



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

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

Seizing **Opportunities**
Greating **Growth**



Interim Report 2010-11

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FINANCIAL HIGHLIGHTS

HK\$'000

	31 March 2011 (the "Period") (unaudited)	For the 6 months ended			
		31 March 2010 ("1H2010") (unaudited)	Changes (%)	30 September 2010 ("2H2010") (unaudited)	Changes (%)
Revenue	104,123	117,107	-11.1%	84,824	+22.8%
– Brokerage	49,892	42,292	+18.0%	43,338	+15.1%
– Financing	38,214	19,949	+91.6%	27,381	+39.6%
– Placing and underwriting	11,737	51,979	-77.4%	10,316	+13.8%
– Corporate Finance	4,280	2,887	+48.3%	3,789	+13.0%
Profit for the period attributable to owners of the Company	33,634	48,598	-30.8%	23,508	+43.1%
Basic EPS (HK cents)	3.88	5.61	-30.8%	2.71	+43.2%

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The global economic and financial environment was exceptionally complex for the six months ended 31 March 2011. With the introduction of a series of “*Quantitative Easing*” measures implemented by the US Federal Reserve since November 2010, the global stock indices generally reacted positively. The emerging markets have been outperformed more rapidly than developed markets. Major developed economies have emerged from recession, but the pace of recovery has been slow with alarming concerns on public finance and high unemployment rate. Emerging market economies were also facing the challenges of capital inflow and the increasing pressure of inflation. As a result, major financial markets have been volatile.

Despite of the above, China’s economy maintained a fair growth. Since the last quarter of 2010, the Central Government implemented a series of measures against matters including the real estate market bubbles and inflation. These measures successfully steered the Chinese economy towards the direction anticipated under macro-economic controls and secured a healthy general growth momentum.

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

The uncertainty over the massive earthquake and possible radiation that hit Japan since mid-March 2011 affected the global economy. Amid its impact on the global stock markets was short-lived, Japan’s disaster through its potentially negative effects on the global supply chains warrant close monitoring. North-eastern Japan, which was severely struck by the earthquake, is a major base for auto production and many of Japan’s auto manufacturers have shut down after the earthquake. On the positive side, some of the direct investments and funds in Japan have been relocated to other Asian countries. Due to the substantial influx of hot money to Greater China, Hong Kong will have more market opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review

During the Period, Emperor Capital Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) reported revenue and profit attributable to owners of the Company of approximately HK\$104.1 million and HK\$33.6 million respectively, representing a decrease of 11.1% and 30.8% respectively when comparing to first half of the last financial year. On the other hand, it recorded a growth of 22.8% and 43.1% respectively when comparing to second half of the last financial year. Basic earnings per share were HK cents 3.88. The Group proposed an interim dividend of HK cent 1 per share.

Business Review

During the Period, the Group continued to implement strategic development plans and better allocation of resources. Dedicated to the Group’s continuous efforts on business development and comprehensive services, the Group was ranked as the Top 5 “2010 Best Overall Local Brokerage” in Asia Money Magazine.

Brokerage

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

During the Period, revenue generated from the brokerage services segment amounted to HK\$49.9 million (1H2010: HK\$42.3 million; 2H2010: HK\$43.3 million), accounting for 47.9% of the revenue of the Group. Riding on the strong customer royalty and extensive branch network, the Group’s frontline teams is able to drive a recordable revenue growth of 18.0%, comparing the same period last year.

With respect to operation developments, the Group implemented various measures such as expanding the retail brokerage teams and improving its service, resulting in a notable surge in trading amount of institutional and retail investors. Meanwhile, the Group continued its efforts on expanding a division of wealth management to grasp the market opportunities on growing customers’ demand for diversifying its assets under management.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Loans and Financing

Major source of revenue in this segment comes from interest income from margin and IPO financing as well as loans and advances.

During the Period, market sentiment provided incentives for fund raising and corporate exercise. Driven by the market demand, revenue from this segment was up by 91.6% to HK\$38.2 million (1H2010: HK\$19.9 million; 2H2010: HK\$27.4 million), comparing the same period last year.

Placing and Underwriting

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

During the Period, this segment recorded revenue of HK\$11.7 million (1H2010: HK\$52.0 million; 2H2010: HK\$10.3 million), accounting for 11.3% of the Group's total revenue. The Group participated in several engagements during the Period while the number of non-IPO engagements increased. Riding on the solid client base and professional team, the Group secured more encore clients to do the secondary market financing services.

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 in addition to general corporate finance advisory services. Apart from IPO-related services, the Group offers secondary market financing services such as placing, rights issues and advisory services on various corporate transactions including merger and acquisition.

During the Period, this segment recorded revenue of HK\$4.3 million (1H2010: HK\$2.9 million; 2H2010: HK\$3.8 million) which accounted for 4.1% of the Group's total revenue.

During the Period, it has been appointed financial adviser for a number of corporate transactions and secured several IPO sponsor mandates for companies seeking to be listed on both the Main Board and the GEM Board of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OUTLOOK

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

With the commencement of new business in asset management, the Group will allocate more resources to provide better products and services to cater the various investment needs of customers. More importantly, the first Emperor Fund is planning to be launched in the third quarter of 2011 to focus on the equities in the Greater China.

The Group has improved its current securities online trading platform for capturing the untapped market and creating value-added services to the existing customers. The mobile trading platforms through iPhone, iPad and Android were launched in April 2011.

Looking forward, the Group will continue to provide a comprehensive one-stop investment platform, adopt the scientific outlook on development and push forward the implementation of its strategic development plan amid a complex and volatile economic environment. The Group will also strive to explore both the domestic and international markets and expand its institutional and retail clientele, and therefore further consolidating its market share, utilising competitive edges and procuring steady growth in business volume.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

RISK MANAGEMENT (Continued)

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 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.

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 2011, the Group's current assets and current liabilities were approximately HK\$1,113.3 million and HK\$519.1 million respectively. The Group had no bank borrowings and zero gearing ratio was recorded (calculated based on the basis of total bank and other borrowings over total equity). With the support of the Group's bank balances and cash amounting to HK\$134.0 million (2010: HK\$110.4 million), the Group demonstrated a strong financial position and healthy cash flow. In addition, its available unutilized banking facilities were approximately HK\$270 million.

With the Group's sufficient bank balances and cash as well as its existing banking facilities, the board of directors of the Company (the "Board" or the "Directors") consider the Group has sufficient working capital for its operation and the future development of the Group.

As at 31 March 2011, the Group has operating lease commitment of approximately HK\$17.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2011, the Group did not have any material foreign exchange exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group has 216 (2010: 253) account executives and 87 employees (2010: 82). Total staff costs (including Directors' remuneration) were approximately HK\$19.8 million (2010: HK\$22.2 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 2011, the Group did not have any significant contingent liability.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.01 per share (2010: HK\$0.01 per share) for the financial year ending 30 September 2011 ("Interim Dividend"), amounting to approximately HK\$8.7 million. The Interim Dividend will be paid on 20 June 2011 (Monday) to shareholders whose names appear on the register of members of the Company on 8 June 2011 (Wednesday).

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 7 June 2011 (Tuesday) to 8 June 2011 (Wednesday) 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 3 June 2011 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 31 March	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Revenue	4	104,123	117,107
Other operating income		1,346	1,226
Staff costs		(19,812)	(22,223)
Commission expenses		(21,966)	(16,558)
Other expenses		(24,417)	(20,488)
Finance costs		(995)	(1,438)
Share of loss of an associate		(160)	(528)
Profit before taxation		38,119	57,098
Taxation	5	(4,897)	(8,500)
Profit for the period		33,222	48,598
Other comprehensive income for the period			
Exchange differences arising on translation		24	–
Total comprehensive income for the period		33,246	48,598
Profit (loss) for the period attributable to:			
Owners of the Company		33,634	48,598
Non-controlling interests		(412)	–
		33,222	48,598
Total comprehensive income (expense) attributable to:			
Owners of the Company		33,658	48,598
Non-controlling interests		(412)	–
		33,246	48,598
Earnings per share	6		
– Basic		HK3.88 cents	HK5.61 cents
– Diluted		HK3.88 cents	HK5.61 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2011 (unaudited) HK\$'000	30 September 2010 (audited) HK\$'000
Notes			
Non-current assets			
		4,965	5,933
		4,507	8,064
		4,194	4,354
		136	136
		13,802	18,487
Current assets			
	8	550,078	1,710,467
	9	114,000	30,000
		4,758	6,197
		310,449	398,125
		134,012	110,440
		1,113,297	2,255,229
Current liabilities			
	10	487,496	538,937
		14,433	18,661
		17,201	12,319
		–	1,116,070
		519,130	1,685,987
Net current assets		594,167	569,242
Net assets		607,969	587,729
Capital and reserves			
		8,658	8,658
		599,396	578,744
Equity attributable to			
		608,054	587,402
		(85)	327
Total equity		607,969	587,729

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	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	Non-controlling interests (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 October 2009	8,658	279,987	124,174	2,004	4	111,397	2,045	528,269	-	528,269
Dividend recognised as distribution	-	-	-	-	-	(4,329)	-	(4,329)	-	(4,329)
Exchange differences arising on translation	-	-	-	-	(4)	-	-	(4)	-	(4)
Profit for the period	-	-	-	-	-	48,598	-	48,598	-	48,598
At 31 March 2010	8,658	279,987	124,174	2,004	-	155,666	2,045	572,534	-	572,534
At 1 October 2010	8,658	279,987	124,174	2,004	18	171,538	1,023	587,402	327	587,729
Dividend recognised as distribution	-	-	(12,988)	-	-	-	-	(12,988)	-	(12,988)
Exchange differences arising on translation	-	-	-	-	6	-	-	6	-	6
Profit for the period	-	-	-	-	-	33,634	-	33,634	(412)	33,222
At 31 March 2011	8,658	279,987	111,186	2,004	24	205,172	1,023	608,054	(85)	607,969

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2011	2010
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	1,152,931	276,475
Net cash (used in) investing activities	(278)	(453)
Net cash (used in) financing activities	(1,129,057)	(356,929)
Net increase (decrease) in cash and cash equivalents	23,596	(80,907)
Effect of foreign exchange rate change	(24)	(4)
Cash and cash equivalents as at the beginning of the Period	110,440	210,339
Cash and cash equivalents as at the end of the Period	134,012	129,428
Analysis of the balances of cash and cash equivalents		
Bank balances and cash — general accounts	134,012	129,428

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 (the "Listing Rules") 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 under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2010.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2010 in relation to the amendments to HKFRS 3 (as revised in 2008), HKAS 27 and HKAS 28, HKAS 31 and HKAS 21
HKAS 32 (Amendment)	Classification of Right Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK-Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ⁴
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁵
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³

¹ Effective for annual periods beginning on or after 1 January 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 July 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker, for the purposes of resource allocation and performance assessment are as follows:

- (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

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

For the six months ended 31 March 2011

	Brokerage (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						
Segment revenue						
– external customers	49,892	38,214	11,737	4,280	-	104,123
Inter-segment sales	-	2,128	-	-	(2,128)	-
	49,892	40,342	11,737	4,280	(2,128)	104,123

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	13,324	37,219	6,326	820		57,689
Unallocated other operating income						150
Unallocated corporate expenses						
– Administrative staff costs (include Directors' remuneration)						(12,450)
– Management fee to a related company						(2,361)
– Others						(4,749)
Share of loss of an associate						(160)
Profit before taxation						38,119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 March 2010

	Brokerage (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						
Segment revenue						
– external customers	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						
– Administrative staff costs (include Directors' remuneration)						(14,920)
– Management fee to a related company						(2,221)
– Others						(5,264)
Share of loss of an associate						(528)
Profit before taxation						57,098

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4. REVENUE

	Six months ended 31 March	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Commission and brokerage fees on dealing in securities	31,338	33,343
Commission and brokerage fees on dealing in futures and options contracts	11,230	6,578
Commission from insurance brokerage and wealth management	7,324	2,371
Corporate finance advisory services fee income	4,280	2,887
Placing and underwriting commission	11,737	51,979
Interest income from:		
Margin and initial public offer financing	20,710	14,732
Loans and advances	16,816	4,806
Bank deposits	688	409
Others	–	2
	104,123	117,107

5. TAXATION

	Six months ended 31 March	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Current period:		
Hong Kong Profits Tax		
– provision for the period	4,897	8,500
	4,897	8,500

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 31 March 2011 is based on the profit for the Period attributable to owners of the Company of approximately HK\$33,634,000 (2010: HK\$48,598,000) and on the weighted average number of 865,811,272 ordinary shares (2010: 865,811,272) in issue during the six months ended 31 March 2011.

The computation of diluted earnings per share does not take into consideration the Company's outstanding share options because the exercise price of the Company's share options was higher than the average market price of the Company's shares during both periods.

7. DIVIDENDS

A dividend of HK\$0.015 per share with an aggregate amount of approximately HK\$12,987,000 (2010: HK\$4,329,000) was paid to the shareholders of the Company during the Period as the final dividend for the year ended 30 September 2010.

8. TRADE RECEIVABLES

The aged analysis of the trade receivables are as follows:

	As at	
	31 March 2011 (unaudited) HK\$'000	30 September 2010 (audited) HK\$'000
Past due:		
0–30 days	8,151	6,404
31–60 days	2,103	72
61–90 days	21	50
Over 90 days	190	63
Trade receivables which were past due but not impaired	10,465	6,589
Trade receivables which were neither past due nor impaired	539,613	1,703,878
	550,078	1,710,467

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 share margin financing.
- (b) As at 31 March 2011 and 30 September 2010, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$4,900,555,000 and HK\$4,645,505,000 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

9. LOANS AND ADVANCES

	As at	
	31 March	30 September
	2011	2010
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Unsecured short-term fixed-rate loan receivables	114,000	30,000

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

	As at	
	31 March	30 September
	2011	2010
	(unaudited)	(audited)
Effective interest rate:		
Fixed-rate loan receivables	1% to 4.4% per month	4.7% per month

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

10. TRADE PAYABLES

	As at	
	31 March	30 September
	2011	2010
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade payables from the business of dealing in futures contracts: Margin clients	130,251	132,976
Trade payables from the business of dealing in securities: Margin and cash clients	334,420	405,961
Broker	22,825	–
	487,496	538,937

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\$310,449,000 and HK\$398,125,000 at 31 March 2011 and 30 September 2010 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

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:

	Six months ended 31 March	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
(i) Advisory income from related companies	800	925
(ii) Management fee to related companies		
– computer services	296	850
– administrative services and staff costs	2,552	1,866
	2,848	2,716
(iii) Operating lease rentals expenses to related companies	2,169	2,085
(iv) Commission and brokerage income from Directors	1	1,814
(v) Placing and underwriting commission income from related companies	–	3,955
(vi) Interest income from Directors	85	336
(vii) Interest expenses paid to a related company	57	–
(viii) Printing, advertising and promotion expenses to related companies	363	168

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. 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:

	31 March 2011		As at 30 September 2010	
	Rental premises (unaudited) HK\$'000	Hired equipment (unaudited) HK\$'000	Rental premises (audited) HK\$'000	Hired equipment (audited) HK\$'000
Within one year	6,552	3	3,278	65
In the second to fifth years inclusive	10,570	2	847	3
	17,122	5	4,125	68

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 2011, the interests and short positions of the Directors and chief executive 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 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 of the issued share capital of the Company, were as follows:

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

Name of Director	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
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"), a wholly-owned subsidiary of Million Way Holdings Limited ("Million Way"). Million Way was held by STC International Limited ("STC International") acting as the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), the founder of which was Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Ms. Daisy Yeung was deemed to be interested in the above shares held by Win Move by virtue of being one of the eligible beneficiaries of the AY Trust.

(ii) LONG POSITION INTERESTS IN UNDERLYING SHARES OF THE COMPANY

Name of Director	Capacity/ Nature of interests	Number of underlying shares held	Approximate percentage of the issued capital share
Ms. Daisy Yeung	Beneficial owner	3,000,000 ^(Note)	0.35%

Note: These are share options granted to the Director pursuant to the share option scheme of the Company. There is no vesting period for the options granted.

Save as disclosed above, as at 31 March 2011, none of the Directors or chief executive 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 2010	No. of share options outstanding as at 31 March 2011
Ms. Daisy Yeung	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.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2011, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, an interest or short 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 were as follows:

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

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Win Move	Beneficial owner	414,728,302	47.90%
Million Way	Interested in a controlled corporation	414,728,302	47.90%
STC International	Trustee	414,728,302	47.90%
Dr. Albert Yeung	Founder of a trust	414,728,302	47.90%
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Family	414,728,302	47.90%

Note: The entire issued share capital of Win Move was held by Million Way which was in turn wholly-owned by STC International. STC International and Dr. Albert Yeung were the trustee and settlor of the AY Trust respectively. By virtue of the SFO, each of STC International and Dr. Albert Yeung was deemed to be interested in the 414,728,302 shares held by Win Move. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested 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.

Save as disclosed above, as at 31 March 2011, the Directors or chief executive were not aware of any persons who had interests or short positions in the shares or underlying shares of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would require to be disclosed by the Company pursuant to Part XV of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 its own code of conduct regarding Directors' securities transaction. 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. 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, 19 May 2011

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

Executive Directors:

Ms. Daisy Yeung (*Managing Director*)

Ms. Choi Suk Hing, Louisa

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 either in printed form or on the Company's website (<http://www.emperorcapi.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Report. Upon written request, a free printed version of this Report will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to this Report through the Company's website. Shareholders may have the right to change their choice of receipt of all future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's share registrar in Hong Kong, Tricor Secretaries Limited, by post at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by email at is_enquiries@hk.tricorglobal.com.