



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

(Incorporated in Bermuda with limited liability)

Stock Code: 717

INTERIM REPORT

Progressing Steadily
in Clear Direction

2009-2010

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Emperor Capital Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") provides a wide range of financial services covering broking, financing, placing and underwriting and corporate finance advisory services. Since the second half of year 2009, the world economy has gradually recovered from the financial tsunami that swept across the world. The Group has been able to leverage on the global growth trend and achieve a significant rebound in its financial performance.

During the six months ended 31 March 2010 (the "Period"), the Group has significantly improved its financial results. It reported revenue of approximately HK\$117.1 million (2009: HK\$29.4 million) and a profit of approximately HK\$48.6 million (2009: loss of HK\$2.8 million). Earnings per share has also surged to HK5.61 cents (2009: loss per share of HK0.39 cent).

As at the date of this report, doubts still exist in the Western world. Sovereign debt crisis in Europe remains an uncertainty despite the rescue package offered by the European Union. Unemployment rate in the US refuses to fall. Echoing in the Middle East, Dubai debt crisis shockingly unfolded and abruptly halted. China seems to be one of the lucky few free from major financial concerns. It recorded a GDP rise of 8.7% in 2009 and is expecting a further 9% in 2010.

The robust growth of China is bringing direct benefits to Hong Kong. It is best reflected in the renewed enthusiasm of Chinese companies seeking for Initial Public Offerings ("IPO") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the Period, there were 53 newly listed companies, the majority of which are H-share, red-chip or privately-owned companies from China as consistent with the market trend. It represented nearly a three-fold surge as compared to that of the corresponding period one year ago.

BUSINESS REVIEW

Broking

The Group provides broking services for securities, futures and options traded on the exchanges in Hong Kong, the US, Japan and the United Kingdom as well as insurance and other wealth management products. During the Period, improved investor confidence boosted the volume of trading activities. The segment recorded revenue of approximately HK\$42.7 million (2009: HK\$20.8 million), accounting for 36.4% of total revenue. The two-fold increase has outrun the increase in Hang Seng Index during the Period, which rose mildly from 20,955 points on 1 October 2009 to 21,239 points on 31 March 2010. Average daily turnover of the local stock market has increased to HK\$65.1 billion during the Period as compared to HK\$47.8 billion recorded in the corresponding period one year ago. Such encouraging returns are attributable to the outstanding performance of the Group's frontline team, which has achieved great progress in fostering customer loyalty. The wealth management section, currently still in investment stage, is determined to cope with growing customer demand, facilitate customers to seize investment opportunities and enhance the quality and diversification of their assets.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW (CONTINUED)

Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances. During the Period, more positive market sentiment provided more incentives for fund raising and corporate exercises. 53 companies have been listed, raising a total of HK\$214.5 billion new capital, nearly tripling the listing of 18 companies in the last corresponding period with HK\$5.2 billion raised. The Group has benefited from the favourable market condition, especially the mass attention to IPOs which fueled our interest income stream from margin and IPO financing, as well as loan and advances.

During the Period, the segment recorded revenue of approximately HK\$19.5 million (2009: HK\$6.6 million), accounting for 16.7% of the Group's total revenue.

Placing and Underwriting

The Group offers placing and underwriting services, and acts as placing agents and underwriters for many Hong Kong listed companies. During the Period, likewise due to improved sentiment towards IPOs, fund raising and corporate exercises, the Group has secured a significant improvement in this segment. The Group took part in a number of IPO projects, participating in the underwriting syndicates and bringing in cornerstone investors for Evergrande Real Estate Group Limited, Fantasia Holdings Group Co., Limited, Kaisa Group Holdings Ltd. and Z-Obee Holdings Limited.

This segment delivered a strong performance for the Period and became a core contributor to the Group's revenue. During the Period, income from the segment amounted approximately to HK\$52.0 million (2009: HK\$0.4 million), accounting for 44.4% of our 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 IPOs in addition to general corporate finance advisory services. Other than IPO-related services, the Group offers secondary market financing services such as placing, rights issues and advisory services on various corporate transactions including merger and acquisition. During the Period, it has been appointed as financial adviser for a number of corporate transactions and secured an IPO sponsor mandate for a company seeking listing on the GEM Board of the Stock Exchange. During the Period, the segment recorded revenue of approximately HK\$2.9 million (2009: HK\$1.6 million), which accounted for 2.5% of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK

Although the global economy has been on the upward trend over the past several months, the recent financial market turbulence in the Euro-zone economies has led to increasing focus on governance and controls. The huge deficit of the Greek government has suggested that strong corporate governance and control are the first line of defense against various financial risks in the stock markets.

The Group will remain cautious towards any possible menaces on the way to economic recovery. It would be overly optimistic to expect a full resurgence of economic strength in China and the US. These two economically leading countries are undergoing fiscal and monetary adjustments that may have a bearing on worldwide investment direction and confidence. While staying alert to the worldwide economic development in the year ahead, the Group is optimistic that the low interest rate environment will continue to shore up the economy and sustain the resilience in the stock market of Hong Kong.

While many of the financial institutions in Hong Kong are well aware of the natural advantages of doing business in the mainland, the management foresees even increasing commercial opportunities from the PRC. As such, the Group will continue to expand its resources in its China business development as Hong Kong is still one of the most ideal places for international investors to benefit from China's dynamic economic development.

Looking forward, the Group will continue to diversify its already established revenue mix through strengthening existing businesses and sourcing new income streams. The Group will also strive to explore both the domestic and international markets and expand its institutional and retail clientele by leveraging on its goodwill, networking and utilizing its competitive edges. The Group will also continue to pursue excellence, which includes the enhancement of its online trading platform to particularly optimize mainland investors' convenience, reiteration of its corporate finance and underwriting businesses and the reinforcement of the Capital Investment Entrant Scheme related commercial opportunities.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

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

Market risk

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

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

Liquidity risk

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

There is no change in the capital structure of the Group for the Period.

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

As at 31 March 2010, the Group's current assets and current liabilities were approximately HK\$1,018.5 million and HK\$462.8 million respectively. The Group had no bank borrowings and zero gearing ratio was resulted (calculated based on the basis of total bank and other borrowings over total equity). Its available unutilized banking facilities were approximately HK\$130 million.

As at 31 March 2010, the Group has operating lease commitment of approximately HK\$5.2 million.

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

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2010, the Group did not have any material foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2010, the Group has 253 (2009: 141) account executives and 82 employees (2009: 71). Total staff costs (including directors' remuneration) were approximately HK\$22.2 million (2009: HK\$12.2 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

CONTINGENT LIABILITY

As at 31 March 2010, the Group did not have any significant contingent liability.

INTERIM DIVIDEND

The board of directors of the Company (the "Board" or the "Directors") is pleased to declare an interim dividend of HK\$0.01 per share (2009: Nil) for the financial year ending 30 September 2010 ("Interim Dividend"), amounting to approximately HK\$8.7 million. The Interim Dividend will be paid on or around 28 June 2010 to shareholders whose names appear on the register of members of the Company on 11 June 2010.

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 14 June 2010 (Monday) to 15 June 2010 (Tuesday) (both days inclusive), 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 Share Registrar in Hong Kong, 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 2010 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 31 March	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Revenue	4	117,107	29,368
Other operating income		1,226	2,529
Staff costs		(22,223)	(12,190)
Commission expenses		(16,558)	(5,039)
Other expenses		(20,488)	(17,906)
Finance costs		(1,438)	(27)
Share of loss of an associate		(528)	(165)
Profit (loss) before taxation		57,098	(3,430)
Taxation	5	(8,500)	611
Profit and total comprehensive income (loss and total comprehensive expenses) for the period attributable to owners of the Company		48,598	(2,819)
Earnings (loss) per share			
— Basic	6	HK5.61 cents	(HK0.39 cent)
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Notes	31 March 2010 (unaudited) HK\$'000	30 September 2009 (audited) HK\$'000
Non-current assets			
Interests in an associate		79	609
Property and equipment		5,611	6,680
Other assets		4,237	4,334
Amount due from an associate		5,987	5,987
Available-for-sale financial assets		136	136
Deferred tax asset		752	752
		16,802	18,498
Current assets			
Trade receivables	8	536,740	664,460
Loans and advances	9	20,037	55,235
Other debtors, deposits and prepayments		11,000	4,163
Tax recoverable		134	134
Bank balances and cash — trust accounts		321,210	234,229
Bank balances and cash — general accounts		129,428	210,339
		1,018,549	1,168,560
Current liabilities			
Trade payables	10	437,780	292,876
Other creditors and accrued charges		16,537	13,313
Tax liabilities		8,500	—
Short-term bank borrowings		—	352,600
		462,817	658,789
Net current assets			
		555,732	509,771
Total assets less current liabilities			
		572,534	528,269
Capital and reserves			
Share capital		8,658	8,658
Reserves		563,876	519,611
Total capital and reserves			
		572,534	528,269

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Special reserve (unaudited) HK\$'000	Capital contribution reserve (unaudited) HK\$'000	Translation reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 October 2008	7,215	221,296	124,174	2,004	–	95,696	2,045	452,430
Loss and total comprehensive expenses for the period	–	–	–	–	–	(2,819)	–	(2,819)
At 31 March 2009	7,215	221,296	124,174	2,004	–	92,877	2,045	449,611
At 1 October 2009	8,658	279,987	124,174	2,004	4	111,397	2,045	528,269
Dividend recognised as distribution	–	–	–	–	–	(4,329)	–	(4,329)
Exchange differences arising on translation and recognised directly in equity	–	–	–	–	(4)	–	–	(4)
Profit and total comprehensive income for the period	–	–	–	–	–	49,598	–	49,598
At 31 March 2010	8,658	279,987	124,174	2,004	–	155,666	2,045	572,534

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 March	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Net cash from operating activities	276,475	58,614
Net cash used in investing activities	(453)	(890)
Net cash used in financing activities	(356,929)	—
Net (decrease) increase in cash and cash equivalents	(80,907)	57,724
Effect of foreign exchange rate change	(4)	—
Cash and cash equivalents at the beginning of the period	210,339	253,447
Cash and cash equivalents at the end of the period	129,428	311,171
Analysis of balances of cash and cash equivalents		
Bank balances — general accounts and cash	129,428	311,171

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 (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements for the 18-month period ended 30 September 2009.

2. PRINCIPAL ACCOUNTING POLICIES

In the Period, the Group had adopted certain new Hong Kong Financial Reporting Standards ("HKFRS"), amendments and interpretations (collectively the "New HKFRSs"), issued by HKICPA that are effective for accounting periods beginning on or after 1 October 2009.

The adoption of the New HKFRSs has had no material effect on how the results and financial position for the current or prior periods are prepared and presented.

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of Group's consolidated financial statements for the 18-month period ended 30 September 2009.

HKAS 1 (Revised) – Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

HKFRS 8 – Operating Segments

HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Group has not early applied the HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of those HKFRSs will have no material impact on the financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SEGMENT INFORMATION

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

According to HKFRS 8, the Group has the following segments:

- | | | |
|------------------------------|---|--|
| (a) Broking | — | 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 |

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

For the six months ended 31 March 2010

	Broking (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
REVENUE						
Revenue	42,703	19,538	51,979	2,887	—	117,107
Inter-segment sales	—	2,041	—	—	(2,041)	—
	42,703	21,579	51,979	2,887	(2,041)	117,107

Inter-segment sales are charged at prevailing market rate.

RESULTS					
Segment results	13,709	18,106	47,731	409	79,955
Unallocated other operating income					76
Unallocated corporate expenses					(22,405)
Share of loss of an associate					(528)
Profit before taxation					57,098
Taxation					(8,500)
Profit for the period					48,598

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 March 2009

	Broking (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
REVENUE					
Revenue	20,830	6,555	374	1,609	29,368

No inter-segment sales during the period.

RESULTS

Segment results	8,383	6,534	362	(1,302)	13,977
Unallocated other operating income					2,103
Unallocated corporate expenses					(19,345)
Share of loss of an associate					(165)
Loss before taxation					(3,430)
Taxation					611
Loss for the period					(2,819)

4. REVENUE

	Six months ended 31 March	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Commission and brokerage fees on dealing in securities	33,343	15,928
Commission and brokerage fees on dealing in futures and options contracts	6,578	3,825
Commission from insurance brokerage and wealth management	2,371	576
Corporate finance advisory services fee income	2,887	1,609
Placing and underwriting commission	51,979	374
Interest income from:		
Margin and initial public offer financing	14,732	5,222
Loans and advances	4,806	1,333
Bank deposits	409	488
Others	2	13
	117,107	29,368

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. TAXATION

	Six months ended 31 March	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Current period:		
Hong Kong Profits Tax		
— provision for the period	8,500	—
— overprovision for prior period	—	(611)
	8,500	(611)

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

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share for the six months ended 31 March 2010 is based on the profit for the Period attributable to owners of the Company of approximately HK\$48,598,000 (2009: loss of HK\$2,819,000) and on the weighted average number of 865,811,272 (2009: 721,511,272) ordinary shares in issue during the Period.

No diluted earnings (loss) per share was presented because the exercise price of the Company's share options was higher than the average market price of the Company's shares during both periods.

7. DIVIDENDS

A dividend of HK\$0.005 per share with an aggregate amount of approximately HK\$4,329,000 (2009: Nil) was paid to the shareholders of the Company during the Period as the final dividend for the 18 months ended 30 September 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. TRADE RECEIVABLES

The aged analysis of the trade receivables are as follows:

	As at	
	31 March 2010 (unaudited) HK\$'000	30 September 2009 (audited) HK\$'000
0-30 days	5,525	3,065
31-60 days	14	1,166
61-90 days	26	1
Over 90 days	1,240	35
Trade receivables which were past due but not impaired	6,805	4,267
Trade receivables which were neither past due nor impaired	525,574	655,832
Gross impaired trade receivables	4,361	42,412
Less: Impairment allowance on trade receivables	—	(38,051)
	536,740	664,460

Notes:

- (a) 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 shares margin financing.
- (b) As at 31 March 2010 and 30 September 2009, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$4,961,625,000 and HK\$1,769,907,000 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. LOANS AND ADVANCES

	As at	
	31 March 2010 (unaudited) HK\$'000	30 September 2009 (audited) HK\$'000
Unsecured short-term fixed-rate loan receivables	20,037	55,235

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

	As at	
	31 March 2010 (unaudited)	30 September 2009 (audited)
Effective interest rate:		
Fixed-rate loan receivables	2.5% per month	2% per month

The fair values of the Group's loans and advances at each balance sheet date, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at each of the balance sheet date approximate to the corresponding carrying amount of the receivables.

10. TRADE PAYABLES

	As at	
	31 March 2010 (unaudited) HK\$'000	30 September 2009 (audited) HK\$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	59,244	51,482
Trade payables from the business of dealing in securities:		
Margin and cash clients	378,536	241,394
	437,780	292,876

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 these businesses.

Included in trade payables amounts of HK\$321,210,000 and HK\$234,229,000 at 31 March 2010 and 30 September 2009 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. RELATED PARTY TRANSACTIONS

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

	For the six months ended 31 March	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
(i) Advisory income from related companies	925	792
(ii) Management fee to related companies		
— computer services	850	974
— administrative services and staff costs	1,866	1,965
	2,716	2,939
(iii) Operating lease rentals expenses to related companies	2,085	1,605
(iv) Commission and brokerage income from Directors and their associates	1,814	418
(v) Placing and underwriting commission income from related companies	3,955	—
(vi) Interest income from Directors and their associates	336	203
(vii) Printing, advertising and promotion expenses to related companies	168	366

Note: Certain Directors, key management personnel and a substantial shareholder of the Company have significant influence or are deemed to have significant influence in the above related companies.

12. OPERATING LEASE COMMITMENTS

As at 31 March 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at			
	31 March 2010		30 September 2009	
	Rental premises (unaudited) HK\$'000	Hired equipment (unaudited) HK\$'000	Rental premises (unaudited) HK\$'000	Hired equipment (unaudited) HK\$'000
Within one year	4,715	135	5,246	148
In the second to fifth years inclusive	332	4	2,083	65
	5,047	139	7,329	213

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

As at 31 March 2010, the interests and short positions of the Directors and chief executives and their respective associates in the shares, underlying shares and debentures of the Company or 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 ("Model Code") of the Listing Rules of the issued share capital of the Company were as follows:

(i) LONG POSITIONS IN ORDINARY SHARES OF HK\$0.01 EACH OF THE COMPANY

Name of Director	Capacity/ Nature of interest	Number of shares	Approximate percentage of the issued share capital of the Company
Ms. Daisy Yeung	Beneficiary of a trust	414,728,302 ^(Note)	47.90%

Note: These shares were held by Win Move Group Limited ("Win Move"). The entire issued share capital of Win Move was held by Million Way Holdings Limited ("Million Way"), which was in turn wholly-owned by STC International Limited ("STC International") being the trustee 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	Nature of interest	Number of underlying shares	Approximate percentage of the issued capital share of the Company
Ms. Daisy Yeung	Beneficial owner	3,000,000 ^(Note)	0.35%
Mr. Chan Pak Lam, Tom	Beneficial owner	3,000,000 ^(Note)	0.35%

Note: These are share options granted to the Directors pursuant to the share option scheme of the Company.

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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	Exercise period	Exercise price of the share option	No. of share options outstanding as at 1 October 2009	No. of share options outstanding as at 31 March 2010
Ms. Daisy Yeung	28 January 2008	28 January 2008- 27 January 2013	HK\$1.2	3,000,000	3,000,000
Mr. Chan Pak Lam, Tom	28 January 2008	28 January 2008- 27 January 2013	HK\$1.2	3,000,000	3,000,000

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company were as follows:

LONG POSITION IN ORDINARY SHARES OF HK\$0.01 EACH OF THE COMPANY

Name of shareholder	Capacity/ Nature of interest	Number of shares interested or deemed to be interested	Approximate percentage of the issued share capital
Win Move (<i>Note</i>)	Beneficial owner	414,728,302	47.90%
Million Way (<i>Note</i>)	Interested in a controlled corporation	414,728,302	47.90%
STC International (<i>Note</i>)	Trustee	414,728,302	47.90%
Dr. Yeung Sau Shing, Albert ("Dr. Yeung") (<i>Note</i>)	Founder of a trust	414,728,302	47.90%
Ms. Luk Siu Man, Semon ("Ms. Luk") (<i>Note</i>)	Family	414,728,302	47.90%

Note: The above shares were held by Win Move. Win Move was wholly-owned by Million Way which in turn was wholly-owned by STC International, being the trustee of the AY Trust, a discretionary trust set up by Dr. Yeung. Dr. Yeung, as founder of the AY Trust, was deemed to be interested in the 414,728,302 shares. By virtue of being the spouse of Dr. Yeung, Ms. Luk was also deemed to be interested in the said shares.

Save as disclosed above, as at 31 March 2010, 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, any 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.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

During the Period, the Board has adopted various policies to ensure compliance with all provisions of the Code on Corporate Governance Practices 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 the rules governing dealings by the Directors in the listed securities of the Company. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

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. Fung Chi Kin, Mr. Kwok Chi Sun, Vincent and Mr. Cheng Wing Keung, Raymond.

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, 27 May 2010

As at the date of this report, the Board of the Company comprised:

Executive Directors:

Ms. Daisy Yeung (*Managing Director*)

Mr. Chan Pak Lam, Tom

Ms. Choi Suk Hing, Louisa

Independent Non-executive Directors:

Mr. Fung Chi Kin

Mr. Kwok Chi Sun, Vincent

Mr. Cheng Wing Keung, Raymond