



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

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



PUT FORWARD
TO ANOTHER
STAGE

ANNUAL REPORT 2014/2015

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CORPORATE INFORMATION

DIRECTORS

Daisy Yeung (*Managing Director*)

Chan Shek Wah

Choi Suk Hing, Louisa

Pearl Chan

Chu Kar Wing*

Poon Yan Wai*

Wan Choi Ha*

* *Independent Non-executive Directors*

COMPANY SECRETARY

Choi Suk Hing, Louisa

AUDIT COMMITTEE

Poon Yan Wai (*Chairman*)

Chu Kar Wing

Wan Choi Ha

REMUNERATION COMMITTEE

Chu Kar Wing (*Chairman*)

Daisy Yeung

Poon Yan Wai

NOMINATION COMMITTEE

Wan Choi Ha (*Chairperson*)

Daisy Yeung

Chu Kar Wing

CORPORATE GOVERNANCE COMMITTEE

Choi Suk Hing, Louisa (*Chairperson*)

Poon Yan Wai

Wan Choi Ha

A representative from company secretarial function

A representative from finance and accounts function

AUDITOR

Deloitte Touche Tohmatsu

INVESTOR RELATIONS CONTACT

Luk Man Ching, Anna

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WEBSITE

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STOCK CODE

Hong Kong Stock Exchange: 717

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Codan Services Limited

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Bermuda

REGISTRAR (in Hong Kong)

Tricor Secretaries Limited

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183 Queen's Road East

Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

The Bank of East Asia, Limited

Industrial and Commercial Bank of China (Asia) Limited

OCBC Wing Hang Bank Limited

Hang Seng Bank Limited

KEY DATES

Annual Results Announcement	9 December 2015
Book close dates	
– for 2016 AGM	27 and 28 January 2016
– for Final Dividend	4 and 5 February 2016
Record dates	
– for 2016 AGM	28 January 2016
– for Final Dividend	5 February 2016
2016 Annual General Meeting	28 January 2016
Payment of Final Dividend	26 February 2016 (HK1.60 cents per share)

CORPORATE COMMUNICATIONS

This Annual Report (in both English and Chinese versions) is available to any shareholder either in printed form and on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company. In order to protect the environment, the Company highly recommends the shareholders to elect to receive electronic copy of this Annual Report. Upon written request, a free printed version of Corporate Communication will be sent to the shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to any Corporate Communication through the Company's website. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

FINANCIAL HIGHLIGHTS

HK\$'000	For the year ended 30 September		Changes
	2015	2014	
Total revenue	835,077	546,408	+52.8%
Financing	465,762	311,105	+49.7%
Brokerage	151,499	91,616	+65.4%
Placing & underwriting	180,006	127,910	+40.7%
Corporate finance	37,810	15,777	+139.7%
Profit for the year attributable to owners of the Company	430,251	220,795	+94.9%
Net profit margin	51.5%	40.4%	+11.1pp
Earnings per share	(restated)		
Basic	HK10.21 cents	HK6.21 cents	+64.4%
Diluted	HK10.04 cents	HK5.99 cents	+67.6%

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1993, the Group is a renowned Hong Kong based financial institution providing a wide range of financial services including (i) commercial and personal lending as well as margin and initial public offering (“IPO”) financing; (ii) brokerage, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services.

MARKET REVIEW

During the year ended 30 September 2015 (the “Year”), the financial markets in Hong Kong exhibited a high degree of volatility. In the first half of the Year, investor sentiment was spurred on the announcements of financial reforms suggested by China regulators. However, the Hong Kong stock market has undergone a massive correction since June 2015, amid a global sell-off sparked by the uncertainty arising from the Greek debt crisis and fears that China’s economic growth is softening. During the Year, the average daily turnover on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was HK\$108.0 billion (2014: HK\$64.0 billion), representing a growth of 68.7% compared with the previous year.

Despite continued volatility in the local stock market, Hong Kong is set to remain as one of the world’s top IPO destinations. According to an analysis by National Public Offering Group of Deloitte China, Hong Kong is expected to rank first globally in terms of funds raised in the first three quarters of 2015. Largely contributed by various mega-sized deals, the total funds raised in Hong Kong increased by 7.1% to HK\$257.5 billion (2014: HK\$240.4 billion) during the Year.

In comparison with banks, licensed money lenders offer loan services with greater flexibility in terms of proof requirements, loan sizes and types of collaterals, hence providing potential borrowers with an ideal alternative for obtaining financing without complicated application procedures. As part of the efforts to safeguard banking and financial stability, regulatory bodies have imposed credit tightening measures for residential mortgage lending from banks. This presents opportunities for non-bank money lenders, who can provide flexible lending services.



Capital Leader of Excellence Awards 2015



Outstanding Corporate Strategy Awards 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Review

During the Year, the Group achieved impressive growth in revenue and profitability. The Group's total revenue registered growth of 52.8% to HK\$835.1 million (2014: HK\$546.4 million). Such significant growth of revenue is mainly attributable to (1) a significant growth in commission and fee income on dealing in securities as well as interest income of margin and IPO financing; (2) an increase in interest income from loans and advances; and (3) an increase in placing and underwriting commission. Profit for the year attributable to owners of the Company surged by 94.9% to HK\$430.3 million (2014: HK\$220.8 million). Net profit margin widened from 40.4% to 51.5%. Basic earnings per share was HK10.21 cents (2014: HK6.21 cents, restated). The directors of the Company ("Board" or "Directors") recommended the payment of a final dividend of HK1.60 cents per share (2014: HK2.00 cents). Together with the interim dividend of HK0.70 cent per share (2014: HK0.60 cent), the total dividend per share for the Year was HK2.30 cents (2014: HK2.60 cents).

Capital Structure, Liquidity and Financial Resources

The Group financed its operations mainly by cash generated from operations and borrowings, as well as proceeds raised from issuance of bonds and equity financing exercises. As at 30 September 2015, the Group's current assets and current liabilities were HK\$6,519.4 million (as at 30 September 2014: HK\$4,255.5 million) and HK\$2,355.7 million (as at 30 September 2014: HK\$2,175.1 million), respectively. The Group's bank balances and cash amounted to HK\$462.4 million (as at 30 September 2014: HK\$527.5 million), which were denominated mainly in Hong Kong dollars.

During the Year, the Group managed to strengthen its capital base through several equity financing exercises. On 4 June 2015, the Company issued 1,315,981,908 rights shares to shareholders by way of rights issue at the subscription price of HK\$0.5 per rights share on the basis of one rights share for every two existing ordinary shares held on 6 May 2015. On the same date, the Company completed the placement of 1,300,000,000 new shares under specific mandate at the placing price of HK\$0.5 per placing share. The aggregate net proceeds of approximately HK\$1,295.2 million were raised by the Group from the issuance of rights shares and the placement of new shares. This sum is intended to be used as working capital for expansion of the Group's existing businesses, especially for the money lending and asset management businesses; repayment of outstanding loans; and to finance any future business opportunities to be identified by the Company.

On 14 July 2015, the Group further raised aggregate net proceeds of approximately HK\$432.6 million by issuing 222,000,000 new shares by way of subscription and 278,000,000 new shares by way of placing to institutional investors under general mandate, at a price of HK\$0.88 per share for both the subscription shares and the placing shares. Such net proceeds are intended to be used for expansion of the money lending business, which includes commercial and personal lending as well as margin and IPO financing and for repayment of outstanding loans.

As at 30 September 2015, the total issued shares of the Company had increased to 5,747,945,724 shares (30 September 2014: 2,631,963,816 shares).

As at 30 September 2015, there was a total of HK\$605.9 million (30 September 2014: HK\$605.7 million) 3-year unsecured bonds denominated in Hong Kong dollars, bearing interest rate at 5.5% per annum payable annually in arrears and maturing in November 2016. The total of short-term bank borrowings and loans payable of the Group significantly decreased to HK\$490.0 million (30 September 2014: HK\$720.0 million). These borrowings were denominated in Hong Kong dollars and carried interest rates approximating market rates. Together with the bonds, the total borrowings of the Group amounted to HK\$1,095.9 million (as at 30 September 2014: HK\$1,325.7 million), resulting in a decrease of gearing ratio to 30.1% (as at 30 September 2014: 84.4%; calculated as a percentage of total borrowings over total equity of the Group). The Group did not have any material foreign exchange exposure as at 30 September 2015.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$1,250.0 million, as well as the proceeds raised from the equity financing exercises, the Board considers the Group has sufficient working capital for its operation and future development.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Notwithstanding a volatile financial landscape, the Group delivered another year of satisfactory growth driven by the diversity of its businesses and strength of its integrated business model, which provides flexibility to promptly respond to changing market situations. The sustained growth reflected the Group's proven success in redefining its long-term vision and prioritising the financing segment, solidifying its position as a leading financial services provider.

During the Year, the Group continued to sharpen its focus on the financing segment. To meet an increasing demand for loans, the Group has enhanced its financial strengths through equity financing exercises, and significantly expanded its lending capacity. With greater leverage for the financing segment, the Group is poised to capture business opportunities in the loan market, as well as margin and IPO financing.

Financing

The Group's financing segment derives interest income from commercial and personal lending as well as margin and IPO financing. The loans granted to customers range from short-term unsecured loans (e.g. tax loan, bridging loan, term loan, personal loan) to long-term secured loans (e.g. mortgage loan). Built on a renowned reputation for delivering professional and personalised loan services, the Group has developed a niche in the loan market, providing corporate and retail clients with tailored liquidity solutions to meet their corporate goals and personal needs. During the Year, the Group expanded its team with financing specialists to meet the growing demand for residential mortgage loans.

The Group continued to strengthen its position in the commercial lending market by acquiring new clients and maximising revenue potential. With enhanced contributions from interest income for short to medium term loans, together with an increase in interest income of margin and IPO financing amid strong investor sentiment, revenue from the financing segment soared to a new record high during the Year. The segment achieved remarkable growth of 49.7% to HK\$465.8 million (2014: HK\$311.1 million), accounting for 55.8% (2014: 56.9%) of total revenue.

Brokerage

The Group provides brokerage services for securities, futures and options traded on exchanges in Hong Kong, Shanghai via Shanghai-Hong Kong Stock Connect scheme and major exchanges in overseas countries, as well as wealth management and asset management services.

The Shanghai-Hong Kong Stock Connect scheme launched in November 2014, followed by a stock market rally in April 2015, spurred a rush of new investors joining the market and resulted in an increase in new account openings. Growth in number of customers, together with the more active securities turnover involved, led to revenue from brokerage services growing significantly by 65.4%, to HK\$151.5 million (2014: HK\$91.6 million). The segment accounted for 18.1% (2014: 16.8%) of total revenue.



Annual Dinner 2015



Summer Internship Program 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Brokerage (Continued)

The Group operates 10 branches in Hong Kong, covering key commercial and popular residential areas with convenient pedestrian access. The Group also runs three liaison offices, in Beijing, Shanghai and Guangzhou. As a dynamic financial institution, the Group continues to expand its product offerings on a timely basis, in response to market opportunities. In November 2014, the Group started to offer Northbound trading services, for customers to access the Shanghai–Hong Kong Stock Connect initiative. To facilitate more hedging activities, the Group launched a SPTrader Pro mobile futures trading platform, enabling customers to seamlessly access the global market around the clock. The Group also extended its futures services to include the trading of FTSE China A50 index options on Singapore Exchange, and USD/CNH futures contracts on the Stock Exchange.

The asset management arm runs a private equity fund – “Emperor Greater China Opportunities Fund”, covering a basket of selected equities focusing on the Greater China region. The Group also provides customised discretionary investment services to its customers.

Effective from 15 January 2015, the Hong Kong government has suspended new applications under the Capital Investment Entrant Scheme (“CIES”). Despite the suspension, the Group has strived to unlock the investment potential from existing CIES customers, and attract new CIES customers who had submitted applications prior to the suspension being announced. Comprising qualified and experienced wealth management professionals, the Group’s wealth management division provides advice regarding a wide array of investment services, including securities, mutual funds, insurance-linked products, and real estate investment.

Placing and Underwriting

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

Amid a favourable performance in secondary equity market, the fund size of the fund raising transactions participated by the Group had increased. As a result, revenue from the placing and underwriting segment grew remarkably by 40.7% to HK\$180.0 million (2014: HK\$127.9 million), accounting for 21.6% (2014: 23.4%) of total revenue. The Group served as placing agents in many equity and debt placement deals and IPO-related transactions. The Group also participated in underwriting rights issue exercises.

During the Year, the Group acted as Joint Bookrunner and Joint Lead Manager in the share offer for the IPO of Global International Credit Group Limited, which was listed on the Main Board of the Stock Exchange in December 2014.



Investment Seminar 2015

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. Apart from IPO-related services, the Group offers advisory services for corporate transactions including placing, rights issue, corporate restructuring and merger and acquisition.

During the Year, the Group had been appointed the sponsor of TCL Display Technology Holdings Limited (formerly known as Proview International Holdings Limited) in a reverse takeover transaction which was treated as a new listing application. The new listing application was successfully approved and trading of the shares of that company resumed in June 2015.

During the Year, revenue from the corporate finance segment increased significantly, by 139.7%, to HK\$37.8 million (2014: HK\$15.8 million), accounting for 4.5% (2014: 2.9%) of total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group has delivered a robust performance in a marketplace characterised by a volatile financial landscape, with challenges compounded by the cooling economy in China and a competitive industry environment. It is likely that market complexity and volatility will continue in the near future. However, more channels connecting the China market, including the anticipated launch of Shenzhen–Hong Kong Stock Connect, will present Hong Kong with new business opportunities. Looking forward, the Group will remain cautiously optimistic that with its proven business model, it is well-positioned to seize the opportunities emerging from the outbound investment flows from mainland China.

In order to support sustained development and business growth, the Group has taken further steps to strengthen its balance sheet and capital structure. During the Year, the successful equity financing exercises raised funding that allows greater financial flexibility to expand businesses, especially the money lending business, while also helping the Group to further broaden its shareholder base and enhance its shareholders' portfolio. In view of an increasing demand for loan services from money lenders, the Group remains ambitious in seeking to further expand its financing segment and increase its penetration in the money lending market backed by its solid clientele network, unique market position and strong financial capability. With its enlarged capital base, the Group will also actively explore business opportunities that strategically fit into its existing businesses and thereby unlock further value for shareholders.

In November 2015, the Group announced that it entered into a memorandum of understanding with Harvest Fund Management Co., Ltd and Fengshi Asset Management Co., Ltd. in relation to the proposed formation of a joint venture company for the purpose of establishing a licensed corporation to provide full range of securities and financial services in the PRC. The joint venture company, when established, will mark a major milestone for the Group and provide the opportunities for the Group to grasp the enormous potential in the Mainland.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

As at 30 September 2015, the Group did not have any significant litigation, claims and contingent liability.

EMPLOYEES

As at 30 September 2015, the Group had 120 (2014: 129) account executives and 150 employees (2014: 135). Total staff costs (including directors' remuneration) were approximately HK\$80.3 million (2014: HK\$100.1 million).

Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits. To provide incentives or rewards to the staff, the Company adopted a share option scheme on 20 September 2007 (as amended on 13 August 2013), details of which are set out in the section "Share Options" on pages 85 to 89.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report aims to provide the Group's stakeholders with an overview of the Group's efforts regarding environmental, social and governance (ESG) impacts arising from its daily operations.

A. WORKPLACE CONDITIONS

Workforce

The Group believes that a motivated and balanced workforce is crucial for building a sustainable business model and delivering long-term returns.

As at 30 September 2015, the permanent employees of the Group totalled 150, working in the headquarters and branches in Hong Kong, and in representative offices in the PRC.

The demographics of the Group's workforce (as at 30 September 2015) are summarised below:

By Region	
Hong Kong	91.3%
The PRC	8.7%
Total	100.0%

Age Distribution	
≤25	12.0%
26-35	42.7%
36-45	21.3%
46-55	19.3%
≥56	4.7%
Total	100.0%

The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competencies that contribute to the Group's success. The Group is firmly committed to gender equality and therefore particularly encourages female participation in the Board, and at managerial and operational levels. Women represent approximately 41.3% of the total employment in the Group.

Staff turnover rate among managerial positions is relatively low, reflecting a high level of employee satisfaction and engagement with the Group.

The management believes that people are important assets for the Group, and remains committed to attracting and retaining talent with diverse backgrounds for achieving sustainable growth. As at 30 September 2015, approximately 26.7% of the staff have worked for the Group for five years or more. Service awards are presented at the Group's annual dinner as tribute to staff who have contributed for 10, 15 and 20 years.

Health and safety

The Group prides itself on providing a safe, effective and congenial work environment for its staff. Adequate arrangements, training courses and guidelines are implemented to ensure the working environment is healthy and safe. Every case of injury (if any) is required to be reported to the Group and be individually assessed under the internal guideline procedures. The Group is pleased to report that the rate of accidents and injuries during the Year was extremely low.

The Group values the health and well-being of staff. In order to provide employees with health coverage, staff are entitled to benefits including medical and life insurance, provident funds and other competitive fringe benefits.

A. WORKPLACE QUALITY *(Continued)*

Development and training

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Given the growing complexity and sophistication of the marketplace, the Group supports its staff as they develop and enhance their knowledge, skills and work capability. The Group encourages and provides subsidies to employees at all levels to pursue educational or training opportunities that achieve personal growth and professional development.

Staying at the forefront of the vibrant market, the Group's staff continuously enhance technical knowledge to keep abreast of the latest developments. During the Year, the Group conducted in-house seminars and trainings covering anti-money laundering, updates to laws, codes, rules and regulations, and other topics concerning licensed regulated activities in order to maintain the highest standard of professional conduct of the employees. The seminars and trainings were recognised by the Securities and Futures Commission ("SFC"), to ensure licensed staff fulfilled requirements for Continuous Professional Training.

During the Year, the Group's staff devoted around 741 hours on self-learning and training, representing approximately 5 hours per employee.

The Group believes that maintaining a work-life balance is essential for sustainability and a sound body and mind for every employee. To support employees in maintaining work-life balance, the Group actively provides a variety of charitable and staff activities for employees, such as sports day, cookery class, tree-planting day and team-building activities. All these activities help to strengthen relationships between employees, and promote a healthy and harmonious working environment.

B. ENVIRONMENTAL PROTECTION

Use of resources

The Group recognises its responsibility to protect the environment from its business activities, products and services. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities, in order to minimise these impacts if possible.

The Group aims to maximise energy conservation in its branches and offices by promoting efficient use of resources and adopting green technologies. For instance, the Group continues to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. In the head office, air-conditioning systems are equipped with smart sensors to automatically adjust the temperature and cooling speed, resulting in a comfortable working environment while saving energy. In branches, LED advertising panels are switched off during non-business hours, to minimise the light pollution and reduce energy consumption. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time.

B. ENVIRONMENTAL PROTECTION *(Continued)*

The environment and natural resources

Creating a paperless working environment not only reduces environmental damage but also fits commercial goals, as it can save physical space, facilitate information sharing via IT networks, and reduce complicated documentation procedures.

The Group aims to promote environmental awareness, not only within the organisation, but also engaging customers, encouraging a co-operative approach to minimising its environmental impact.

The formalities for opening a securities account involve a considerable amount of paperwork. In view of this, the account opening form has been modified to minimise paper usage. To encourage the migration of customers' account statements from a print format to electronic versions, a surcharge is applied if clients opt to receive paper statements. As at 30 September 2015, around 75.7% of the Group's customers were receiving electronic statements. In addition, the Group distributes the latest promotion information and notices via email and SMS instead of printed mails.

In recent years, the Group has implemented paperless processing in its internal communications, including for employee time sheets, payrolls and finance, etc. Moreover, duplex printing and copying has become the norm within the Group, greatly reducing paper consumption and saving costs. Data on printing is regularly collected and assessed, to monitor the efficiency of the paperless environment.

C. OPERATING PRACTICES

Customer Services

The Group earned trusted relationships with its broad customer base by providing dedicated customer services. The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by customers according to clearly written internal procedures. During the Year, two customer complaints concerning brokerage transactions were reported.

The Group has set up designated channels – including hotline, facsimile and email – for clients to lodge complaints. All complaints received through these channels will be diverted to and handled by the Complaint Officer. The hotline numbers and email address are shown on the daily and monthly client statements, to ensure clients are aware of the communication channels for lodging complaints. Upon receipt of a complaint, the Complaint Officer will investigate in a timely manner and report the findings to senior management. Senior management shall review the complaint and determine whether internal controls and procedures need to be enhanced or other appropriate action is required.

As a comprehensive financial services provider, the Group comprises teams of professionals specialising in a wide array of services including brokerage, asset management, financing, and corporate finance advisory. As at 30 September 2015, 70 employees and 120 account executives of the Group were licensed with the SFC in various regulated activities: dealing in securities (RA 1), dealing in futures contracts (RA 2), advising on securities (RA 4), advising on futures contracts (RA 5), advising on corporate finance (RA 6), and asset management (RA 9) or registered with Professional Insurance Brokers Association.

C. OPERATING PRACTICES *(Continued)*

Customer Services *(Continued)*

During the Year, as a result of its dedicated services and professionalism, the Group received the following outstanding awards:

- **Outstanding Corporate Strategy Awards 2015**
East Week, September 2015
- **Best Wealth Management Company Hong Kong 2015**
Global Banking & Finance Review, July 2015
- **Capital Leader of Excellence Awards 2015**
Capital Magazine, March 2015
- **Best Brokerage House Hong Kong 2014**
Global Banking & Finance Review, October 2014

The Group places the utmost importance on protecting the privacy of its customers, partners and staff in the collection, processing and use of their personal data. The Group adheres to the applicable data protection regulations and ensures appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purpose for which it has been collected. Staff are provided with adequate training in compliance with the Personal Data (Privacy) Ordinance, to strengthen their awareness of safeguarding personal data.

Protection of intellectual property

The Group establishes and protects its intellectual property rights including through registration and regular monitoring of trademarks, and domain names. Trademarks have been applied for or registered under various classes in Hong Kong, the PRC and other relevant jurisdictions.

Anti-corruption/Anti-money laundering

In order to build up an ethical corporate culture and practices, the Group has established policies and procedures for preventing corruption and anti-money laundering. This policy sets forth procedures for customer screening and monitoring requirements, "know your customer" policies, record keeping requirements, and reporting suspicious circumstances in accordance with the relevant laws, codes and guidelines issued by the regulatory authorities. Employees were given trainings and briefings organised by the Group or seminars that were regularly organised by the Hong Kong Independent Commission Against Corruption on anti-corruption, while employees responsible for carrying out transactions, initiating or establishing business relationships have undergone anti-money laundering training.

The Group takes many measures to prevent any money laundering activities in the Group. At the time of account opening, the Group will perform a name search in an anti-money laundering database system maintained and provided by a third party vendor, in order to screen each new client against current terrorist and sanction designations, and check whether the client is a Politically Exposed Person (PEP). New account applications lodged by terrorists or sanctioned entities would be rejected. Regular name checks of existing clients against the latest terrorist and sanction list issued by US Treasury Department, as recommended by the regulators, are also conducted. The Group performs regular reviews on transactions by high-risk clients, in order to identify suspicious transactions. In the event any suspicious transactions are noted, we will report them to the Joint Financial Intelligence Unit in due course.

C. OPERATING PRACTICES *(Continued)*

Anti-corruption/Anti-money laundering *(Continued)*

The Group has also adopted a whistleblowing system and procedures for reporting concerns raised in connection with, inter alia, possible criminal offence and misconduct such as corruption and money laundering or other matters within the Group.

The above policies and procedures can be found in the employee handbooks and the Company's intranet.

During the Year, no legal case regarding corrupt practices was brought against the Group or its employees. Also, no whistleblowing concerning a criminal offence or misconduct was reported.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, which have significant impact on the Group. The Group's Corporate Governance Committee is delegated by the Board to monitor its policies and practices on compliance with legal and regulatory requirements, and these policies are regularly reviewed. Updates on the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

The Group holds licences required for the provision of services such as: dealing in securities and futures contracts; advising on securities and futures contracts; advising on corporate finance and asset management, etc, and the management must ensure that business is conducted in accordance with the applicable laws and regulations.

D. COMMUNITY INVOLVEMENT

The Group is committed to the improvement of community well-being and social services. Aligning with the mission "From the Community, To the Community", the Group has formulated various community activities spanning elderly welfare and hospice care services, healthcare, education, sports, environmental conservation, and helping underprivileged children. The Group's management team plays an important role in mobilising staff to join all these activities, which are held in tandem with its commitment to sustainable development. The Group believes that by encouraging staff to participate in a wide range of charitable events, concern for the community will be raised, inspiring more people to take part in serving the community.

In October 2014, the Group partnered with CookConnect – a social enterprise with a mission to narrow wealth discrepancy through redistributing food resources – to organise a "Cooking Fun" cookery class for staff and grassroots families. This meaningful event promoted nutritious eating habits for staff, while showing care for the underprivileged. In December 2014, staff members formed a voluntary group and paid visits to homes for the elderly, low income families and the physically disabled, to provide free home cleaning services in the "Project Home Works" programme launched by Habitat for Humanity.

D. COMMUNITY INVOLVEMENT *(Continued)*

During the Year, the Group supported a wide range of community sponsorship and donation programmes for the aging population. To promote physical and emotional health of the aging population, Jade Party 2015 – a fun chair-based dance competition for the elderly organised by Jade Club and title sponsored by Emperor Foundation – was held in March 2015. Staff volunteers joined the event, and engaged in joyful exercises incorporating music, rhythm and movement with more than a thousand elderly people. During the Dragon Boat Festival in 2015, staff volunteers paid a visit to Kwong On Home of the Aged in Aberdeen and donated handmade Dragon Boat Festival rice dumplings, to show their love and care to senior citizens. In September 2015, staff volunteers celebrated the Mid-Autumn Festival with senior citizens through the Jade service network, providing mooncakes and playing games.

The summer internship programme was organised for the fourth time in a row, providing university students with real workplace experiences in the financial field. The programme includes rotations into different business units, helping students to establish a solid foundation by developing a broad range of knowledge and skills. As part of the programme, well-known guests from different business sectors were invited to share their experiences in the industry as well as advices of their personal financial management.

The Group is devoted to promoting environmental awareness through green education. In cooperation with Tai Po Environmental Association, the Group arranged a guided tour for staff members and their families to Hong Kong Global Geopark of China. The staff also enjoyed pleasant outings to Hoi Ha Wan Marine Reserve, where they could explore marine life in Hong Kong, including corals and coral fishes. These meaningful tours encouraged participants to support environmental conservation and sustainable development by bringing them closer to beautiful nature.

To promote a green culture, the Group organises various activities to engage its staff. “Green Monday Fruit Day” has been launched, with each staff member receiving a fresh fruit every Monday. This helped staff to raise awareness about eco-friendly diets and maintaining a healthy lifestyle.

The Group has been awarded the 5 Years Plus Caring Company Logo by the Hong Kong Council of Social Service for two consecutive years, recognising its ongoing commitment to fulfilling its corporate social responsibilities.



“Project Home Works” programme



Jade Party 2015



“Cooking Fun” cookery class



Volunteers visit to Kwong On Home of the Aged in Aberdeen



Daisy Yeung
CHIEF EXECUTIVE OFFICER AND
MANAGING DIRECTOR

“Dedicated to our continuous efforts on strengthening the shareholder’s portfolio, coupled with the proven track record in these few years, I am glad to see that the stock of Emperor Capital Group Limited has become one of the constituent stocks of MSCI HK Small Cap Index since 1 December 2015.”

Ms. Daisy Yeung, aged 50, joined the Group in January 1996. She is the Managing Director of the Board and the Chief Executive Officer of the Group. Ms. Yeung is the Chairperson of the Executive Committee as well as a member of the Remuneration Committee and the Nomination Committee of the Company. She is also a director of various subsidiaries of the Company and a responsible officer of Emperor Securities Limited, Emperor Futures Limited, Emperor Wealth Management Limited and Emperor Asset Management Limited under the Securities and Futures Ordinance (“SFO”). She is responsible for formulation of corporate strategy, overseeing operations and overall steering of the Company’s management focusing in the areas of marketing and business development. She has accumulated over 19 years of management experience in the finance industry and has been active in driving the development of the local securities industry. Moreover, she is now a Vice-Chairman of The Institute of Securities Dealers Limited and a General Committee member of The Chamber of Hong Kong Listed Companies. She has obtained a Bachelor’s Degree of Science in Business Administration.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT



Chan Shek Wah
EXECUTIVE DIRECTOR

Mr. Chan Shek Wah, aged 52, joined the Board in December 2011. He is an Executive Director of the Company and a member of the Executive Committee as well as a director of various subsidiaries of the Company. He is also the Managing Director and responsible officer of Emperor Capital Limited under the SFO. He has over 28 years of professional experiences in the finance industry. He has been engaged in the sales, proprietary trading, structuring of equity derivatives and equity capital market products as well as the provision of corporate finance advisory services to listed issuers. Before joining the Group, he was the senior management and an executive director in several international financial institutions.



Choi Suk Hing, Louisa
EXECUTIVE DIRECTOR AND COMPANY SECRETARY

Ms. Choi Suk Hing, Louisa, aged 51, joined the Board in March 2008. She is an Executive Director and the Company Secretary of the Company. Ms. Choi is the Chairperson of the Corporate Governance Committee and a member of the Executive Committee of the Company. She is also a director of various subsidiaries of the Company and a responsible officer of Emperor Capital Limited under the SFO. Ms. Choi has over 17 years of experience in the finance industry covering securities, futures and corporate finance. Before that, she had worked in the company secretary profession in both listed companies as well as professional firms for over 8 years. Ms. Choi holds a Master's Degree in Applied Finance from Macquarie University, Australia. She is a fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.



Pearl Chan
EXECUTIVE DIRECTOR

Ms. Pearl Chan, aged 42, joined the Board in June 2011. She is an Executive Director and a member of the Executive Committee of the Company. She has been working in the corporate finance field for more than 14 years and is also a director and responsible officer of Emperor Capital Limited under the SFO. She was a practising lawyer in Hong Kong before joining the Group. Ms. Chan holds a Bachelor of Laws Degree from University of Hong Kong and a Master's Degree in Management from Macquarie University, Australia.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Chu Kar Wing, aged 58, joined the Board in May 2010. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nomination Committee of the Company. Mr. Chu is also an independent non-executive director of another Hong Kong listed company, China Power New Energy Development Company Limited (Stock Code: 735). He has extensive experience in the banking and finance sector for several well-known corporations. Moreover, he is now the President of Canada-China Culture and Education Association. Mr. Chu holds a Bachelor's Degree in Social Science majoring in Economics.

Mr. Poon Yan Wai, aged 45, joined the Board in January 2014. He is the Chairman of the Audit Committee as well as a member of the Remuneration Committee and the Corporate Governance Committee of the Company. He is now the financial controller, company secretary and an authorised representative of a Hong Kong listed company. He is also an independent non-executive director of another Hong Kong listed company, Prosten Technology Holdings Limited (Stock Code: 8026). He has over 20 years of experience in the auditing and accounting field. He holds a Bachelor's Degree in Accountancy and a Master's Degree in Corporate Finance from the Hong Kong Polytechnic University. Mr. Poon is a fellow member of The Hong Kong Institute of Certified Public Accountants.

Ms. Wan Choi Ha, aged 48, joined the Board in July 2015. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and the Corporate Governance Committee of the Company. Ms. Wan has been admitted as a solicitor in Hong Kong since 1993 and is now a Partner of Wan and Leung, Solicitors. She was previously an independent non-executive director of another Hong Kong listed company, Emperor Entertainment Hotel Limited (Stock Code: 296) and retired on 18 August 2015. She graduated from The University of Hong Kong with a Bachelor's Degree in Laws.

The Directors of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 30 September 2015 (the "Year").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are engaged in the provision of financial services in Hong Kong including (i) commercial and personal lending as well as margin and IPO financing; (ii) brokerage, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services.

The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 41.

An interim dividend of HK0.70 cent per share amounting to approximately HK\$36.74 million was paid to the shareholders during the Year.

The Directors recommended the payment of a final dividend of HK1.60 cents per share for the Year amounting to approximately HK\$92.0 million subject to the approval of the shareholders at the 2016 annual general meeting ("2016 AGM"):

Annual general meeting date	:	28 January 2016 (Thursday)
Record date for final dividend	:	5 February 2016 (Friday)
Final Dividend payment date	:	26 February 2016 (Friday)

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 43.

The Company's reserves available for distribution to shareholders as at 30 September 2015 represented the aggregate of contributed surplus (stated as "special reserve" in note 35 to the consolidated financial statement) and retained profits amounting to HK\$101.9 million and HK\$36.2 million respectively (2014: HK\$101.9 million and HK\$11.5 million).

The special reserve of the Company represents the difference between the nominal value of the ordinary shares of the subsidiaries of the Company in issue and the nominal value of the shares issued by the Company for acquisition of a subsidiary pursuant to the group reorganisation on 2 April 2007.

Under the Companies Act in 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend or make a distribution out of contributed reserve if there are reasonable grounds for believing that:

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS' REPORT

PROPERTY AND EQUIPMENT

During the Year, the Group acquired property and equipment at a cost of approximately HK\$1,628,000.

Details of changes in the property and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in note 30 to the consolidated financial statements.

DEBENTURE

In order to support the expansion of the financing, placing and underwriting businesses of the Group, the Company had issued a total of HK\$605.9 million unsecured guaranteed bonds (due 2016) in 2013, bearing interest rate at 5.5% per annum payable annually in arrears, details of which are set out in note 29 to the consolidated financial statements.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 25% (2014: 26%) of the Group's total turnover. The largest customer accounted for 6% (2014: 8%) of the Group's total turnover.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

The Group had no major supplier due to the nature of principal activities of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the date of this report were:

Executive Directors:

Ms. Daisy Yeung (*Managing Director*)
Mr. Chan Shek Wah
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan

Independent non-executive Directors:

Mr. Chu Kar Wing
Mr. Poon Yan Wai
Ms. Wan Choi Ha (*Appointed on 24 July 2015*)
Mr. Tse Hin Lin, Arnold (*Resigned on 24 July 2015*)

In accordance with the Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Ms. Daisy Yeung, Ms. Pearl Chan and Mr. Poon Yan Wai shall retire by rotation at the 2016 AGM and, being eligible, shall offer themselves for re-election thereat.

None of the Directors proposed for re-election at the 2016 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

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

As at 30 September 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position interests in the Company

(i) Ordinary shares of HK\$0.01 each of the Company ("Shares")

Name of Director	Capacity/ Nature of Interests	Number of Issued Shares held	Approximate % holding
Ms. Daisy Yeung	Beneficiary of a trust	2,545,309,360 (Note)	44.28%
Ms. Daisy Yeung	Beneficial owner	18,000,000	0.31%
Mr. Chan Shek Wah	Beneficial owner	20,457,000	0.36%
Ms. Louisa Choi	Beneficial owner	4,680,000	0.08%
Ms. Pearl Chan	Beneficial owner	2,925,000	0.05%

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

(ii) Share options

Name of Director	Capacity/ Nature of Interests	Adjusted Number of Underlying Shares	Approximate % holding
Ms. Daisy Yeung	Beneficial owner	55,250,247	0.96%
Mr. Chan Shek Wah	Beneficial owner	55,250,247	0.96%
Ms. Louisa Choi	Beneficial owner	12,625,386	0.22%
Ms. Pearl Chan	Beneficial owner	7,892,892	0.14%

Note: These share options were granted to the Directors under the share option scheme of the Company adopted on 20 September 2007 (became effective on 27 September 2007) as amended on 13 August 2013. The number of the underlying shares had been adjusted on 4 June 2015, details of which are set out under the section "Share Options" below.

Save as disclosed above, as at 30 September 2015, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO)

SHARE OPTIONS

The Company adopted a share option scheme ("Scheme") on 20 September 2007 (became effective on 27 September 2007) as amended on 13 August 2013. Particulars of the Scheme are set out in note 31 to the consolidated financial statements.

Summary details of the movement of the outstanding share options of the Company during the Year are set out as follows:

Name of Grantee	Date of Grant	Exercise Period	Exercise Price per Share (HK\$)	Adjusted Exercise Price per Share* (HK\$)	Number of share options		
					Balance as at 01.10.2014	Additional adjusted share options during the Year*	Balance as at 30.09.2015
Executive Directors							
Ms. Daisy Yeung	13.08.2013	(Note 1)	0.334		18,000,000		
	13.08.2013	(Note 2)	0.334		22,908,000		
				0.247	40,908,000	14,342,247	55,250,247
Mr. Chan Shek Wah	13.08.2013	(Note 1)	0.334		18,000,000		
	13.08.2013	(Note 2)	0.334		22,908,000		
				0.247	40,908,000	14,342,247	55,250,247
Ms. Louisa Choi	13.08.2013	(Note 1)	0.334		4,116,000		
	13.08.2013	(Note 2)	0.334		5,232,000		
				0.247	9,348,000	3,277,386	12,625,386
Ms. Pearl Chan	13.08.2013	(Note 1)	0.334		2,574,000		
	13.08.2013	(Note 2)	0.334		3,270,000		
				0.247	5,844,000	2,048,892	7,892,892
Total					97,008,000	34,010,772	131,018,772

* The exercise price and number of share options had been adjusted with effect from 4 June 2015 as a result of the completion of the rights issue of the Company as disclosed in the announcement of the Company dated 3 June 2015.

Notes:

- Subject to fulfillment of the pre-determined vesting conditions, the options were originally exercisable from the date immediately after the publication of the audited financial results of the Group for the year ended 30 September 2014 to 12 July 2018. In accordance with the pre-determined vesting conditions, the exercise period has been changed to commencing on the date immediately after the publication of the audited financial results of the Group for the year ended 30 September 2015 to 12 July 2018.
- Subject to fulfillment of the pre-determined vesting conditions, the options shall be exercisable from the date immediately after the publication of the audited financial results of the Group for the year ended 30 September 2015 to 12 July 2018.

During the Year, no option was granted, exercised, lapsed or cancelled under the Scheme.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as stated above, at no time during the Year was the Company, its holding company, its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or chief executives of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2015, none of the Directors nor their respective associates was interested in any business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2015, so far as is known to the Directors of the Company, the following persons or corporations (other than a Director or chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long position in the Shares

Name	Capacity/ Nature of Interests	Number of issued Shares interested in or deemed to be interested	Approximate percentage holding
AY Holdings	Interest in a controlled corporation	2,545,309,360	44.28%
STC International	Trustee	2,545,309,360	44.28%
Dr. Yeung Sau Shing, Albert	Founder of a discretionary trust	2,545,309,360	44.28%
Ms. Luk Siu Man, Semon	Interest of spouse	2,545,309,360	44.28%

Note: These Shares were the same Shares as those disclosed by Ms. Daisy Yeung in her capacity as an eligible beneficiary of a trust under Section (j) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long positions. As at 30 September 2015, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 September 2015, the Directors were 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 interests or short positions in any Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

Continuing Connected Transactions

During the Year, the Group had the following transactions with connected persons as defined in the Listing Rules:

1. Tenancy Agreements/Subletting Agreement

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Location of premises	Amount for the year HK\$'000
Very Sound Investments Limited (note 1)	Operating lease rentals paid (effective monthly rental: HK\$299,444.44)	(i) 31 March 2014 (ii) 1 April 2014 – 31 March 2017	24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	3,593
Headwise Investment Limited (note 1)	Operating lease rentals paid (effective monthly rental: HK\$23,727.64)	(i) 13 September 2013 (ii) 15 September 2013 – 31 March 2016	Unit 603, 6th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	285
	Operating lease rentals paid (effective monthly rental: HK\$53,906.25)	(i) 20 December 2012 (ii) 1 January 2013 – 31 December 2014	Unit 604, 6th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	162
	Operating lease rentals paid (effective monthly rental: HK\$60,680)	(i) 23 December 2014 (ii) 1 January 2015 – 31 March 2016	– ditto –	546
	Operating lease rentals paid (effective monthly rental: HK\$43,730.73)	(i) 13 September 2013 (ii) 15 September 2013 – 31 March 2016 (early termination on 3 April 2015)	Unit 2006, 20th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	258
	Operating lease rentals paid (effective monthly rental: HK\$42,101.93)	(i) 13 September 2013 (ii) 15 September 2013 – 31 March 2016	Unit 606, 6th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	505
Active Pace Investment Limited (note 1)	Operating lease rentals paid (effective monthly rental: HK\$42,101.93)	(i) 13 September 2013 (ii) 15 September 2013 – 31 March 2016	Unit 606, 6th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	505
Emperor Agency Limited (note 1)	Subletting rentals paid (effective monthly rental: HK\$198,333.33)	(i) 31 March 2014 (ii) 1 April 2014 – 31 March 2017	Portion of Shop 6 on G/F, 1/F and canopy adjacent thereto, 2/F, East Ocean Court, 525 Shanghai Street, Mongkok, Kowloon, Hong Kong	2,380

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

2. Financial Services Agreement with AY Holdings for Emperor Group

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Amount for the year HK\$'000
AY Holdings <i>(note 2a)</i>	(a) Commission and brokerage on dealing in securities, futures and options trading, from acting as placing agent, underwriter or sub-underwriter and interest income from other listed members under AY Holdings ("Emperor Group")	(i) 28 September 2012 (ii) 1 October 2012 to 30 September 2015 (on normal commercial terms and at rates no more favourable than those available to other independent third parties)	32
	(b) Maximum margin loan amount to the Emperor Group		0
	(c) Maximum IPO loan amount to Emperor Group		0
	(d) Maximum term loan amount to Emperor Group		0
	(e) Financial advisory fee from Emperor Group		2,220

3. Financial Services Agreement with Ms. Daisy Yeung for the Yeung Family

Name of counterparty	Nature of transaction	(i) Date of Agreement (ii) Terms	Amount for the year HK\$'000
Ms. Daisy Yeung <i>(note 2b)</i>	(a) Commission and brokerage on dealing in securities, futures and options trading, and interest income from Ms. Daisy Yeung and her associates ("Yeung Family")	(i) 28 September 2012 (ii) 1 October 2012 to 30 September 2015 (on normal commercial terms and at rates no more favourable than those available to other)	5,419
	(b) Maximum margin loan amount to the Yeung Family		62,881
	(c) Maximum IPO loan amount to the Yeung Family		12,062
	(d) Maximum term loan amount to the Yeung Family		0
	(e) Financial advisory fee from the Yeung Family		0
	(f) Commission and fee payment to the Yeung Family		213

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

Notes:

1. Tenancy Agreements/Subletting Agreement

The premises under the Tenancy Agreements/Subletting Agreement have been rented to the Group for its business operation. The counterparties of the Tenancy Agreements/Subletting Agreement are indirectly controlled by the AY Trust under which Ms. Daisy Yeung is one of the eligible beneficiaries. As such, Ms. Daisy Yeung has deemed interest in such agreements.

2. Financial Services Agreement with AY Holdings/Ms. Daisy Yeung

(a) Under this agreement, the Group has agreed to provide to other listed members under AY Holdings (i) financial services including brokerage services for securities, futures and options trading and act as placing agent, underwriter or sub-underwriter; (ii) margin loans; (iii) IPO loans; (iv) term loans; and (v) financial advisory services. The counterparties of this agreement are indirectly controlled by the AY Trust of which Ms. Daisy Yeung is one of the eligible beneficiaries. As such, Ms. Daisy Yeung has deemed interest in this agreement.

(b) Under this agreement, the Group has agreed to (i) provide financial services including brokerage services for securities, futures and options trading, margin loans, IPO loans, term loans and financial advisory services to the Yeung Family; and (ii) pay commission and fee to the Yeung family for their acting as placees for the securities underwritten or placed by the Group.

Compliance with Disclosure Requirements

Regarding the related party transaction as set out in note 33(a) to the consolidated financial statements, all transactions as shown in item (ii), commission and brokerage income in the amount of HK\$4,000 as incorporated in item (iv), items (vii), (viii) and (x) as well as the amount due to a related company as stated in note 10, and note 33(b) are connected transactions exempted from announcement, reporting, and independent shareholders' approval requirements under the Listing Rules, all other transactions under note 33(a) constituted connected transactions of the Company under Chapter 14A of the Listing Rules and that the Company has complied with the disclosure requirements in respect of such connected transactions.

Auditor's Letter on Disclosed Continuing Connected Transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" ("Auditor's Letter") issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group ("Disclosed CCTs") on pages 23 to 25 of this Annual Report in accordance with rule 14A.56 of the Listing Rules. A copy of the Auditor's Letter has been provided by the Company to the Stock Exchange.

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

Confirmation of Independent Non-executive Directors ("INED(s)")

Pursuant to rule 14A.55 of the Listing Rules, the INEDs of the Company have reviewed the Disclosed CCTs and the Auditor's Letter and have confirmed that these transactions have been entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better (as the case may be); and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries, holding company or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, involving the management and administration of the whole or any substantial part of the business of the Group were entered into or subsisted during the Year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had received, from each of the INEDs, an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considered all of the INEDs are independent.

EMOLUMENT POLICY

The emoluments of the Executive Directors are decided by the Board as recommended by the Remuneration Committee having regard to a written remuneration policy (which ensures a clear link to business strategy and a close alignment with the shareholders' interest and current best practice), the Group's operating results, individual performance and comparable market statistics. The INEDs are paid fees in line with market practice. No individual should determine his or her own remuneration.

Employees remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level.

Remuneration package includes, as the case may be, basic salaries, Directors' fees, housing allowances, contribution to pension schemes, discretionary bonus relating to the profit of the Group and individual performance, ad hoc rewards and other competitive fringe benefits such as medical and life insurances. To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options granted under the share option schemes adopted by the Company on 20 September 2007 (as amended on 13 August 2013), details of which are set out in note 31 to the consolidated financial statements. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 11 and 12 to the consolidated financial statements.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 28 to 39.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, the Company maintained the prescribed public float under the Listing Rules.

DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK\$132,000.

AUDITOR

A resolution will be submitted to the 2016 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Daisy Yeung
Managing Director

Hong Kong
9 December 2015

CORPORATE GOVERNANCE REPORT

The Directors of the Company have adopted various policies to ensure compliance with the code provisions of Corporate Governance Code (the “CG Code”) under Appendix 14 of the Listing Rules. For the Year, the Company had complied fully with the code provisions of the CG Code 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.

THE BOARD

BOARD COMPOSITION

As at 30 September 2015, the Board comprised seven Directors (four Executive Directors and three Independent Non-executive Directors (“INEDs”)) who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The INEDs will also share their valuable impartial view on matters to be discussed at the Board meetings. The biographies of the Directors are set out from pages 15 to 17 of this report under the “Biographies of Directors and Senior Executives” section.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Daisy Yeung, also being the Chief Executive Officer of the Group, has been appointed by the Board as the Managing Director who is responsible for leading the Board and the overall management of the business of the Group. She would ensure that all Directors are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. In addition, the three INEDs, who do not have any management contract with the Group, provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively and does not intend to make any change thereof.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The INEDs are all professionals with well recognized experience and expertise in financial, legal or accounting fields who provide valuable advice to the Board. They are appointed for an initial term of three years commencing from their respective date of appointment and shall continue thereafter on a yearly basis unless terminated by notice in writing served by either party.

The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the leadership, control and promotion of success of the Group by directing and supervising its business operations in the interests of the shareholders (“Shareholders”) by formulating strategic directions and monitoring the financial and management performance of the Group.

CORPORATE GOVERNANCE REPORT

DELEGATION TO THE MANAGEMENT

The management is led by the Executive Committee of the Company (which comprises all the Executive Directors of the Board) and has delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues. The Executive Committee shall have all powers and authorities of the Board except the following matters as set out in a formal schedule of matters specifically reserved by the Board:

- Publication of final and interim results of the Company
- Dividend distribution or other distributions
- Major issues of treasury policy, accounting policy and remuneration policy
- Changes to major group structure or Board composition requiring notification by announcement
- Publication of the announcement for notifiable transaction and non-exempted connected transaction/ continuing connected transaction
- Non-exempted connected transaction/continuing connected transaction
- Proposed transaction requiring Shareholders' approval
- Capital restructuring and issue of new securities of the Company
- Financial assistance to Directors

INDUCTION, SUPPORT AND PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of equity/business interest and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses in order to assist them to perform their duties to the Company.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code on Directors' training. During the Year, each Director had participated in continuous professional development by attending seminars/in-house briefing/reading materials on the following topics to develop and refresh their knowledge and skills and has provided a record of training to the Company.

Name of Directors	Topics on training covered ^(Note)
Daisy Yeung	(a), (b) & (d)
Chan Shek Wah	(a), (b) & (d)
Choi Suk Hing, Louisa	(a), (b), (c) & (d)
Pearl Chan	(a), (b) & (d)
Chu Kar Wing	(a) & (b)
Poon Yan Wai	(a), (b) & (c)
Wan Choi Ha (<i>appointed on 24 July 2015</i>)	(a) & (b)
Tse Hin Lin, Arnold (<i>resigned on 24 July 2015</i>)	(a) & (b)

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

CORPORATE GOVERNANCE REPORT

RELATIONSHIP BETWEEN THE BOARD MEMBERS

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

DIRECTORS' INSURANCE

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

DIRECTORS' ATTENDANCE AND TIME COMMITMENT

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

Name of Directors	Meetings attended/held						
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Executive Committee	General Meetings
<i>Executive Directors</i>							
Daisy Yeung ^(Note 1 & 2)	18/18	3/3	2/2	2/2	N/A	4/4	4/4
Chan Shek Wah	18/18	N/A	N/A	N/A	N/A	4/4	3/4
Choi Suk Hing, Louisa ^(Notes 1 & 3)	18/18	3/3	N/A	N/A	1/1	4/4	4/4
Pearl Chan	18/18	N/A	N/A	N/A	N/A	4/4	4/4
<i>Independent Non-Executive Directors</i>							
Chu Kar Wing ^(Note 4)	18/18	3/3	2/2	2/2	N/A	N/A	4/4
Poon Yan Wai ^(Note 5)	18/18	3/3	2/2	N/A	1/1	N/A	3/4
Wan Choi Ha ^(Note 6)	4/4	1/1	N/A	N/A	N/A	N/A	1/1
Tse Hin Lin, Arnold ^(Note 7)	14/14	2/2	N/A	2/2	1/1	N/A	2/3
Total number of meetings held:	18	3	2	2	1	4	4

Notes:

- Ms. Daisy Yeung and Ms. Choi Suk Hing, Louisa were invited to sit-in the Audit Committee meetings as non-members
- Chairperson of the Executive Committee
- Chairperson of the Corporate Governance Committee
- Chairman of the Remuneration Committee
- Chairman of the Audit Committee
- Ms. Wan Choi Ha was appointed as Director on 24 July 2015 and was also appointed as the Chairperson of the Nomination Committee as well as a member of Audit Committee and Corporate Governance Committee on the same date.
- Mr. Tse Hin Lin, Arnold resigned as Director on 24 July 2015 and automatically ceased to act as the Chairman of the Nomination Committee as well as a member of Audit Committee and Corporate Governance Committee on the same date.

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

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND PROCEEDINGS

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

With the assistance of the Company Secretary, the meeting agenda is set by the Chairperson of the meeting in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least 3 days before each Board meeting and Board Committee meeting to enable the Directors to make informed decisions.

Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director.

If any Director has conflict of interest in a matter to be considered by the Board which the Board has determined to be material, that Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates has a material interest and that he/she shall not be counted in the quorum present at the Board meeting.

BOARD COMMITTEES

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Executive Committee.

The majority of the members of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee are INEDs. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

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

The Audit Committee consists of three INEDs, namely Mr. Poon Yan Wai (Chairman of the Committee), Mr. Chu Kar Wing and Ms. Wan Choi Ha.

The specific written terms of reference of the Audit Committee is available on the websites of the Stock Exchange and the Company. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; (b) approving the remuneration and terms of engagement of external auditor; and (c) reviewing financial information and overseeing the financial reporting system and internal control procedures. The Audit Committee held three meetings during the Year.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

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

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

- i. reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the year ended 30 September 2014 as well as the interim financial statements for the six months ended 31 March 2015;
- ii. reviewed with the management and finance-in-charge the effectiveness of the internal control system of the Group;
- iii. annual review of the non-exempt continuing connected transactions of the Group for the Year;
- iv. approved the audit plan for the financial year ended 30 September 2015, reviewed the independence of external auditor and approved the engagement of external auditor; and
- v. recommended the Board on the re-appointment of external auditor.

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

The Remuneration Committee consists of three members, namely Mr. Chu Kar Wing (Chairman of the Committee) and Mr. Poon Yan Wai, both being INEDs, and Ms. Daisy Yeung, being the Managing Director.

The specific written terms of reference of the Remuneration Committee is available on the websites of the Stock Exchange and the Company. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) Company's policy and structure of the remuneration of Directors and senior management; (b) the remuneration of INEDs; and (c) the specific remuneration packages of individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 11 to the consolidated financial statements. The Remuneration Committee held two meetings during the Year.

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

- i. reviewed and recommended to the Board on approval of the Directors' fee; and
- ii. reviewed the current remuneration structure/package of the Executive Directors and senior management and recommended the Board to approve their specific packages (including the payment of bonuses).

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

The Nomination Committee consists of three members, namely Ms. Wan Choi Ha (Chairperson of the Committee) and Mr. Chu Kar Wing, both being INEDs, and Ms. Daisy Yeung, being the Managing Director.

The specific written terms of reference of the Nomination Committee is available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are (a) reviewing the structure, size and diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (c) assessing the independence of INEDs; (d) reviewing the time commitment of each Director; (e) reviewing the Board Diversity Policy; and (f) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships, or on appointment or re-appointment or re-election of Directors. The Nomination Committee held two meetings during the Year.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES *(Continued)*

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

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

- i. reviewed the structure, size and diversity of the Board;
- ii. reviewed the independence of the INEDs;
- iii. reviewed the confirmation from the Directors on their time commitment in performing their duties as directors;
- iv. recommended to the Board on nomination of Directors for re-election at the 2015 annual general meeting; and
- v. recommended to the Board on the appointment of Ms. Wan Choi Ha as new Director to fill the casual vacancy created by the resignation of Mr. Tse Hin Lin, Arnold and the nomination of Ms. Wan Choi Ha for re-election as Director at special general meeting of the Company held on 21 August 2015.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, length of service, professional qualification and experience. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the Company's corporate strategy.

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

The Corporate Governance Committee consists of five members, namely Ms. Choi Suk Hing, Louisa (Chairperson of the Committee) being an Executive Director, Mr. Poon Yan Wai and Ms. Wan Choi Ha, both being INEDs, a representative from company secretarial function and a representative from finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. The primary duties of the Corporate Governance Committee are (a) reviewing the policies and practices on corporate governance and compliance with legal and regulatory requirements of the Group; (b) reviewing and monitoring the training and continuous professional development of directors and senior management; (c) reviewing the code of conduct applicable to Directors and relevant employees of the Group; and (d) reviewing the Company's compliance with the CG Code and disclosure in this report. The Corporate Governance Committee held one meeting during the Year.

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

- i. reviewed the Corporate Governance Policy;
- ii. reviewed the training and continuous professional development of Directors;
- iii. reviewed the policies and practices on compliance with legal and regulatory requirements;
- iv. reviewed the code of conduct applicable to Directors and relevant employees of the Group; and
- v. reviewed the Company's compliance with the CG Code and disclosure in Corporate Governance Report.

5. **Executive Committee** *(set up on 18 November 2014)*

The Executive Committee consists of four members, namely Ms. Daisy Yeung (Chairperson of the Committee), Mr. Chan Shek Wah, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan, all being the Executive Directors. The primary duties of the Executive Committee are (a) formulating business policies and making decision on matters relating to the management and operations of the Group; and (b) having all power and authorities of the Board except those matters specifically reserved for the full Board as set out in the "Formal Schedule on matters reserved for and delegated by the Board" adopted by the Board from time to time.

CORPORATE GOVERNANCE REPORT

SECURITIES TRANSACTIONS OF DIRECTORS

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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the consolidated financial statements of the Group that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the consolidated financial statements on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

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

INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

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

The management conducted reviews from time to time on the effectiveness of the Group's internal control system with a view to identify any areas that need enhancement. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the internal control system and evaluating findings on any deficiencies in the design of the internal controls. The reviews covered major operating areas of the business of the Group, including accounts opening and handling, dealing practices, settlement and asset protection. Proper management of risks, including credit risk, market risk, liquidity risk, operational and compliance risk, are also important to the business of the Group. The Group has implemented policies and procedures on these areas and continuous revisions on the relevant policies and procedures will be made from time to time. Monitoring of the internal control system and risk management rest on the Internal Audit Department, the Credit and Risk Control Department ("CRC Department") and the Compliance Department. The scope and findings of the review had been reported to and reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS *(Continued)*

The system and procedures on disclosure of inside information is in place to ensure that all relevant facts and circumstances that may have material effect on the share price of the Company is promptly assessed and that any material information which comes to the knowledge of any one or more officers be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

Besides, a CCT Compliance Committee has been established to monitor, control and review the connected transactions and continuing connected transactions of the Group and ensure compliance with all relevant laws and regulations and the Listing Rules.

The Board and Audit Committee had conducted a review on the effectiveness of internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function. The Board considered that the Group's internal control system is effective and adequate.

RISK MANAGEMENT

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

CREDIT RISK

Credit risk refers to the risk that the borrower or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date.

The Group's Credit Committee, the ultimate credit decision-making organ of the Group, is responsible for putting in place credit policies and procedures for approving lending including those for approving credit and trading limits for customers and approving individual stocks acceptable for margin lending at specified ratios. The Group's exposure to credit risk lies mainly in two areas:

Margin financing

The customers' trading of securities or futures may expose the Group to risk arising from price volatility which may reduce the customers' ability to meet their obligations. The Credit Committee will prescribe from time to time the lending limits on individual stock or on any individual customers and their respective associates by considering their creditworthiness, financial strength and the size of their positions or commitments.

The CRC Department is responsible for the daily monitoring of the changes in customers' positions, their accounts and financing ratios; to observe strictly the approved financing and credit policies; to make margin calls and perform forced liquidation, where appropriate; to report to the management regularly and when abnormalities arise; to closely monitor the unusual movements and trading halts of stocks and timely identify non-performing debts; and to demand higher margin requirements and step up risk control for particular customers or products, where appropriate.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT *(Continued)*

CREDIT RISK *(Continued)*

Margin financing *(Continued)*

The Group has set up policies on customer concentration risk and stock concentration risk. The CRC Department will monitor the concentration of credit risk and regularly perform stress tests to assess the Group's credit risk exposure and capital adequacy and to report anomaly or any unusual price movements of customers' stock positions.

Lending portfolio

The Credit Committee sets and establishes the credit underwriting, approving, provisioning policies. All loans and advances are subject to credit analysis, borrower's due diligence, risk assessment and are approved by the management according to the credit policies set by the Credit Committee. The Loans Operation Department is tasked with the daily monitoring of exposures for loans and advances, while accounts with deteriorating credit position may be referred to the CRC Department for closely monitoring. The Credit Committee meets both regularly and timely to review the developments and status of past due accounts and to ensure appropriate actions are taken in a timely manner.

Moreover, the 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 credit limits.

MARKET RISK

Market risks primarily include interest rate risk, foreign exchange rate risk and equity risk.

The management will commission the relevant departments to conduct stress tests or special reviews to assess the relevant risks and to determine appropriate risk measures.

Interest rate risk refers to the risk resulting from changes in market interest rates. Margin financing are variable rate based. Although part of the Group's loan portfolio bears interests at fixed rates, due to their short term maturities of generally within one year, the interest rate risk is considered minimal. In view of a possible uptrend of the interest rates, the Group had issued fixed rate debt securities in November 2013.

Foreign exchange rate risk represents exposures arising from changes in foreign exchange rates. As the Group's principal operations are transacted and recorded in Hong Kong dollars and it does not engage in leveraged foreign exchange dealing and broking, the level of foreign exchange rate risk is considered minimal. Foreign exchange rate risk is managed and monitored by the Group's Finance and Accounts Department.

Equity risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. The Group does not have proprietary equity investments. On the other hand, the Group may be subject to exposure arising from the underwriting commitments. The Group mitigates its risks by conducting detailed analysis of the issuer's fundamentals and pricing against market conditions and appetites. Such risk exposure is also reduced by way of internal sales and distribution and by sub-underwritings.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT *(Continued)*

LIQUIDITY RISK

As part of its ordinary brokerage activities, the Group is exposed to liquidity risk arising from timing difference between settlements with clearing houses or brokers and customers. The goal of liquidity risk management is to ensure the Group maintains adequate liquid capital to fund its business commitments as well as to comply with the relevant Financial Resources Rules applying to various licensed subsidiaries.

To address the liquidity risk, the Group's Finance and Accounts Department and the management will review and monitor the Group's liquidity position on daily basis to ensure availability of sufficient liquid funds. In addition, the Group has maintained sufficient 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.

OPERATIONAL RISK

Operational risk is the risk of losses arising from inadequate or failed internal processes, people, systems or external events. The Group extends operational risk management to cover potential losses arising from legal and compliance breaches. Operational risk is reduced and controlled through establishing effective internal controls, clear lines of responsibility, proper segregation of duties and effective internal reporting and contingency planning. It is our corporate culture that the business and operating line management are fully aware of their responsibilities for managing the operational risks of their business units on a day-to-day basis. Independent monitoring and reviews are conducted by the Compliance Department and the Internal Audit Department, which report regularly to the management and the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

The Company had established a shareholders' communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meetings and special general meetings, if any, which may be convened for specific purpose and can provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules; (iii) publication of press release of the Company providing updated information of the Group; (iv) the availability of latest information of the Group in the Company's website at <http://www.emperorcapi.com>; (v) the holding of press conference(s) from time to time; and (vi) meeting with investors and analysts on a regular basis and participate investor road show and sector conference.

There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website to raise enquiries through our Investor Relations Department whose contact details are available on the Company's website and the "Corporate Information and Key Dates" section of this Annual Report.

In order to protect the environment and save costs for the benefit of Shareholders, the Company has introduced the electronic means of corporate communication by Shareholders. Shareholders may elect to receive printed or electronic copies of corporate communication. However, Shareholders are encouraged to access corporate communication from the Company through the Company's website.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Separate resolutions are proposed at the general meetings for such substantial issues, including the re-election of retiring Directors. The Company's notice to Shareholders for the 2015 annual general meeting was sent to Shareholders at least 20 clear business days before the meeting and notices of special general meetings were sent to shareholders at least 10 clear business days before the meetings.

The Chairperson of the 2015 annual general meeting, the chairman/chairperson of the Board Committees and the external auditors were available at the 2015 annual general meeting to answer questions from the Shareholders. The Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

The forthcoming annual general meeting of the Company will be held on 28 January 2016 which will be conducted by way of poll.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting ("SGM") and Putting Forward Proposals at General Meetings

Pursuant to the Bermuda Companies Act 1981 and Bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board. The written requisition (a) must state the object(s) of the meeting, and (b) must be signed by the requisitionists and deposited at the principal office of the Company for attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's Hong Kong Branch Share Registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(Continued)*

Enquires from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on "Corporate Information and Key Dates" section of this Annual Report.

INVESTOR RELATIONS

Constitutional Documents

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

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. The Audit Committee was of the view that the Company's auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte") is independent. In order to maintain their independence, Deloitte will not be engaged for non-audit work unless such work meets the criteria suggested in the Listing Rules and has been approved by the Audit Committee.

During the Year, Deloitte has rendered audit services and certain non-audit services to the Group and the remuneration paid/payable to it by the Group is set out as follows:

Service rendered	Fees paid/payable HK\$'000
Audit services	1,538
Non-audit services:	
Review of the preliminary results announcement	60

INDEPENDENT AUDITOR'S REPORT



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香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE MEMBERS OF EMPEROR CAPITAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Emperor Capital Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 41 to 95, which comprise the consolidated statement of financial position as at 30 September 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
9 December 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Revenue	8	835,077	546,408
Other operating income		7,122	18,034
Staff costs	9	(80,302)	(100,123)
Commission expenses		(112,650)	(87,725)
Other expenses		(80,068)	(69,999)
Finance costs	10	(51,279)	(40,402)
Gain upon deemed disposal of a subsidiary	26	–	2,525
Share of profit of an associate	19	1,756	422
Share of loss of a joint venture	20	(22)	(13)
Profit before taxation	13	519,634	269,127
Taxation	14	(89,383)	(48,332)
Profit for the year		430,251	220,795
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		26	–
Other comprehensive income for the year		26	–
Total comprehensive income for the year		430,277	220,795
Profit for the year attributable to:			
Owners of the Company		430,251	220,795
Non-controlling interests		–	–
		430,251	220,795
Total comprehensive income attributable to:			
Owners of the Company		430,277	220,795
Non-controlling interests		–	–
		430,277	220,795
			(restated)
Earnings per share	16		
Basic		HK10.21 cents	HK6.21 cents
Diluted		HK10.04 cents	HK5.99 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property and equipment	17	4,883	5,399
Intangible assets	18	–	–
Other assets	21	9,177	7,308
Interest in an associate	19	4,489	2,733
Amount due from an associate	19	5,987	5,987
Interest in a joint venture	20	514	536
Loans and advances	22	56,032	73,513
Available-for-sale investment	26	–	–
		81,082	95,476
Current assets			
Accounts receivable	23	3,232,351	1,681,956
Loans and advances	22	1,398,541	858,911
Other debtors, deposits and prepayments		58,007	22,816
Bank balances and cash – trust accounts	24	1,368,108	1,164,249
Bank balances and cash – general accounts	24	462,389	527,546
Tax recoverable		–	7
		6,519,396	4,255,485
Current liabilities			
Accounts payable	25	1,667,105	1,301,188
Other creditors and accrued charges		92,264	85,341
Tax liabilities		106,340	68,599
Short-term bank borrowings	27	480,000	710,000
Loans payable	28	10,000	10,000
		2,355,709	2,175,128
Net current assets		4,163,687	2,080,357
Total assets less current liabilities		4,244,769	2,175,833
Non-current liabilities			
Bonds issued	29	605,865	605,699
Net assets		3,638,904	1,570,134
Capital and reserves			
Share capital	30	57,479	26,320
Reserves		3,581,425	1,543,814
Total equity		3,638,904	1,570,134

The consolidated financial statements on pages 41 to 95 were approved and authorised for issue by the Board of Directors on 9 December 2015 and are signed on its behalf by:

DAISY YEUNG
DIRECTOR

CHAN SHEK WAH
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2015

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Capital contribution reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 October 2013	25,974	841,266	59,931	2,004	53	453,815	2,038	1,385,081	-	1,385,081
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	220,795	-	220,795	-	220,795
Total comprehensive income for the year	-	-	-	-	-	220,795	-	220,795	-	220,795
Amount transferred from special reserve to retained profits	-	-	(49,981)	-	-	49,981	-	-	-	-
Dividend recognised as distribution	-	-	-	-	-	(49,981)	-	(49,981)	-	(49,981)
Recognition of equity-settled share based payments	-	-	-	-	-	-	2,594	2,594	-	2,594
Issue of ordinary shares upon exercise of share options (notes 30 & 31)	346	15,931	-	-	-	-	(4,632)	11,645	-	11,645
At 30 September 2014	26,320	857,197	9,950	2,004	53	674,610	-	1,570,134	-	1,570,134
Other comprehensive income for the year	-	-	-	-	26	-	-	26	-	26
Profit for the year	-	-	-	-	-	430,251	-	430,251	-	430,251
Total comprehensive income for the year	-	-	-	-	26	430,251	-	430,277	-	430,277
Dividend recognised as distribution	-	-	-	-	-	(89,375)	-	(89,375)	-	(89,375)
Issue of shares (note 30)	31,159	1,696,709	-	-	-	-	-	1,727,868	-	1,727,868
At 30 September 2015	57,479	2,553,906	9,950	2,004	79	1,015,486	-	3,638,904	-	3,638,904

Special reserve represents the difference between the nominal value of the ordinary shares of the subsidiary of the Company in issue and the nominal value of the shares issued by the Company for acquisition of a subsidiary pursuant to a group reorganisation on 2 April 2007.

Capital contribution reserve represents the deemed contribution arising from a fellow subsidiary waiving certain amount of management fee in previous years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		519,634	269,127
Adjustments for:			
Finance costs		51,279	40,402
Interest income		(472,459)	(320,081)
Depreciation of property and equipment		2,144	2,017
Share of profit of an associate		(1,756)	(422)
Share of loss of a joint venture		22	13
Net impairment for loans and advances		550	2,203
Impairment on accounts receivable		19	–
Share-based payment expenses		–	2,594
Operating cash flows before movements in working capital		99,433	(4,147)
Increase in accounts receivable		(1,550,414)	(521,926)
(Increase) decrease in other assets		(1,869)	431
Increase in loans and advances		(522,699)	(357,385)
Increase in other debtors, deposits and prepayments		(35,191)	(1,012)
(Increase) decrease in bank balances and cash – trust accounts		(203,859)	680,926
Increase (decrease) in accounts payable		365,917	(765,168)
Increase in other creditors and accrued charges		6,923	46,789
Cash used in operations		(1,841,759)	(921,492)
Hong Kong Profits Tax paid		(51,635)	(7,912)
Interest paid (excluding bond interest)		(17,780)	(12,233)
Interest received		472,459	320,081
NET CASH USED IN OPERATING ACTIVITIES		(1,438,715)	(621,556)
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,628)	(2,128)
Acquisition of investment in a joint venture	20	–	(549)
NET CASH USED IN INVESTING ACTIVITIES		(1,628)	(2,677)
FINANCING ACTIVITIES			
Proceeds from issue of shares		1,727,868	11,645
Drawdown on bank borrowings		16,498,298	20,692,074
Repayment of bank borrowings		(16,728,298)	(20,292,074)
Drawdown on advance from a related company		1,180,000	–
Repayment to a related company		(1,180,000)	(100,000)
Repayment of loans payable		–	(26,000)
Bonds borrowing proceeds	29	–	606,067
Bonds issuing cost paid	29	–	(500)
Interest paid on bonds issuing	29	(33,333)	(28,037)
Dividend paid		(89,375)	(49,981)
NET CASH FROM FINANCING ACTIVITIES		1,375,160	813,194

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2015

	2015 HK\$'000	2014 HK\$'000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(65,183)	188,961
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	527,546	338,585
Effect of foreign exchange rate changes	26	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	462,389	527,546
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	462,389	527,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

1. GENERAL

The Company is incorporated and registered as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and acts as an investment holding company. The immediate holding company is Emperor Capital Group Holdings Limited (“Emperor Capital Holdings”), which is a limited liability company incorporated in the British Virgin Islands (the “BVI”). The ultimate holding company is Albert Yeung Holdings Limited, a limited liability company incorporated in the BVI. The entire issued share capital of Albert Yeung Holdings Limited is, in turn, held by STC International Limited, being the trustee of The Albert Yeung Discretionary Trust (the “AY Trust”), a discretionary trust set up by Dr. Yeung Sau Shing, Albert.

Shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 24 April 2007. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of this Annual Report.

The Company acts as an investment holding company. The principal activities of the Company’s principal subsidiaries are set out in note 36.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

The Group has applied the following new and revised HKFRSs issued by HKICPA for the first time in the current year.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

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

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective, which may be related to the Group.

Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKAS 27	Equity method in separate financial statements ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate that the application of all new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, or, when applicable, the cost on initial recognition of an investment in an associate.

Interest in associates and joint venture

Associates are entities over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate and joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of associates or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associates or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interest in associates and joint venture *(Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

- Commission income for broking business of securities, futures and option dealing is recorded as income when the trades are executed.
- Insurance brokerage commission is recognised when the services are rendered or on straight-line basis over the claw back period, as appropriate.
- Advisory, other corporate finance services fee income and asset management fee income are recognised when the services are rendered.
- Underwriting commission income, sub-underwriting income, placing commission income are recognised once the corresponding underlying exposure has ceased.
- Handling fee income is recognised when the relevant transactions have been arranged or the relevant services are been rendered.
- Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property and equipment

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

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to directors and employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into two categories, including loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for loans and receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

AFS financial assets

AFS financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and loans and advances, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the accounts receivable and loans and advances are considered uncollectible upon the bankruptcy of customers, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Financial liabilities

Financial liabilities including accounts payable, other creditors, short-term bank borrowings, loan payable and bonds issued are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of accounts receivable and loans and advances

When there is objective evidence of impairment loss, the Group estimates the future cash flows of assets for impairment testing purpose. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise in future financial periods. As at 30 September 2015, the gross carrying amount of accounts receivable is HK\$3,232,370,000 (2014: HK\$1,681,956,000), the gross carrying amount of loans and advances is HK\$1,454,826,000 (2014: HK\$934,627,000), accumulated allowance on accounts receivable of HK\$19,000 (2014: HK\$nil) and loans and advances of HK\$253,000 (2014: HK\$2,203,000) in aggregate were provided as at 30 September 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which include short-term bank borrowings, loans payable, bonds issued as disclosed in respective notes, and equity attributable to owners of the Company, comprising issued share capital and reserves as set out on the consolidated statement of financial position, consolidated statement of changes in equity and respective notes. The Group's overall strategy remains unchanged from the prior year.

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

Several subsidiaries of the Group (the "Regulated Subsidiaries") are registered with Securities and Futures Commission ("SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") adopted by the SFC. Under the SF(FR)R, the Regulated Subsidiaries must maintain their liquid capital in excess of HK\$3 million or 5% of their total adjusted liabilities, whichever is higher. The required information is filed with SFC on a monthly basis.

Another subsidiary of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK\$100,000 at all times.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including bank balances and cash)	6,579,680	4,334,978
Financial liabilities		
Amortised cost	2,781,373	2,712,228

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, other debtors and deposits, accounts receivable, loans and advances, amount due from an associate, bank balances and cash, accounts payable, short term bank borrowings, loans payable, bonds issued and other creditors. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Currency risk

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

It is the Group's policy for each operating entity to operate in local currencies as far as possible to minimise currency risks. Most of the Group's principal businesses are conducted and recorded in Hong Kong dollar, the functional currency of respective group entities, except for certain receivables from and payable to foreign brokers and bank deposits which are denominated in United States dollar, Renminbi, Japanese Yen and Singapore dollar (see notes 23, 24 and 25 for details). The executive directors of the Company considered that the effect of currency risk is insignificant as the Group has minimal exposure in Renminbi, Japanese Yen and Singapore dollar and there is the linked exchange rate system of Hong Kong dollar against United States dollar. Accordingly, no sensitivity analysis in relation to foreign currency exposure has been carried out by the management.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate accounts receivable, bank balances, loans and advances, bank borrowings and accounts payable.

The Group's cash flow interest rate risk is mainly relating to the fluctuation of best lending rate arising from the Group's accounts receivable and loans and advances and market savings interest rate arising from the Group's bank balances and accounts payable. The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

Financial instruments bearing variable interest rates in nature

	2015 HK\$'000	2014 HK\$'000
Assets		
Accounts receivable	2,923,405	1,477,110
Loans and advances	58,260	60,723
Bank balances	336,151	893,956
Liabilities		
Accounts payable	1,203,684	944,741
Short-term bank borrowings	480,000	710,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period and it is assumed that the amount of the above assets and liabilities at the end of the reporting period was in existence for the whole year and all other variables were held constant throughout the respective year. A 50 basis point (2014: 50 basis point) change represents management's assessment of the reasonably possible change in interest rates in respect of variable rate accounts receivable, loans and advances, bank balances, accounts payable and short term bank borrowings.

	2015		2014	
	Change in basis points		Change in basis points	
	+50	-50	+50	-50
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase (decrease) in profit after tax for the year	6,823	(6,823)	3,244	(3,244)

In management's opinion, the sensitivity analysis is unrepresentative of the market interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 September 2015 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has a delegated team to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the executive directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. The Group has no significant concentration of credit risk by any single debtor as the exposure is spread over a number of individual and institutional customers, except for the loans and advances and accounts receivable as disclosed in notes 22 and 23.

Details of analysis of the credit risk exposure of loans and advances and accounts receivable are disclosed in notes 22 and 23.

Bank balances are placed in various authorised institutions and the executive directors of the Company consider the credit risk for such instruments is minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

Internally generated cash flow and bank borrowings are the sources of funds to finance the operations of the Group. The majority of the Group's banking facilities are subject to floating rate and are renewable annually. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews the major funding positions to ensure adequate financial resources are available to meet their respective financial obligations.

As at 30 September 2015, the Group has available unutilised banking facilities of approximately HK\$1,250 million (30 September 2014: HK\$345 million).

Except for the 3 years unsecured bonds maturing in November 2016, the Group's financial liabilities are repayable on demand or within one year by virtue of its nature.

Fair value

Except as detailed in the following table, the executive directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	Carrying amount HK\$'000	Fair value HK\$'000
As at 30 September 2015		
Bond issued	605,865	602,897
As at 30 September 2014		
Bond issued	605,699	600,225

This liabilities are classified under Level 2 in the fair value hierarchy.

Financial asset and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statements of financial position; or
- not offset in the consolidated statements of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6. FINANCIAL INSTRUMENTS (Continued)

Financial asset and financial liabilities offsetting (Continued)

Liquidity risk (Continued)

As at 30 September 2015

	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the statement of financial position HK\$'000	Net amounts of financial assets presented in the statement of financial position HK\$'000	Related amounts not set off in the statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral received HK\$'000	
Financial assets						
Amount due from clearing house, brokers and brokerage clients	3,315,028	(284,860)	3,030,168	(50,627)	(2,842,490)	137,051
Deposit placed with clearing house	26,147	-	26,147	-	-	26,147

	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial liabilities set off in the statement of financial position HK\$'000	Net amounts of financial liabilities presented in the statement of financial position HK\$'000	Related amounts not set off in the statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral pledged HK\$'000	
Financial liabilities						
Amount due to clearing house, brokers and brokerage clients	1,645,283	(284,860)	1,360,423	(1,284,327)	-	76,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

6. FINANCIAL INSTRUMENTS (Continued)

Financial asset and financial liabilities offsetting (Continued)

Liquidity risk (Continued)

As at 30 September 2014

	Gross amounts of recognised financial assets set off in the statement of financial position HK\$'000	Gross amounts of recognised financial liabilities set off in the statement of financial position HK\$'000	Net amounts of financial assets presented in the statement of financial position HK\$'000	Net amounts of financial liabilities presented in the statement of financial position HK\$'000	Related amounts not set off in the statement of financial position	Financial instruments HK\$'000	Collateral received HK\$'000	Collateral pledged HK\$'000	Net amount HK\$'000
Financial assets									
Amount due from clearing house, brokers and brokerage clients	1,718,754	(134,284)	1,584,470			(39,147)	(1,544,603)		720
Deposit placed with clearing house	20,832	–	20,832			–	–		20,832
Financial liabilities									
Amount due to clearing house, brokers and brokerage clients		(134,284)		1,100,712		(1,096,812)	–		3,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

7. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of services provided.

According to HKFRS 8, the Group has the following reportable and operating segments:

- (a) Financing – Provision of margin financing and money lending services
- (b) Brokerage – Provision of securities, options, futures, insurance, other assets and wealth management products broking services and related handling services
- (c) Placing and underwriting – Provision of placing and underwriting services
- (d) Corporate finance – Provision of corporate finance advisory services

Segment revenue and results

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

For the year ended 30 September 2015

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Elimination HK\$'000	Total HK\$'000
REVENUE						
Segment revenue – external customers	465,762	151,499	180,006	37,810	-	835,077
Inter-segment sales	65,268	-	13,500	-	(78,768)	-
	531,030	151,499	193,506	37,810	(78,768)	835,077

Inter-segment sales are charged at prevailing market rates.

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
RESULTS					
Segment results	403,639	44,828	114,838	28,344	591,649
Unallocated other operating income					4,683
Unallocated corporate expenses					
– staff costs (including directors' remuneration)					(53,052)
– management fee to related companies					(314)
– service charge to related companies					(11,578)
– others					(13,488)
Share of loss of a joint venture					(22)
Share of profit of an associate					1,756
Profit before taxation					519,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 30 September 2014

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Elimination HK\$'000	Total HK\$'000
REVENUE						
Segment revenue –						
external customers	311,105	91,616	127,910	15,777	–	546,408
Inter-segment sales	42,214	–	16,918	–	(59,132)	–
	353,319	91,616	144,828	15,777	(59,132)	546,408

Inter-segment sales are charged at prevailing market rates.

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
RESULTS					
Segment results	262,710	13,212	72,848	5,455	354,225
Unallocated other operating income					2,751
Unallocated corporate expenses					
– staff costs (including directors' remuneration)					(61,979)
– management fee to related companies					(334)
– service charge to a related company					(9,500)
– others					(18,970)
Gain upon deemed disposal of a subsidiary					2,525
Share of loss of a joint venture					(13)
Share of profit of an associate					422
Profit before taxation					269,127

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administrative staff costs (including directors' remuneration but excluding staff commission expenses), unallocated other operating income, gain upon deemed disposal of a subsidiary, management fee to related companies, service charge to related companies, central administration costs, share of loss of a joint venture and share of profit of an associate. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

7. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Other segment information

For the year ended 30 September 2015

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
Additions of property and equipment	154	1,474	-	-	1,628
Depreciation of property and equipment	6	2,118	-	20	2,144
Impairment on accounts receivable	-	19	-	-	19
Net impairment for loans and advances	550	-	-	-	550

For the year ended 30 September 2014

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
Additions of property and equipment	-	2,128	-	-	2,128
Depreciation of property and equipment	-	2,017	-	-	2,017
Net impairment for loans and advances	2,203	-	-	-	2,203

Geographical information

The following illustrates the geographical analysis of the Group's revenue from its external customers, based on the country from which the trades are derived in relation to brokerage revenue and based on the country in which the customers are located in relation to financing, placing and underwriting and corporate finance revenue.

	Revenue	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	815,199	518,606
United States	19,656	27,429
Others	222	373
	835,077	546,408

All non-current assets held by the Group are located in Hong Kong.

Information about major customer

There is no single customer who contributes 10% or more of the Group's revenue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

8. REVENUE

	2015 HK\$'000	2014 HK\$'000
Commission and fees income on dealing in securities	115,437	45,590
Commission and fees income on dealing in futures and options contracts	24,605	32,360
Commission from insurance brokerage and wealth management	4,760	4,690
Corporate finance advisory services fee income	37,810	15,777
Placing and underwriting commission	180,006	127,910
Interest income from:		
Margin and initial public offer financing	265,440	164,065
Loans and advances	200,322	147,040
Bank deposits	6,689	8,972
Others	8	4
	835,077	546,408

9. STAFF COSTS

	2015 HK\$'000	2014 HK\$'000
Staff costs represent the amounts paid and payable to the directors and employees and comprise:		
Salaries, bonus, allowances and commission	77,866	95,373
Contributions to retirement benefits scheme	2,436	2,156
Share based payments	–	2,594
	80,302	100,123

10. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on:		
Bank overdrafts and loans wholly repayable within five years	12,555	7,415
Amount due to a related company	4,351	1,815
Loans payable	874	3,000
Bonds issued	33,499	28,170
Others	–	2
	51,279	40,402

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 8 (2014: 9) directors and the chief executive were as follows:

For the year ended 30 September 2015

	Directors								Total HK\$'000
	Daisy Yeung HK\$'000	Chan Shek Wah HK\$'000	Choi Suk Hing, Louisa HK\$'000	Pearl Chan HK\$'000	Chu Kar Wing HK\$'000	Poon Yan Wai HK\$'000	Tse Hin Lin Arnold HK\$'000 (Note)	Wan Choi Ha HK\$'000 (Note)	
Fees	150	150	150	150	200	200	163	38	1,201
Other remuneration									
Salaries and allowances	1,866	4,095	2,084	1,799	-	-	-	-	9,844
Discretionary bonus (Note)	1,900	2,850	1,008	725	-	-	-	-	6,483
Share based payment	-	-	-	-	-	-	-	-	-
Contributions to retirement benefits scheme	17	18	146	126	-	-	-	-	307
Total remuneration	3,933	7,113	3,388	2,800	200	200	163	38	17,835

For the year ended 30 September 2014

	Directors									Total HK\$'000
	Daisy Yeung HK\$'000	Chan Shek Wah HK\$'000	Choi Suk Hing, Louisa HK\$'000	Pearl Chan HK\$'000	Chu Kar Wing HK\$'000	Poon Yan Wai HK\$'000 (Note)	Tse Hin Lin Arnold HK\$'000	Kwok Chi Sun, Vincent HK\$'000 (Note)	Cheng Wing Keung, Raymond HK\$'000 (Note)	
Fees	150	150	150	150	190	134	102	56	88	1,170
Other remuneration										
Salaries and allowances	1,752	3,911	1,992	1,719	-	-	-	-	-	9,374
Discretionary bonus (note)	6,055	6,805	1,842	1,134	-	-	-	-	-	15,836
Share based payment	1,016	1,016	233	146	-	-	-	-	-	2,411
Contributions to retirement benefits scheme	17	16	139	143	-	-	-	-	-	315
Total remuneration	8,990	11,898	4,356	3,292	190	134	102	56	88	29,106

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

During the year ended 30 September 2015, Mr. Tse Hin Lin Arnold has resigned from INED and Ms Wan Choi Ha has been appointed as INED on 24 July 2015. During the year ended 30 September 2014, Mr. Kwok Chi Sun, Vincent has retired from INED and Mr. Poon Yan Wai has been appointed as INED on 22 January 2014. Mr Cheng Wing Keung, Raymond has resigned as INED on 27 March 2014.

Ms. Daisy Yeung is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as Chief Executive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

12. EMPLOYEES' REMUNERATION

The five individuals with the highest emoluments in the Group included four (2014: four) directors of the Company for the year ended 30 September 2015, details of whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining one (2014: one) individual for the year were as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	363	336
Bonus	2,053	2,134
Contributions to retirement benefits scheme	18	15
	2,434	2,485

The remunerations were within the following bands:

	Number of employees	
	2015	2014
HK\$2,000,001 to HK\$2,500,000	1	1

During the year, no remuneration has been paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during the year.

13. PROFIT BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	6,787	5,353
Auditor's remuneration	1,598	1,570
Depreciation of property and equipment	2,144	2,017
Management fee to related companies	314	334
Service charge to related companies	11,578	9,500
Net exchange loss	260	97
Operating lease rentals in respect of		
– rented premises	12,670	9,775
– office equipment	25	2,543
Other equipment hiring charges	5,166	9,807
Legal and professional fee	1,235	1,358
Net impairment for loans and advances	550	2,203
Impairment on accounts receivable	19	–
Included in other operating income:		
Handling fee income	(2,334)	(15,181)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

14. TAXATION

	2015 HK\$'000	2014 HK\$'000
Current year:		
Hong Kong Profits Tax provision for the year	89,039	47,742
PRC Enterprise Income Tax	344	590
	89,383	48,332

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

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

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	519,634	269,127
Taxation at income tax rate of 16.5%	85,740	44,406
Tax effect of expenses not deductible for tax purpose	1,308	2,045
Tax effect of income not taxable for tax purpose	(1,102)	(889)
Utilisation of tax losses previously not recognised	(253)	–
Tax effect of tax losses not recognised	3,729	3,024
Tax effect of share of profit of an associate	(290)	(67)
Others	251	(187)
Taxation charge for the year	89,383	48,332

As at 30 September 2015, the Group had unused estimated tax losses of HK\$57,310,000 (2014: HK\$36,243,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

15. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Recognised as distribution:		
Interim dividend paid: HK\$0.007 per share (2014: HK\$0.006 per share)	36,736	15,793
Final dividend paid in respect of 2014: HK\$0.02 per share (2014: HK\$0.013 per share in respect of 2013)	52,639	34,188
	89,375	49,981

The directors recommended the payment of a final dividend of HK1.60 cents per share amounting to HK\$91,967,000 in aggregate in respect of the year ended 30 September 2015 (2014: final dividend paid in respect of the year ended 30 September 2014 of HK2.00 cents per share amounted to HK\$52,639,000 in aggregate), which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015 HK\$'000	2014 HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	430,251	220,795
	2015 '000	2014 '000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note (a))	4,214,980	3,554,724
Effect of dilutive potential ordinary shares:		
Share options of the Company (note (b))	68,877	131,019
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,283,857	3,685,743

Notes:

- (a) During the current year, the Company raised approximately HK\$651.2 million (net) by way of rights issue on the basis of one rights share for every two existing shares held by shareholders of the Company at the price of HK\$0.50 per share, which represented a discount to the prevailing fair value of the existing shares on the date of issuance of the rights shares.

The effect of the bonus element resulting from this rights issue has been included in the calculation of the current year's basic and diluted earnings per share and the prior periods' basic and diluted earnings per share are adjusted in order to provide a comparable basis for the rights issue in the current year.

- (b) The computation of diluted earnings per share assumed the exercise of the Company's outstanding share options with the exercise price lower than the average market price during the years ended 30 September 2015 and 30 September 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

17. PROPERTY AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer and other equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
COST						
At 1 October 2013	10,734	1,802	5,548	13,615	–	31,699
Additions	1,005	96	575	452	–	2,128
At 30 September 2014	11,739	1,898	6,123	14,067	–	33,827
Additions	606	30	42	277	673	1,628
At 30 September 2015	12,345	1,928	6,165	14,344	673	35,455
ACCUMULATED DEPRECIATION						
At 1 October 2013	8,133	1,542	4,796	11,940	–	26,411
Provided for the year	1,039	94	725	159	–	2,017
At 30 September 2014	9,172	1,636	5,521	12,099	–	28,428
Provided for the year	1,052	91	278	600	123	2,144
At 30 September 2015	10,224	1,727	5,799	12,699	123	30,572
CARRYING VALUES						
At 30 September 2015	2,121	201	366	1,645	550	4,883
At 30 September 2014	2,567	262	602	1,968	–	5,399

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

18. INTANGIBLE ASSETS

	HK\$'000
COST	
At 1 October 2013, 30 September 2014 and 30 September 2015	9,802
AMORTISATION AND IMPAIRMENT	
At 1 October 2013, 30 September 2014 and 30 September 2015	9,802
CARRYING VALUES	
At 30 September 2015	–
At 30 September 2014	–

Trading rights are amortised over 10 years from the effective day of the merger of the Stock Exchange, the HKFE and the Hong Kong Securities Clearing Company Limited in year 2000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

19. INTEREST IN AN ASSOCIATE

	2015 HK\$'000	2014 HK\$'000
Cost of investment in the unlisted associate	1	1
Share of post-acquisition profit and other comprehensive income	4,488	2,732
	4,489	2,733
Amount due from an associate	5,987	5,987

As at 30 September 2014 and 2015, the Group had interest in the following associate:

Name of entity	Form of business structure	Place of incorporation	Class of share held	Proportion of nominal value of issued capital held by the Group		Principal activity
				2015	2014	
Boom High Investments Limited	Incorporated	British Virgin Islands	Ordinary shares	28%	28%	Trading in securities and investment in funds

The summarised financial information in respect of the Group's associate that is not individually material is set out below:

	2015 HK\$'000	2014 HK\$'000
Total assets	37,428	31,157
Total liabilities	(21,395)	(21,395)
Net assets	16,033	9,762
Group's share of net assets of the associate	4,489	2,733

	2015 HK\$'000	2014 HK\$'000
Revenue	6,279	10,580
Profit for the year	6,271	1,509
Group's share of profit of the associate for the year	1,756	422

The amount due from an associate is unsecured, non-interest bearing and has no fixed term of repayment.

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For the year ended 30 September 2015

20. INTEREST IN A JOINT VENTURE

Details of the Group's investment in a joint venture are as follows:

	2015 HK\$'000	2014 HK\$'000
Cost of investment in a joint venture	549	549
Share of post-acquisition loss and other comprehensive expense	(35)	(13)
	514	536

Name of entity	Form of business structure	Place of incorporation	Class of share held	Proportion of nominal value of issued capital held by the Group		Principal activity
				2015	2014	
Emperor Shiyang Finance Limited ("ESFL")	Incorporated	Hong Kong	Ordinary share	55%	55%	Money lending

Note: As at 30 September 2015, the Group held 55 shares, representing 55% interests in the joint venture. The shares provide the Group with the share of returns from the joint venture.

Pursuant to the contractual agreement, unanimous consent of the parties sharing control is required for all the key financing and operating decisions in the joint venture. As of 30 September 2015, the Group held 55% of the shares of the joint venture and the other 45% shares are held by a third party. The arrangement of sharing of control is contractually agreed by both parties. As such, the interest of the Group in ESFL is classified as a joint venture.

The summarised financial information in respect of the Group's joint venture is set out below. The joint venture is accounted for using the equity method in these consolidated financial statements.

	2015 HK\$'000	2014 HK\$'000
Net assets	935	975
Group's share of net assets of the joint venture	514	536
Loss for the year	40	25
Group's share of loss of the joint venture for the year	22	13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

21. OTHER ASSETS

	2015 HK\$'000	2014 HK\$'000
Statutory and other deposits	9,177	7,308

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

22. LOANS AND ADVANCES

	2015 HK\$'000	2014 HK\$'000
Fixed-rate loans receivable	1,396,566	873,713
Variable-rate loans receivable	58,260	60,914
	1,454,826	934,627
Less: Individually assessed impairment allowances	(253)	(2,203)
	1,454,573	932,424
Analysed as:		
Current	1,398,541	858,911
Non-current	56,032	73,513
	1,454,573	932,424

Note: During the year ended 30 September 2015, the Group reached a confidential settlement with the party in dispute relating to a receivable amount of HK\$40,000,000 and thus withdrew the claim and all outstanding legal proceedings. The settlement did not have a material impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 30 September 2015.

The carrying amount of the Group's fixed-rate and variable-rate loans receivable have remaining contractual maturity dates as follows:

	2015 HK\$'000	2014 HK\$'000
Fixed-rate loans receivable:		
Within one year	1,297,817	820,718
In more than one year but no more than five years	33,187	50,983
Over five years	6,600	–
	1,337,604	871,701
Past due but not impaired	58,709	–
	1,396,313	871,701
Variable-rate loans receivable:		
Within one year	37,215	38,193
In more than one year but no more than five years	2,615	6,463
Over five years	13,630	16,067
	53,460	60,723
Past due but not impaired	4,800	–
	58,260	60,723

Note: As at 30 September 2015, included in the fixed-rate loans receivable and variable-rate loans receivable were balances of HK\$58,709,000 (2014: HK\$nil) and HK\$4,800,000 (2014: HK\$nil), respectively which had been past due but not impaired. Taking into account the creditworthiness of the borrowers, the executive directors of the Company believed that no allowance for impairment was necessary as at 30 September 2015 (2014: HK\$nil). Partial repayment was made by the borrowers subsequent to the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

22. LOANS AND ADVANCES (Continued)

The effective interest rates of the Group's loans receivable are as follows:

	2015	2014
Effective interest rates:		
Fixed-rate loans receivable	0.79% per month to 4.33% per month	0.246% per month to 4.7% per month
Variable-rate loans receivable	Prime rate per annum to prime rate + 8% per annum	Prime rate – 3% per annum to prime rate + 5% per annum

As at 30 September 2015, eight secured loans with the aggregate amount of HK\$350,620,000 were secured by first legal charges in respect of respective properties located in Hong Kong. As at 30 September 2014, loans and advances with the aggregate amount of HK\$167,722,000 were secured by listed marketable securities in Hong Kong except for three secured loans which were secured by first legal charges in respect of respective properties located in Hong Kong. The collateral for each individual loan is sufficient to cover the loan amount on an individual basis. They were advanced to various independent borrowers and will be due for repayment within one year from the date of advance. Included in the secured loans receivable as at 30 September 2015 was one fixed-rate loan advance, which was secured by first legal charge in respect of properties located in Hong Kong, was made to a group of borrowers which amounted to HK\$186,320,000, representing 13% of the gross loans and advances balance. Included in the secured loans receivable as at 30 September 2014 was one fixed-rate loan advance, which was secured by listed marketable securities in Hong Kong, was made to a borrower which amounted to HK\$149,922,000, representing 16% of the gross loans and advances balance. Each of the remaining secured loans receivable represents less than 10% (2014: 10%) of the gross balance of loans and advances.

The remaining balance of the loans receivable amounting to HK\$1,103,953,000 (2014: HK\$764,702,000) were unsecured and were provided to independent third parties of the Group, of which the loan amount of HK\$122,084,000 (2014: HK\$76,668,000) were with second legal charges in respect of properties located in Hong Kong and will be due for repayment within 1 to 26 years (2014: 1 to 27 years) from the respective loans' date of advance. Two (2014: one) fixed-rate unsecured loans receivable were made to borrowers amounting to HK\$546,000,000 (2014: HK\$150,000,000) in aggregate, which represented 38% (2014: 16%) of the gross loans and advances balance. The remaining loans and advances with second legal charges in respect of properties in Hong Kong and the other unsecured loans each represented less than 10% (2014: 10%) of the gross balance of loans and advances.

To minimise the Group's exposure to credit risk, credit risk control team is responsible for the evaluation of customers' credit ratings, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances on an individual basis. The assessment is based on a close monitoring and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collateral value and the past collection history of each individual borrower. Taking into account the above, the executive directors of the Company have made an allowance for impairment of HK\$253,000 (2014: HK\$2,203,000) as at 30 September 2015. One loan with a total amount of HK\$1,950,000, in which allowance for impairment was provided in prior years, is recovered in the current year (2014: HK\$nil).

The carrying amounts of the Group's loans and advances approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

23. ACCOUNTS RECEIVABLE

	2015 HK\$'000	2014 HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	129,263	55,240
Secured margin loans	2,911,251	1,545,371
IPO margin loans	8,151	–
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	183,240	80,182
Accounts receivable from the business of corporate finance	465	1,163
	3,232,370	1,681,956
Less: Individually assessed impairment allowance	(19)	–
	3,232,351	1,681,956

The settlement terms of accounts receivable, except for secured margin loans, arising from the business of dealing in securities are two days after trade date, and of accounts receivable arising from the business of dealing in futures contracts are one day after trade date.

For secured margin loans, as at 30 September 2015, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$21,699,858,000 (2014: HK\$11,096,307,000). 97% of the loans were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at the year end, and impairment allowance of HK\$19,000 (2014: HK\$nil) has been made for one margin loan with an aggregate outstanding balance of HK\$19,000 (2014: HK\$nil). No further impairment allowance is considered necessary for the remaining margin loans based on the Group's evaluation of their collectibility. The loans to margin clients bear variable interest at commercial rates and are repayable on demand. No collateral was pledged for other accounts receivable.

As at 30 September 2015, accounts receivable from foreign brokers denominated in Japanese Yen, Singapore dollar and United States dollar were approximately HK\$nil (2014: HK\$35,000), HK\$6,000 (2014: HK\$nil) and HK\$142,266,000 (2014: HK\$70,397,000) respectively.

As at 30 September 2015, for accounts receivable due from various customers, amounts due from the top two margin customers represent 11% and 10% respectively (2014: 18% and 11%) of the total balance of the accounts receivable. Apart from the above, no other individual account represented more than 10% (2014: 7%) of the total balance of accounts receivable.

No ageing analysis of secured margin loans and IPO margin loans is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

23. ACCOUNTS RECEIVABLE (Continued)

The ageing analysis of the remaining of the accounts receivable, which are past due but not impaired, are as follows:

	2015 HK\$'000	2014 HK\$'000
Past due:		
0 – 30 days	1,388	3,288
31 – 60 days	49	11
61 – 90 days	564	5
Over 90 days	316	236
Accounts receivable which were past due but not impaired	2,317	3,540
Accounts receivable which were neither past due nor impaired	310,651	133,045
	312,968	136,585

Note: To minimise the Group's exposure to credit risk, there is a credit risk control team responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management had set up the credit limits for each individual customer which are subject to regular review by the management. Any extension of credit beyond these approval limits has to be approved by relevant level of management on an individual basis according to the exceeded amount. The Group has a policy for reviewing impairment of accounts receivable without sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and ageing analysis of the accounts and on management's judgment including the current creditworthiness, collateral value and the past collection history of each customer.

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date when credit was initially granted up to the reporting date. The credit risk is limited due to the customer base being large and unrelated. The executive directors of the Company believe that no provision for impairment is necessary as the fair values of the securities collateral held by the Group for these balances are generally in excess of the relevant carrying amounts as at 30 September 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

23. ACCOUNTS RECEIVABLE (Continued)

Included in accounts receivable from the business of dealing in securities are amounts due from the directors and disclosed pursuant to the Hong Kong Companies Ordinance, the details of which are as follows:

	Balance at the beginning of the year HK\$'000	Balance at the end of the year HK\$'000	Maximum amount outstanding during the year HK\$'000	Market value of pledged securities at the end of the year HK\$'000
Directors of the Company				
Ms. Daisy Yeung				
(1.10.2014 to 30.9.2015)	–	–	–	–
(1.10.2013 to 30.9.2014)	–	–	–	–
Mr. Chan Shek Wah				
(1.10.2014 to 30.9.2015)	–	–	–	–
(1.10.2013 to 30.9.2014)	–	–	–	–
Ms. Choi Suk Hing, Louisa				
(1.10.2014 to 30.9.2015)	–	–	–	–
(1.10.2013 to 30.9.2014)	–	–	90	–
Ms. Pearl Chan				
(1.10.2014 to 30.9.2015)	–	–	–	–
(1.10.2013 to 30.9.2014)	–	–	–	–

The above balances were repayable on demand and bore interest at commercial rates.

24. BANK BALANCES AND CASH

	2015 HK\$'000	2014 HK\$'000
Bank balances		
– trust accounts (Note)	1,368,108	1,164,249
– general accounts and cash	462,389	527,546
	1,830,497	1,691,795

Note: The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' money are maintained in one or more trust bank accounts and bear interest at commercial rates. The Group has recognised the corresponding accounts payable to respective clients and other institutions. However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

24. BANK BALANCES AND CASH (Continued)

As at 30 September 2015, bank balances and cash denominated in Japanese Yen, United States dollar, Renminbi and Singapore dollar, are approximately HK\$8,000 (2014: HK\$517,000), HK\$172,793,000 (2014: HK\$159,348,000), HK\$26,566,000 (2014: HK\$10,681,000) and HK\$2,250,000 (2014: HK\$2,446,000) respectively.

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

25. ACCOUNTS PAYABLE

	2015 HK\$'000	2014 HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house and broker	20,740	63,724
Margin and cash clients	1,339,683	1,036,988
Accounts payable from the business of dealing in futures contracts:		
Margin clients	306,682	200,476
	1,667,105	1,301,188

The settlement terms of accounts payable, except for margin loans, arising from the business of dealing in securities are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable to margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

Included in accounts payable, amounts of HK\$1,368,108,000 and HK\$1,164,249,000 as at 30 September 2015 and 2014 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these accounts payables with the deposits placed.

As at 30 September 2015, accounts payable denominated in Japanese Yen, United States dollars and Renminbi were approximately HK\$8,000 (2014: HK\$553,000), HK\$282,373,000 (2014: HK\$183,131,000) and HK\$11,606,000 (2014: HK\$nil) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. DEEMED DISPOSAL OF A SUBSIDIARY

On 26 March 2014, the Group's wholly-owned subsidiary, Emperor Investment Fund Limited ("EIFL") issued 99 ordinary shares at issue price HK\$0.01 per share. The Group was allotted 14 shares together with the 1 share previously owned, resulting in holding 15 shares after allotment. The other 85 shares were allotted to a related person. As a result, the Group's interests in EIFL was materially diluted to 15% thus resulting in a deemed disposal of the subsidiary. EIFL had no business operations. The net liabilities of EIFL as at the date of deemed disposal, being 26 March 2014, were as follows:

	2014 HK\$'000
Analysis of assets and liabilities over which control was lost:	
Amount due from fellow subsidiaries	475
Other creditors	(3,000)
Net liabilities disposed of	(2,525)
Gain recognised on deemed disposal of a subsidiary:	
Consideration received	–
Net liabilities disposed of	2,525
Gain on disposal	2,525

In the opinion of the executive directors of the Company, the remaining equity interests held by the Group in EIFL are with a primary objective for capital appreciation and recognised as an available-for-sale investment.

The executive directors of the Company consider the fair value of the EIFL as at 30 September 2014 is approximated to zero with reference to the net liabilities of EIFL.

27. SHORT-TERM BANK BORROWINGS

The amounts as at 30 September 2015 represented short-term bank borrowings of HK\$480,000,000 which were secured by corporate guarantee for the purpose of financing daily operation, which carried interest with a range of HIBOR + 1.65% p.a. to HIBOR + 2.25% p.a..

The amounts as at 30 September 2014 represent short-term bank borrowings of HK\$140,000,000 which were secured by a charge over client securities with market value of HK\$331,875,000 and corporate guarantee for the purpose of facilitating initial public offering and financing daily operation, which carried interest with a HIBOR + 1.50% p.a. The remaining balance as at 30 September 2014 represented unsecured short term bank borrowings of HK\$570,000,000, which carried interest with a range of HIBOR + 1.65% p.a. to HIBOR + 2.15% p.a..

28. LOANS PAYABLE

The amounts are advanced from an independent third party, which are unsecured, fixed interest bearing at 8% p.a. and repayable from the year end date as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	10,000	10,000

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29. BONDS ISSUED

	2015 HK\$'000	2014 HK\$'000
Non-current		
Corporate bonds – Open offer (<i>note(a)</i>)	302,932	302,849
Corporate bonds – Placing (<i>note(b)</i>)	302,933	302,850
	605,865	605,699

Notes:

- (a) On 27 November 2013, the Group issued corporate bonds in principal amount of HK\$303,033,500 by way of open offer. The bonds carry a fixed annual interest rate of 5.5% with a maturity period of 3 years, and the interest will be paid annually in arrears on 27 November in each year with the first interest payment date on 27 November 2014. Pursuant to the bond instrument, the Group may, at any time, before the maturity date of the bonds, redeem the bonds by giving not less than 10 business days written notice at 100% of the principal amount of such bonds together with payment of interest accrued thereon up to the date of redemption. Subject to the conditions of the bond instrument, the bondholder(s) shall not have the right to request the Company to redeem the bonds prior to the maturity date of the bonds.
- (b) On 27 November 2013, the Group issued bonds in principal amount of HK\$303,033,500 by way of placing. The bonds carry a fixed annual interest rate of 5.5% with a maturity period of 3 years, and the interest will be paid annually in arrears on 27 November in each year with the first interest payment date on 27 November 2014. Pursuant to the placing agreement, the Group may, at any time, before the maturity date of the bonds, redeem the bonds by giving not less than 10 business days written notice at 100% of the principal amount of such bonds together with payment of interest accrued thereon up to the date of redemption. Subject to the conditions of the bond instrument, the bondholder(s) shall not have the right to request the Company to redeem the bonds prior to the maturity date of the bonds.

30. SHARE CAPITAL

	Note	Number of ordinary shares of HK\$0.01 each		Nominal value of ordinary shares	
		2015	2014	2015 HK\$'000	2014 HK\$'000
Authorised:					
At beginning of year		500,000,000,000	500,000,000,000	5,000,000	5,000,000
At end of year		500,000,000,000	500,000,000,000	5,000,000	5,000,000
Issued and fully paid:					
At beginning of year		2,631,963,816	2,597,433,816	26,320	25,974
Issue of shares		3,115,981,908	–	31,159	–
Exercise of share options	(31b, e)	–	34,530,000	–	346
At end of year		5,747,945,724	2,631,963,816	57,479	26,320

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For the year ended 30 September 2015

30. SHARE CAPITAL (Continued)

On 26 March 2015, the Company announced a rights issue on the basis of 1 rights share for every 2 existing shares held by shareholders of the Company at the discounted price of HK\$0.50 per share (the “Rights Issue”). The Rights Issue was completed on 4 June 2015 with 1,315,981,908 rights shares being issued. After deducting the expenses in connection with this Rights Issue amounting to approximately HK\$6.8 million, the net proceeds raised were approximately HK\$651.2 million.

On 26 March 2015, the Company announced a placing of 1,300,000,000 new shares at the placing price of HK\$0.50 per placing share (the “Placing”). The Placing was completed on 4 June 2015 with 1,300,000,000 placing shares being issued. After deducting the expenses in connection with this Placing amounting to approximately HK\$6.0 million, the net proceeds raised were approximately HK\$644.0 million.

On 7 July 2015, the Company announced a subscription and placing of 500,000,000 new shares in aggregate at the price of HK\$0.88 per share (the “Subscription & Placing”). The Subscription & Placing was completed on 14 July 2015 with 500,000,000 new shares being issued. After deducting the expenses in connection with this Subscription & Placing amounting to approximately HK\$7.4 million, the net proceeds raised were approximately HK\$432.6 million.

The net proceeds raised are/will be used as working capital for expansion of the Group’s existing businesses, especially for the money lending (including commercial and personal lending as well as margin and IPO financing) and asset management businesses; repayment of outstanding loans; and to finance any future business opportunities to be identified by the Company.

31. SHARE OPTIONS

The Company has adopted a share option scheme (the “Scheme”) on 20 September 2007 which became effective on 27 September 2007 and was then amended on 13 August 2013. A summary of the Scheme is set out as follows:

1. **Purpose of the Scheme:** To provide incentives or rewards to the selected eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds an equity interest (“Invested Entity”).
2. **Eligibility:** Eligible participants include employees and directors of the Group or any member of Invested Entity.
3. (a) **Total number of Shares available for issue** as at the date of this Annual Report under the Scheme: 574,794,572 shares.
(b) **Percentage of the issued shares** that it represents as at the date of this Annual Report: 10%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

31. SHARE OPTIONS (Continued)

4. **Maximum entitlement of each eligible participant** under the Scheme:
 - (a) in aggregate not to exceed 1% of the shares in issue in any 12-month period unless approved by the shareholders; and
 - (b) options granted to substantial shareholders or independent non-executive directors of the Company or their respective associates in any 12-month period exceeding the higher of 0.1% of the shares in issue and with an aggregate value in excess of HK\$5,000,000 must be approved by the shareholders of the Company.
5. **Period within which the shares must be taken up under an option:**
 - (a) subject to the condition that may be set by the Board upon granting of share options, an option may be exercised at any time from the date of issue of the relevant options; and
 - (b) the Board may determine in its absolute discretion whether the right to exercise an option is subject to or conditional upon the achievement of the specified performance target(s) relating to the Company or to the grantee and/or satisfaction of such other conditions as the Board may in its absolute discretion determine to be appropriate.
6. **Minimum period for which an option must be held before it can be exercised:** Unless otherwise determined by the directors of the Company and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Scheme for the holding of a share option before it can be exercised.
7.
 - (a) **Price** payable on application or acceptance of the option: HK\$1.00;
 - (b) The period within which **payments or calls** must or may be made: Within 28 days from the date of grant;
 - (c) Period within which **loans** for such purposes of the payments or calls must be **repaid**: Not applicable.
8. **Basis for determining the exercise price:**

The exercise price is determined by the Board (subject to adjustment) and will not be less than the highest of (a) the official closing price of the share as stated in the daily quotation sheet of the Stock Exchange on the offer date; (b) the average of the official closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the offer date; and (c) the nominal value of a share.
9. **The remaining life of the Scheme:** Less than 2 years (expiring on 19 September 2017).

On 13 August 2013, a total of 129,354,000 share options were granted to four directors of the Company at an exercise price of HK\$0.334 each under the terms of the Scheme, of which 32,346,000 share options were exercised during the year ended 30 September 2014. For the remaining outstanding share options, none of them are exercisable as at 30 September 2014 and 2015.

On 2 April 2014, a total of 2,184,000 share options were granted to certain employees of the Company at an exercise price of HK\$0.385 each under the terms of the Scheme. All these share options were exercised on 5 May 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

31. SHARE OPTIONS (Continued)

A summary of the movements of the outstanding share options, which were granted to the directors of the Company under the Scheme and the balances at 30 September 2015 and 2014 is as follows:

For the year ended 30 September 2015

Date of grant	Exercisable period	Performance target	Vesting period	Exercise price per share HK\$ (h)	Number of share options			Estimated fair value at date of grant HK\$'000	
					Outstanding as at 30 September 2014	Exercised during the year	Adjustment by rights issue (i)		
13 August 2013	Date immediately after the publication of the audited financial results for the year ended 30 September 2015 to 12 July 2018 (d)	(e)	Date of grant to the date of publication of the audited financial results for the year ended 30 September 2015	0.247	42,690,000	-	14,967,012	57,657,012	5,676(a)
	Date immediately after the publication of the audited financial results for the year ended 30 September 2015 to 12 July 2018	(f)	Date of grant to the date of publication of the audited financial results for the year ended 30 September 2015	0.247	54,318,000	-	19,043,760	73,361,760	7,178(a)

For the year ended 30 September 2014

Date of grant	Exercisable period	Performance target	Vesting period	Exercise price per share HK\$	Number of share options				Estimated fair value at date of grant HK\$'000	
					Outstanding as at 30 September 2013	Lapsed during the year	Granted on 3 April 2014	Exercised during the year		
13 August 2013	Date immediately after the publication of the audited financial results for the year ended 30 September 2013 to 12 July 2018	(c)	Date of grant to the date of publication of the audited financial results for the year ended 30 September 2013	0.334	32,346,000	-	-	32,346,000(b)	-	4,291 (a)
	Date immediately after the publication of the audited financial results for the year ended 30 September 2015 to 12 July 2018 (d)	(e)	Date of grant to the date of publication of the audited financial results for the year ended 30 September 2015	0.334	42,690,000	-	-	-	42,690,000	5,676 (a)
	Date immediately after the publication of the audited financial results for the year ended 30 September 2015 to 12 July 2018	(f)	Date of grant to the date of publication of the audited financial results for the year ended 30 September 2015	0.334	54,318,000	-	-	-	54,318,000	7,178 (a)
2 April 2014	Commencing from the acceptance date of the share option by the Grantees to 2 April 2019	N/A	Immediately vested	0.385	-	-	2,184,000	2,184,000(g)	-	183 (g)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

31. SHARE OPTIONS (Continued)

Notes:

- (a) The fair value of options granted were calculated using the Black-Scholes model with Binomial Tree method. The inputs into the models are as follows:

Share price at date of grant	: HK\$0.335
Exercise price	: HK\$0.334
Expected volatility	: 54.36%
Expected life of years	: 4.92 years
Risk free rate	: 1.10%
Expected dividend yield	: 2.65%

50% of the shares that are issued pursuant to the exercise of the share option, shall be subject to a lock-up period of 6 calendar months from the relevant exercise date and the remaining 50% shall be subject to a lock-up period of 12 calendar months from the relevant exercise date. During the lock-up period, no share issued upon exercise of the share option is allowed to be traded, transferred, pledged or charged.

- (b) The options were exercised on 27 January 2014.
- (c) Achievement of target net profit for the financial year 2013, which had been achieved.
- (d) Subject to the fulfillment of the pre-determined vesting conditions, the share options were originally exercisable from the date immediately after the publication of the audited financial results of the Group for the year ended 30 September 2014 to 12 July 2018. In accordance with the pre-determined vesting conditions, the exercise period has been changed to commencing on the date immediately after the publication of the audited financial results of the Group for the year ended 30 September 2015 to 12 July 2018.
- (e) Achievement of target net profit for the financial year 2014, or achievement of cumulative target net profit for the financial years 2014 and 2015.
- (f) Achievement of cumulative target net profit for the financial years 2014 and 2015.
- (g) The fair value of options granted were calculated using the Black-Scholes model with Binomial Tree method. The inputs into the models are as follows:
- | | |
|------------------------------|-------------|
| Share price at date of grant | : HK\$0.38 |
| Exercise price | : HK\$0.385 |
| Expected volatility | : 33.57% |
| Expected life of years | : 3 years |
| Risk free rate | : 1.977% |
| Expected dividend yield | : 5.186% |
- The options were exercised on 5 May 2014.
- (h) The exercise price had been adjusted from HK\$0.334 to HK\$0.247 with the effect of the rights issue as disclosed in note 30.
- (i) The rights issue as disclosed in note 30 constitutes a reorganisation of capital structure pursuant to the Scheme and adjustment has to be made to the exercise price and the number of shares subject to the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

31. SHARE OPTIONS *(Continued)*

Expected volatility was estimated by the historical daily volatility of the share prices of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the executive directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expenses of approximately HK\$nil (2014: HK\$2,594,000) for the year ended 30 September 2015 in relation to share options granted by the Company.

32. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution scheme which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 7% of the employee's basic salary, depending on the length of service with the Group.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme with maximum cap at HK\$1,250 and HK\$1,500 after 31 May 2014, which contribution is matched by the employee.

The retirement benefit costs charged to the profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At 30 September 2014 and 2015, no forfeited contributions arose upon employees leaving the ORSO Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

33. RELATED PARTY TRANSACTIONS

- (a) Other than as disclosed in note 10, the Group had the following significant transactions with related parties:

	2015 HK\$'000	2014 HK\$'000
(i) Corporate finance advisory services fee income from related companies (<i>notes (3) & (6)</i>)	2,220	1,740
(ii) Service charge to related companies (<i>notes (2) & (6)</i>)		
– computer services	1,348	1,365
– administrative services and staff costs	10,230	8,135
	11,578	9,500
Management fee to related companies (<i>notes (2) & (6)</i>)		
– administrative expenses and staff costs	314	602
(iii) Operating lease rentals expenses to related companies (<i>notes (3) & (6)</i>)	7,729	7,426
(iv) Commission and brokerage income from		
– a related company (<i>notes (3) & (6)</i>)	2	8
– directors of the Company (<i>notes (1) & (3)</i>)	5	1
(v) Placing and underwriting commission income from a related company (<i>notes (3) & (6)</i>)	30	28,197
(vi) Placing and underwriting commission expenses to a director of the Company (<i>notes (1) & (3)</i>)	–	500
(vii) Printing, advertising and promotion expenses to related companies (<i>notes (2) & (6)</i>)	1,488	1,651
(viii) Accounts payable to margin and cash clients arising from business of dealing in securities by		
– an associate (<i>notes (2) & (4)</i>)	4,987	673
– directors of the Company (<i>notes (1) & (2)</i>)	2,382	1,600
	7,369	2,273
(ix) Rental and other deposits paid to related companies (<i>notes (5) & (6)</i>)	2,467	2,442
(x) Underwriting commission expenses arising from rights issue of the Company paid to a related company (<i>notes (2) & (6)</i>)	6,438	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

33. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (1) For the transactions with the director(s) of the Company, the directors include a director who is one of the eligible beneficiaries of the AY Trust.
 - (2) These transactions are connected transactions exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.
 - (3) These transactions are disclosable continuing connected transactions (as defined under Chapter 14A of the Listing Rules) of the Company which details have been included in the section headed "Continuing Connected Transactions" under "Directors' Interest in Contracts of Significance and Connected Transactions" of the Directors' Report. The directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.
 - (4) The associate company of the Group as disclosed in note 19 to the consolidated financial statements.
 - (5) This amount represents refundable rental and other deposits paid for the continuing connected transactions as set out in item 1 of the section headed "Continuing Connected Transactions" under "Directors' Interest in Contracts of Significance and Connected Transactions" of the Director's Report.
 - (6) The related companies are controlled by the AY Trust.
- (b) The compensation to directors and key management personnel was disclosed in notes 11 and 12.

34. 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:

	2015		2014	
	Rental premises HK\$'000	Hired equipment HK\$'000	Rental premises HK\$'000	Hired equipment HK\$'000
Within one year	9,859	402	10,450	402
In the second to fifth years inclusive	3,760	142	11,151	493
	13,619	544	21,601	895

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

35. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2015 HK\$'000	2014 HK\$'000
Investment in a subsidiary	219,003	219,003
Bank balances and cash	63,350	3,987
Amount due from subsidiaries	2,638,502	950,744
Subordinated loan due from a subsidiary	444,000	444,000
Other assets	196	152
Total assets	3,365,051	1,617,886
Other creditors and accrued charges	(28,373)	(28,350)
Tax liabilities	(2,802)	(455)
Current liabilities	(31,175)	(28,805)
Total assets less current liabilities	3,333,876	1,589,081
Non-current liabilities		
Bonds issued	(598,966)	(593,225)
Net assets	2,734,910	995,856
Capital and reserves		
Share capital	57,479	26,320
Reserves (<i>Note</i>)	2,677,431	969,536
Total equity	2,734,910	995,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

35. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (Continued)

Note:

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000
At 1 October 2013	25,974	840,100	151,934	12,013	2,038	1,032,059
Loss for the year	-	-	-	(461)	-	(461)
Total comprehensive expense for the year	-	-	-	(461)	-	(461)
Amount transferred from special reserve to retained profits	-	-	(49,981)	49,981	-	-
Dividend recognised as distribution	-	-	-	(49,981)	-	(49,981)
Recognition of equity-settled share based payments	-	-	-	-	2,594	2,594
Issue of ordinary shares upon exercise of share options	346	15,931	-	-	(4,632)	11,645
At 30 September 2014	26,320	856,031	101,953	11,552	-	995,856
Profit for the year	-	-	-	114,061	-	114,061
Total comprehensive income for the year	-	-	-	114,061	-	114,061
Dividend recognised as distribution	-	-	-	(89,375)	-	(89,375)
Issue of shares	31,159	1,683,209	-	-	-	1,714,368
At 30 September 2015	57,479	2,539,240	101,953	36,238	-	2,734,910

Special reserve represents the difference between nominal value of the ordinary shares of the subsidiaries of the Company in issue and the nominal value of the shares issued by the Company for acquisition of a subsidiary pursuant to a group reorganisation on 2 April 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

36. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 30 September 2014 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid capital	Proportion of ownership interest indirectly held by the Company		Principal activities
			30.9.2015	30.9.2014	
			%	%	
Emperor Asset Management Limited	Hong Kong	HK\$7,000,000	100	100	Provision of asset management services
Emperor Capital Limited	Hong Kong	HK\$10,000,000	100	100	Provision of corporate finance advisory services
Emperor Capital (China) Limited	Hong Kong	HK\$100,000	100	100	Provision of promotion and marketing services
Emperor Finance Limited	Hong Kong	HK\$2	100	100	Provision of money lending services
Emperor Futures Limited	Hong Kong	HK\$50,000,000	100	100	Provision of futures brokerage services
Emperor Securities Limited	Hong Kong	HK\$520,000,000	100	100	Provision of securities brokerage services and margin financing services
Emperor Securities Nominees Limited	Hong Kong	HK\$2	100	100	Provision of securities nominee services
Emperor Wealth Management Limited	Hong Kong	HK\$6,500,000	100	100	Provision of insurance and other brokerage services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2015

36. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid capital	Proportion of ownership interest indirectly held by the Company		Principal activities
			30.9.2015	30.9.2014	
			%	%	
英証管理諮詢（上海）有限公司*	People's Republic of China	HK\$1,000,000	100	100	Business development in the PRC
英皇投資諮詢（北京）有限公司*	People's Republic of China	HK\$1,000,000	100	100	Business development in the PRC
英皇投資諮詢（深圳）有限公司*	People's Republic of China	HK\$500,000	100	100	Business development in the PRC

* The subsidiaries are wholly foreign-owned enterprises

The above table lists the subsidiaries of the Company which, in the opinion of the executive directors of the Company, principally affected the results or net assets of the Group. To give details of all subsidiaries would, in the opinion of the executive directors of the Company, result in particulars of excessive length.

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

FINANCIAL SUMMARY

	Year ended 30 September				
	2011	2012	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULT					
Revenue	204,439	223,801	434,804	546,408	835,077
Profit before taxation	72,992	72,601	186,958	269,127	519,634
Taxation	(11,413)	(9,230)	(30,981)	(48,332)	(89,383)
Profit for the year	61,579	63,371	155,977	220,795	430,251

	As at 30 September				
	2011	2012	2013	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Total assets	1,801,792	1,903,451	3,965,263	4,350,961	6,600,478
Total liabilities	(587,627)	(653,552)	(2,580,182)	(2,780,827)	(2,961,574)
Net assets	1,214,165	1,249,899	1,385,081	1,570,134	3,638,904