor International")	Beneficiary of AY Trust	2,747,610,489 (Note 1)	74.93%
Ms. Daisy Yeung	Emperor Entertainment Hotel Limited ("Emperor EH")	Beneficiary of AY Trust	808,907,845 (Note 1)	62.58%
Ms. Daisy Yeung	Emperor Watch & Jewellery Limited ("Emperor W&J")	Beneficiary of AY Trust	3,617,860,000 (Note 2)	52.57%
Ms. Daisy Yeung	New Media Group Holdings Limited ("New Media Group")	Beneficiary of AY Trust	503,000,000 (Note 3)	58.22%

#### Notes:

1. Emperor International is a company with its shares listed in Hong Kong: 2,747,610,489 shares in Emperor International were held by Emperor International Group Holdings Limited ("Emperor International Group Holdings"). Emperor EH is company with its shares listed in Hong Kong: 808,907,845 shares in Emperor EH were held by Emperor Entertainment Hotel Holdings Limited, being an indirect wholly owned subsidiary of Emperor International. The entire issued share capital of Emperor International Group Holdings was held 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: 3,617,860,000 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 held 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: 503,000,000 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 held 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 31 March 2013, none of the Directors nor 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).

## SHARE OPTIONS

The Company adopted a share option scheme (“Share Option Scheme”) at the annual general meeting held on 20 September 2007 to provide incentive or rewards to participants including the Directors and eligible employees of the Group.

Under the Share Option Scheme, the Directors are authorized, at any time within ten years after 27 September 2007, the date where the Share Option Scheme become effective, 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 prices of the Company’s shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

Details of movements in the number of share options are set out below:

Name of grantee	Date of grant	Exercisable period	Exercise price	No. of share options outstanding as at 1 October 2012	No. of share options outstanding as at 31 March 2013
Ms. Daisy Yeung	28 January 2008	28 January 2008 – 27 January 2013	HK\$0.9879 (adjusted)	3,644,100 (adjusted)	0 (Note)

*Note:* 3,644,100 options were lapsed on 28 January 2013 upon the expiry of the exercisable period.

During the Period, no option was granted, exercised or cancelled under the Share Option Scheme.

## OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 31 March 2013, so far as is known to any Director or chief executives of the Company, the following persons or corporations (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 Positions in the Shares of the Company*

Name of shareholders	Capacity/ Nature of interests	Number of issued Shares interested in or deemed to be interested	Approximate percentage holding
AY Holdings ( <i>Note</i> )	Interest in a controlled corporation	1,694,406,907	65.23%
STC International ( <i>Note</i> )	Trustee	1,694,406,907	65.23%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") ( <i>Note</i> )	Founder of AY Trust	1,694,406,907	65.23%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") ( <i>Note</i> )	Interest of spouse	1,694,406,907	65.23%
Mr. Li Kwok Po, David	Beneficial Owner	129,876,000	5.00%

*Note:* Such shares were held by Emperor Capital Holdings which was owned by AY Holdings. AY Holdings is held by STC International, the trustee of the AY Trust. Dr. Albert Yeung, as the founder of the 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 31 March 2013, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 31 March 2013, the Directors were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CORPORATE GOVERNANCE CODE

During the Period, the Board had complied with all code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules, except with the deviation from code provision A.2.1 which requires the roles of chairman and chief executive officer be separate and not be performed by the same individual. Currently, the Board has appointed Ms. Daisy Yeung as the Managing Director of the Company, who also assumes the responsibility to lead the Board and ensure the Board works effectively. The Board is of the opinion that the current structure functions effectively and does not intend to make any change thereof.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the requirements of Rule 13.51B(1) of the Listing Rules, the changes in Directors' information since the date of the 2011/2012 Annual Report are set out below:

#### *(a) Directors' Emoluments*

The Remuneration Committee had reviewed and revised the remuneration of the Executive Directors with effect from 1 January 2013 based on the performance, experience, ability and responsibility of the individuals and with reference to the market rates. The total emoluments of the Executive Directors of the Company, namely Ms. Daisy Yeung, Mr. Chan Shek Wah, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan for the Period were HK\$1,908,400, HK\$3,423,000, HK\$1,691,700 and HK\$1,410,600 respectively. These amounts comprise basic salary and director's fee accrued during the Period as well as performance related incentive payment (related to previous year's performance), retirement benefit scheme contributions and housing allowance paid during the Period.

### ***(b) Directorship held in other public company the securities of which are listed on the Stock Exchange***

<b>Directorship held in other listed Company</b>	<b>Cessation Date</b>
Mr. Chan Shek Wah ■ CST Mining Group Limited (Stock Code: 985) – Independent Non-executive Director	1 January 2013

### **REVIEW OF INTERIM REPORT**

The condensed consolidated financial statements as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report had been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company, namely Mr. Kwok Chi Sun, Vincent, Mr. Cheng Wing Keung, Raymond and Mr. Chu Kar Wing.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

By order of the Board  
**Emperor Capital Group Limited**  
**Daisy Yeung**  
*Managing Director*

Hong Kong, 28 May 2013

As at the date of this report, the Board comprises:

#### *Executive Directors:*

Ms. Daisy Yeung  
Mr. Chan Shek Wah  
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

This Interim Report (in both English and Chinese versions) is available to any shareholder in printed form and on the Company's website (<http://www.emperorcapiatal.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Interim Report. Upon written request, a free printed version of Corporate Communication will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to any Corporate Communication 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 at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong or by email at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com).