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

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2013**

FINANCIAL HIGHLIGHTS:

HK\$'000 (Unaudited)

	Six months ended 31 March			
	2013	2013	2012	Changes
	<i>Per Reported</i>	<i>Excluding allowance for loan receivables¹</i>	<i>Per Reported</i>	
Revenue	155,847	155,847	98,691	+57.9%
– Brokerage	39,738	39,738	41,827	-5.0%
– Financing	91,056	91,056	45,532	+100.0%
– Placing & Underwriting	21,493	21,493	5,603	+283.6%
– Corporate Finance	3,560	3,560	5,729	-37.9%
Profit for the period attributable to owners of the Company	53,128	61,128	37,337	+63.7%
Net profit margin	34.1%	39.2%	37.8%	+1.4 ppts
Earnings per share (Basic & diluted)	HK2.05 cents	HK2.35 cents	HK1.44 cents	+63.2%
Dividend per share	HK0.50 cent	HK0.50 cent	HK0.38 cent	+31.6%

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

* For identification purpose only

The board of directors (the “Board” or the “Directors”) of Emperor Capital Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2013 (the “Period”) together with the comparative figures for the corresponding period in 2012 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle ¹
Amendments to HKFRS 1	Government loans ¹
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ³
HKFRS 9	Financial instruments ²
HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosure of interests in other entities ¹
HKFRS 13	Fair value measurement ¹
HKAS 19 (as revised in 2011)	Employee benefits ¹
HKAS 27 (as revised in 2011)	Separate financial statements ¹
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ¹
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ³
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine ¹

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

² Effective for annual periods beginning on or after 1 January 2015.

³ Effective for annual periods beginning on or after 1 January 2014.

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

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

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

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

3. SEGMENT INFORMATION (Continued)

Segment Revenues and Results

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

For the six months ended 31 March 2013

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

Inter-segment sales are charged at prevailing market rate.

RESULTS

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

3. SEGMENT INFORMATION (Continued)

Segment Revenues and Results (Continued)

For the six months ended 31 March 2012

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

Inter-segment sales are charged at prevailing market rate.

RESULTS

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

4. REVENUE

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

5. DISPOSAL OF A SUBSIDIARY

On 30 November, 2011, the Group completed and disposed of its wholly-owned subsidiary, Emperor Gold & Silver Company Limited, to a related company, details of which were set out in the Company's announcement dated 23 September 2011. Emperor Gold & Silver Company Limited, other than having a membership in The Chinese Gold & Silver Exchange Society and 136,000 shares in Hong Kong Precious Metals Exchange Limited, has no other business operations. The net assets of Emperor Gold & Silver Company Limited as at the date of disposal, being 30 November 2011, were as follows:

Consideration received:

	<i>HK\$'000</i> (unaudited)
Total cash consideration received	<u>14,337</u>

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

Analysis of assets and liabilities over which control was lost:

Available-for-sale financial assets	8,036
Other deposits	802
Bank balances and cash	<u>5,499</u>
Net assets disposed of	<u><u>14,337</u></u>

Gain recognised on disposal of a subsidiary:

Consideration received	14,337
Net assets disposed of	(14,337)
Reclassification adjustment for the cumulative gain on available-for-sale financial assets from other comprehensive income to profit or loss upon disposal of a subsidiary that holds available-for-sale financial assets	<u>7,900</u>
Gain on disposal	<u>7,900</u>

Net cash inflow arising on disposal:

Cash consideration	14,337
Less: Bank balances and cash disposed of	<u>(5,499)</u>
	<u><u>8,838</u></u>

6. TAXATION

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

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

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

7. EARNINGS PER SHARE

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

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

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

8. DIVIDENDS

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

9. LOANS AND ADVANCES

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

Note: During the year ended 30 September 2011, the Group placed an aggregate amount of HK\$40,000,000 (the “Escrow Fund”) with a solicitor firm in Hong Kong, namely K&L Gates, as an escrow agent (the “Escrow Agent”), of which HK\$25,000,000 and HK\$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. It was reported that a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies in the escrow accounts. The Group has commenced legal proceedings against the two borrowers and the partners of K&L Gates. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK\$40,000,000 will be recovered. However, as the timing of recovering this amount is expected to be longer than 12 months after 30 September 2012, the Group has recognized an allowance of HK\$12,000,000 for the year ended 30 September 2012 at a discount rate of 12% per annum. As from the financial year ended 30 September 2012, the Group has reclassified the Escrow Fund to non-current asset, which was presented as a current asset under loans and advances as at 30 September 2011. In view of the prolonged legal procedures and the time required to enforce judgment, the Group revised its estimate of eventual receipt of full settlement from three years to six years and accordingly, the Group has recognized a further allowance of HK\$8,000,000 for the six months ended 31 March 2013. If the actual recoverable amount is less than expected, a material impairment loss may arise.

9. LOANS AND ADVANCES (Continued)

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

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

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

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

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

9. LOANS AND ADVANCES *(Continued)*

Included in the loans and advances as at 31 March 2013 were secured loans and advances with the aggregate amount of HK\$203,722,000 (30 September 2012: HK\$188,322,000). These secured loans and advances were secured by listed marketable securities in Hong Kong except for one secured loan which was secured with first legal charge in respect of a residential property located in Hong Kong. These loans and advances were advanced to various independent individual/corporate borrowers and will be due for repayment within one year from the date of advance.

The balance of the loans and advances amounting to HK\$428,018,000 (30 September 2012: HK\$241,639,000) were unsecured. Included in the unsecured loans and advances were advances made to corporates and individuals, which are independent third parties of the Group, amounting to HK\$158,149,000 (30 September 2012: HK\$166,469,000), with second legal charges in respect of commercial and residential properties located in Hong Kong, which will be due for repayment within 1 to 29 years from the respective loans' date of advance.

To minimise the Group's exposure to credit risk, there was a credit risk control team responsible for the evaluation of customers' credit rating, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances that are unsecured, those that are secured but without sufficient collaterals and those with default or delinquency in interest or principal payment, on individual basis. The assessment is based on a close monitor and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collaterals value and the past collection history of each individual client. Taking into account the above, the Directors of the Company consider that no allowance for impairment is necessary.

The fair values of the Group's loans and advances at the end of the reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period, approximate the corresponding carrying amount of the receivables because most of the loans and advances have a maturity of less than 12 months from the date of advance.

10. TRADE RECEIVABLES

The aged analysis of the trade receivables are as follows:

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

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

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

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

11. TRADE PAYABLES

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

The settlement terms of trade payables, except for margin loans, arising from the business of dealing in securities for cash clients are two days after trade date and trade payables arising from the business of dealing in futures contracts are one day after trade date. No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of this business.

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

Included in trade payables, amounts of HK\$512,736,000 and HK\$497,428,000 as at 31 March 2013 and 30 September 2012 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

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

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) brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom, as well as wealth management and asset management services; (ii) provision of margin and IPO financings as well as loans and advances such as personal money lending and second mortgage loan; (iii) placing and underwriting services; and (iv) corporate finance advisory services.

Market Review

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

Financial Review

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

Business Review

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

Brokerage

The Group provides brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom as well as wealth management and asset management services. During the Period, revenue generated from the brokerage services segment was HK\$39.7 million (2012: HK\$41.8 million), accounting for 25.5% of the Group's total revenue.

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

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

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

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

Financing

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

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

Placing and Underwriting

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

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

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

Corporate Finance

The division holds a full corporate finance licence under the Securities and Futures Ordinance, allowing it to advise on Takeovers Code related transactions and undertake sponsor work for IPO on top of general corporate finance advisory services. Apart from IPO-related services, the Group offers institutional clients with advisory and financing services for corporate transactions including placing, rights issue, corporate restructuring, merger and acquisition and pre-IPO financing.

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

OUTLOOK

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

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

FOREIGN EXCHANGE EXPOSURE

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

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

Monies held in an escrow account

During the year ended 30 September 2011, the Group had placed an aggregate amount of HK\$40,000,000 (the "Escrow Fund") with a solicitor firm in Hong Kong, namely K&L Gates, as an escrow agent (the "Escrow Agent"), of which HK\$25,000,000 and HK\$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. The Escrow Fund had fallen due and became payable to the Group in June 2011. Despite the Group's repeated requests to K&L Gates for the release of the Escrow Fund, the Group had not received the Escrow Fund. It was reported that a partner of K&L Gates was arrested by the Hong Kong Police and charged with theft and forgery with respect to monies held in escrow accounts. In July 2011, the Group commenced legal proceedings against the two borrowers and the partners of K&L Gates, claiming for the return of the Escrow Fund, plus interests and costs. Taking into account the specific facts and circumstances and the legal advice, the Board of Directors are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK\$40,000,000 will be recovered.

It is currently expected that the enforcement of the judgment, if obtained, to recover the debt of HK\$40,000,000 would be carried out in four to six years. An allowance of HK\$12,000,000 and HK\$8,000,000 were made for the year ended 30 September 2012 and the six months ended 31 March 2013 respectively that reflects the difference between HK\$40,000,000 and the present value of HK\$40,000,000 at the respective dates. If the actual recoverable amount is less than expected, a material impairment loss may arise. Please refer to note 9 for details.

Save as disclosed above, so far as known to the Directors of the Company, there was no other litigation, arbitration or claim of material importance in which the Group is engaged or pending or which was threatened against the Group.

Contingent Liability

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group has 225 (2012: 214) account executives and 130 employees (2012: 113). Total staff costs (including Directors' remuneration) were approximately HK\$28.5 million (2012: HK\$24.6 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

In order to qualify for the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 11 June 2013 (Tuesday).

CORPORATE GOVERNANCE

Corporate Governance Code

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

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

REVIEW OF INTERIM RESULTS

These condensed consolidated interim financial statements of the Group have not been audited nor reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.emperorcapital.com>). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 May 2013

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

Executive Directors:

Ms. Daisy Yeung
Mr. Chan Shek Wah
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan

Independent Non-Executive Directors:

Mr. Kwok Chi Sun, Vincent
Mr. Cheng Wing Keung, Raymond
Mr. Chu Kar Wing