



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

2008/2009



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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 including brokerage services for securities and futures and options traded on the exchanges in Hong Kong, Japan and the US. It also provides margin and initial public offering (IPO) financing as well as loans and advances to clients in Hong Kong. Its services further extended to corporate finance advisory and wealth management services.

The Group reported revenue of approximately HK\$52.7 million (2007: HK\$80.9 million) and a loss of approximately HK\$23.7 million (2007: profit of HK\$20.8 million) for the six months ended 30 September 2008 (the "Period"). The Group recorded a loss per share of 3.29 HK cents, compared to earnings per share of 3.71 HK cents in the previous period. Such loss was primarily attributable to the adverse investment condition globally and in Hong Kong, which resulted in a decrease in turnover and the increase in impairment on trade receivables of the Group. Excluding such increased impairment, the Group recorded operating profit of approximately HK\$13.6 million for the Period.

The financial market in general had been affected by the drastic downturn since October 2007, triggered by deepened concerns over the US economy after the housing meltdown and sub-prime crisis. The Group's performance slowed down with the worsening economy, which was further fuelled by factors such as global credit crunch, inflationary fears and worries over a looming recession in US economy. Asian markets were particularly weak in the second half of 2008 with investors becoming more prudent and pessimistic, while mainland China experienced a major correction from previous overvaluation and weak market sentiment amid a tightened monetary policy. These all resulted in global sell-off and shrinkage in overall trading volume as investors were uncertain about the market directions.

During the Period, the Group had launched a three-storey financial service centre in Mongkok, Kowloon, in conjunction with the privately run Emperor Financial Group, in line with its commitment to offer full-range financial services to customers. The centre offers customers a wide range access of financial services and products including brokerage, wealth management, forex and bullion trading.





MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Brokerage

The Group provides brokerage services for securities, options, futures, insurance and other wealth management products. For the Period, the segment recorded revenue of approximately HK\$28.4 million (2007: HK\$60.0 million). The segment remained core contributor to the Group's revenue, accounting for 53.8% of total revenue.

The drop of revenue was mainly due to the worsening investment climate with significant correction in the stock markets, following the US credit market turmoil. During the Period, Hang Seng Index (HSI) fell by half from the highest daily close of over 31,000 points. Average daily turnover of HSI dropped from HK\$81.0 billion to HK\$69.4 billion.

To extend its reach to customers, the Group had extended its service on online trading platform to trading Hong Kong futures and contracts on London Metal Exchange and was well received by clients. The Group saw a growing popularity of its online trading system, which offers customers greater access to the stock market and investment opportunities.

The Group had recently launched its wealth management services, allowing its clients to diversify their portfolio to other investment products including funds and insurance-related products. The wealth management section, currently in investment stage, is determined to cope with growing customer demand and facilitate clients to seize investment opportunities and enhance the quality and diversification of client assets.

Loans and Financing

The segment comprises interest income from margin and IPO financing as well as loans and advances. During the Period, only 28 companies were newly listed, raising a total of HK\$108 billion new capital, compared with 39 and HK\$280 billion a year ago. A number of companies had cancelled their IPOs during the subscription period or postponed their planned listings. The weak market sentiment discouraged financing activities.

Income from the segment amounted to approximately HK\$13.2 million (2007: HK\$18.8 million), as demand for financing and margin activities correlated to trading activities which had been subdued throughout the Period. The segment contributed 25.1% to the total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Due to the global adverse investment condition, the Group saw an increase in provision for bad and doubtful debt in relation to the account receivables from the Group's margin financing business. The Group has taken measures and will continue to improve its credit control.

Placing and Underwriting

The Group offers placing and underwriting services. During the Period, the segment contributed revenue of approximately HK\$9.0 million (2007: HK\$2.1 million), representing 17.1% of total revenue. The team acted as agent of placing exercises and underwriters of fund-raising exercises. It will actively seek mandates for fundraising opportunities from local and mainland enterprises.

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. Its services cover IPO-related services as well as secondary market financing services such as placing, rights issues and provision of corporate finance advisory services including merger and acquisition.

During the Period, the segment contributed revenue of approximately HK\$2.1 million (2007: Nil) and accounted for 4.0% of the Group's total revenue. Despite the slackened IPO activities in Hong Kong, the team had successfully sponsored a client to launch its IPO in July 2008 with overwhelming response of subscription.





MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook

The Group remained cautious about its business outlook. Financial markets had been dampened in recent months on fears of a global slowdown and inflationary pressure. Volatility in financial markets across the world is expected to persist, while the global investment sentiment is likely to remain negative.

Mainland China had recently announced that it would relax credit conditions, cut taxes and embark on a massive infrastructure spending program in a wide-ranging effort to offset adverse global economic conditions by boosting domestic demand with a stimulus package estimated at four trillion yuan to be spent over the next two years on finance programmes. Investment value had emerged for investors but the outlook of the stock market in short to medium term remains challenging.

The Group would manage its cost structure and conduct its business prudently. The Group had experienced numerous challenges over the past decade and the management believe that it is a key to survival. It will continue to review and improve its credit control. The Group would look into cost-cutting measures in order to enhance its profitability.

The management believes mainland China, in the long term, would be a major investment focus. The Group developed a team of China-focused executives to explore business opportunities across different products and services in a move to tap into the lucrative mainland China market. The Group hopes to extend its reach to retail and corporate clients of mainland China in the offering of brokerage, financing, corporate finance and other services while enhancing its corporate image.

Looking forward, the Group targets to diversify its revenue mix through strengthening existing business and sourcing new income stream. 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 utilising its competitive edges.

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 shareholders' equity, cash generated from operations, and short-term bank borrowings.

As at 30 September 2008, the Group's current assets and current liabilities were approximately HK\$605.2 million (as at 31 March 2008: HK\$722.5 million) and HK\$165.3 million (as at 31 March 2008: HK\$255.1 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\$80 million.

With the Group's sufficient bank balances and cash of approximately HK\$253.4 million (as at 31 March 2008: HK\$250.2 million) as well as its existing banking facilities, the Directors consider the Group has sufficient working capital for its operations and the future development of the Group.

Significant Investments

During the Period, the Group disposed of all unlisted investment funds and a loss on such disposal of approximately HK\$10,000 was recorded. As at 30 September 2008, the Group did not have any significant investments.

Capital Expenditures

During the Period, the Group incurred capital expenditures of approximately HK\$4.9 million, which was financed by the Group's internal resources. As at 30 September 2008, the Group has operating lease commitment of approximately HK\$3.8 million .

Foreign Exchange Exposure

As at 30 September 2008, the Group did not have any material foreign exchange exposure.





MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Contingent Liability

As at 30 September 2008, the Group did not have any significant contingent liability.

Employees and Remuneration Policy

As at 30 September 2008, the Group has 114 (2007: 62) account executives and 85 employees (2007: 70). Total staff costs (including directors' remuneration) were approximately HK\$14.0 million (2007: HK\$9.1 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

Use of IPO Proceeds from Listing

The net proceeds from the Company's IPO amounted to approximately HK\$110.7 million. These net proceeds were all applied during the period from the listing date up to the date of this report and such application is consistent with the proposed usage of the net proceeds set forth in the prospectus dated 11 April 2007 issued by the Company.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the financial year ending 31 March 2009.

The board of directors (the "Board" or the "Directors") of the Company announces the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 September 2008 together with comparative figures for the corresponding period in 2007 as set out below:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 September	
		2008	2007
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	3	52,731	80,891
Other operating income		865	1,783
Staff costs		(13,954)	(9,097)
Commission expenses		(8,045)	(23,741)
Other expenses		(16,344)	(12,501)
Depreciation and amortisation		(972)	(654)
Finance costs		(433)	(12,190)
Impairment on trade receivables	6(c)	(37,350)	-
Share of loss of an associate		(230)	-
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(Loss) profit before taxation		(23,732)	24,491
Taxation	4	-	(3,708)
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(Loss) profit for the period		(23,732)	20,783
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(Loss) earnings per share – basic	5	(HK3.29 cents)	HK3.71 cents
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CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 September 2008 (unaudited) HK\$'000	31 March 2008 (audited) HK\$'000
	Notes		
Non-current assets			
Investment in an associate		-	-
Property and equipment		7,582	3,413
Intangible assets		159	317
Other assets		4,172	4,229
Amount due from an associate		771	1,001
Available-for-sale financial assets		136	136
		12,820	9,096
Current assets			
Trade receivables	6	197,965	290,812
Loans and advances		27,613	-
Other debtors, deposits and prepayments		5,007	5,479
Investments held for trading		-	2,163
Tax recoverable		376	376
Bank balances and cash – trust		120,810	173,445
Bank balances and cash – general		253,447	250,224
		605,218	722,499
Current liabilities			
Trade payables	7	148,951	233,844
Other creditors and accrued charges		12,460	17,392
Tax liabilities		3,909	3,909
		165,320	255,145
Net current assets		439,898	467,354
Total assets less current liabilities		452,718	476,450
Capital and reserves			
Share capital		7,215	7,215
Reserves		445,215	468,947
Total capital and reserves		452,430	476,162
Non-current liability			
Deferred taxation		288	288
		452,718	476,450

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Special reserve (Note 1)	Capital contribution reserve (Note 2)	Retained profits	Share option reserve unaudited	Total
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
At 1 April 2007	127,000	-	-	2,004	297,701	-	426,705
Arising from group reorganisation	(127,000)	-	127,000	-	-	-	-
Issue of shares for acquisition of a subsidiary pursuant to group reorganisation	2,826	-	(2,826)	-	-	-	-
Issue of shares by way of preferential and public offers	3,187	117,895	-	-	-	-	121,082
Listing Expenses	-	(10,405)	-	-	-	-	(10,405)
Profit for the period	-	-	-	-	20,783	-	20,783
Dividends paid by subsidiaries	-	-	-	-	(217,000)	-	(217,000)
At 30 September 2007	6,013	107,490	124,174	2,004	101,484	-	341,165
At 1 April 2008	7,215	221,296	124,174	2,004	119,428	2,045	476,162
Loss for the period	-	-	-	-	(23,732)	-	(23,732)
At 30 September 2008	7,215	221,296	124,174	2,004	95,696	2,045	452,430

Notes:

1. Special reserve represents the difference between the nominal value of the ordinary shares of the subsidiaries of the Company in issue and the nominal value of the shares issued by the Company for acquisition of a subsidiary pursuant to group reorganisation on 2 April 2007.
2. Capital contribution reserve represents the contribution from a related company of the Company for waiver of certain amount of management fee in previous years.





CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September 2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Net cash from (used in) operating activities	8,205	(2,080,160)
Net cash (used in) from investing activities	(4,982)	272,462
Net cash from financing activities	-	1,876,276
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Net increase in cash and cash equivalents	3,223	68,578
Cash and cash equivalents at the beginning of the period	250,224	70,028
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Cash and cash equivalents at the end of the period	253,447	138,606
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

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

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

The following new interpretations have been issued and effective for the Group's financial year beginning 1 April 2008. The adoption of these interpretations had no material effect on the result or financial position of the Group for the current and prior accounting periods.

HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The following new standards, amendments to standards and interpretations have been issued by HKICPA but are not effective for the financial year beginning 1 April 2008 and have not been early adopted. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the result or financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK (IFRIC) – INT 13	Customer Loyalty Programmes
HK (IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK (IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Business and geographical segments

Business segments

The Group is principally engaged in four main operating divisions, namely, broking, financing, placing and underwriting, and corporate finance. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Broking	-	Provision of securities, options, futures, insurance and other wealth management products broking services
Financing	-	Provision of margin financing and money lending services
Placing and underwriting	-	Provision of placing and underwriting services
Corporate finance	-	Provision of corporate finance advisory

All of the activities of the Group are based in Hong Kong and all of the Group's revenue is derived from Hong Kong. Accordingly, no analysis by geographical segments is presented.

For the six months ended 30 September 2008

	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	28,363	13,226	9,036	2,106	-	52,731
Inter-segment sales	-	186	-	-	(186)	-
	28,363	13,412	9,036	2,106	(186)	52,731

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	14,392	(24,524)	8,339	2,078	-	285
Unallocated other operating income						11
Unallocated corporate expenses						(23,798)
Share of loss of an associate						(230)
Loss before taxation						(23,732)
Taxation						-
Loss for the period						(23,732)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Business and geographical segments (continued)

Business segments (continued)

For the six months ended 30 September 2007

	Broking (unaudited) HK\$'000	Financing (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE				
Revenue	60,013	18,768	2,110	80,891

No inter-segment sales during the period.

RESULTS

Segment results	31,363	6,860	279	38,502
Unallocated other operating income				1,377
Unallocated corporate expenses				(15,388)
Profit before taxation				24,491
Taxation				(3,708)
Profit for the period				20,783





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Revenue

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Commission and brokerage fees on dealing in securities and equity options	21,383	48,701
Commission and brokerage fees on dealing in futures and options contracts	4,777	6,874
Commission from insurance brokerage and wealth management	684	-
Corporate finance advisory services fee income	2,106	-
Placing and underwriting commission	9,036	2,110
Interest income from:		
Margin and initial public offer financing	12,511	18,750
Loans and advances	715	18
Bank deposits	1,508	4,362
Others	11	76
	52,731	80,891

4. Taxation

No Hong Kong Profits Tax is provided as the Group had no assessable profits arising in Hong Kong for the Period (2007: 17.5%).

5. (Loss) earnings per share

The calculation of basic loss per share for the six months ended 30 September 2008 is based on the loss for the Period attributable to equity holders of the Company of approximately HK\$23,732,000 (2007: profit of HK\$20,783,000) and on the weighted average number of 721,511,272 ordinary shares (2007: 559,506,133) in issue during the Period.

No diluted (loss) earnings 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade receivables

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

	As at	
	30 September 2008 (unaudited) HK\$'000	31 March 2008 (audited) HK\$'000
0 – 30 days	729	1,052
31 – 60 days	74	174
61 – 90 days	18	270
Over 90 days	26	17
	847	1,513
Trade receivables which were neither past nor impaired	194,107	266,883
Gross impaired trade receivables	41,011	23,066
Less: Impairment on trade receivables (Note c)	(38,000)	(650)
	197,965	290,812

Notes:

- (a) No aged analysis for loans to margin clients is disclosed as in the opinion of the Directors of the Company, the aged analysis does not give additional value in view of the nature of business of shares margin financing.
- (b) As at 30 September 2008 and 31 March 2008, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$571,190,000 and HK\$657,811,000 respectively.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Trade receivables (continued)

(c) The movement in the impairment on trade receivables:

	30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Balance at the beginning of the period	650	117
Impairment recognised	37,350	533
	<hr/> 38,000 <hr/>	<hr/> 650 <hr/>
Balance at the end of the period	38,000	650

The above impairment represents individually impaired trade receivables of HK\$38,000,000 (as at 31 March 2008: HK\$650,000) with an aggregate gross balance of HK\$41,011,000 (as at 31 March 2008: HK\$23,066,000) due to margin clients' default or delinquency in interest or principal payments.

7. Trade payables

	30 September 2008 (unaudited) HK\$'000	As at 31 March 2008 (audited) HK\$'000
Trade payables from the business of dealing in futures contracts:		
Margin clients	21,915	35,089
Trade payables from the business of dealing in securities:		
Clearing house, brokers, margin and cash clients	127,036	187,755
Trade payables from the business of corporate finance	-	11,000
	<hr/> 148,951 <hr/>	<hr/> 233,844 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Trade payables (continued)

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.

Included in trade payables amounts of HK\$120,810,000 and HK\$173,445,000 at 30 September 2008 and 31 March 2008 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.

8. Related party transactions

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

	Six months ended 30 September	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
(i) Management fee expenses to related companies		
- computer services	400	122
- administrative services and staff cost	320	627
(ii) Operating lease rentals expenses to related companies	1,958	900
(iii) Printing expenses paid to a related company	48	-
(iv) Advertising and promotion expenses paid to related companies	43	-
(v) Advisory income from related companies	1,263	-
(vi) Commission and brokerage income from directors and their associates	616	2,004
(vii) Client interest income from directors and their associates	450	344
(viii) Interest expenses to a controlling shareholder of the Company	-	235





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Related party transactions (continued)

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.

9. Operating lease commitments

As at 30 September 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at			
	30 September 2008		31 March 2008	
	Rental premises <i>(unaudited)</i> HK\$'000	Hired equipment <i>(unaudited)</i> HK\$'000	Rental premises <i>(audited)</i> HK\$'000	Hired equipment <i>(audited)</i> HK\$'000
Within one year	1,486	150	1,967	153
In the second to fifth years inclusive	2,391	360	230	434
	3,877	510	2,197	587

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

As at 30 September 2008, 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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
Ms. Daisy Yeung (<i>Note</i>)	Beneficiary of a trust	325,322,302	45.09%

Note: 325,322,302 shares, representing 45.09% of the share capital of the Company, were held by Charron Holdings Limited ("Charron"), the entire issued share capital of Charron was indirectly held by The A&A Unit Trust. The A&A Unit Trust is a unit trust under The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.





(ii) Long positions in underlying shares of the Company

Name of director	Capacity/ Nature of interest	Number of underlying shares	Approximate percentage of the issued share capital
Ms. Daisy Yeung (<i>Note</i>)	Beneficial owner	3,000,000	0.42%
Mr. Chan Pak Lam, Tom (<i>Note</i>)	Beneficial owner	3,000,000	0.42%

Note: These are share options granted to the directors on 28 January 2008 pursuant to the share option scheme adopted by the Company and became effective on 27 September 2007 and are exercisable from 28 January 2008 to 27 January 2013 at a price of HK\$1.20 per share. There is no vesting period for the options granted.

Save as disclosed above, as at 30 September 2008, 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 of the Company 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 April 2008	No. of share options outstanding as at 30 September 2008
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 30 September 2008, 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
Charron	Beneficial owner	325,322,302	45.09%
Jumbo Wealth (PTC) Limited ("Jumbo Wealth")	Trustee	325,322,302	45.09%
GZ Trust Corporation ("GZ Trust")	Trustee	325,322,302	45.09%
Dr. Yeung Sau Shing, Albert ("Dr. Yeung")	Founder of a trust	325,322,302	45.09%
Ms. Luk Siu Man, Semon ("Ms. Luk")	Family	325,322,302	45.09%

Note: The shares were held by Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust, the trustee of which was GZ Trust. GZ Trust was deemed to be interested in the 325,322,302 shares held by Charron as trustee of the AY Trust. Dr. Yeung, as founder of the AY Trust, was deemed to be interested in the 325,322,302 shares. By virtue of the aforesaid interests of Dr. Yeung, Ms. Luk (spouse of Dr. Yeung) was also deemed to be interested in the said shares.





Save as disclosed above, as at 30 September 2008, the Directors are not aware of any other person (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, an interest or short positions in the shares, or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

During the Period, the Group has complied with all provisions of the Code on Corporate Governance Practice 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 for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code.

REVIEW OF INTERIM REPORT

The unaudited interim financial statements as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but the report had been reviewed by the audit committee of the Company which comprises the three Independent Non-executive Directors of the Company.

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 November 2008

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

