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**英皇資本集團有限公司**  
**Emperor Capital Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 717)**

**2022/2023 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (“Board” or “Directors”) of Emperor Capital Group Limited (“Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as “Group”) for the year ended 30 September 2023 (“Year”).

**FINANCIAL SUMMARY**

*HK\$’000*

**For the year ended 30 September**

**2023**

**2022**

Total revenue	<b>441,046</b>	512,824
Financing	<b>323,071</b>	418,503
Brokerage Services	<b>98,228</b>	76,358
Corporate Finance	<b>13,275</b>	11,140
Placing & Underwriting	<b>6,472</b>	6,823
Impairment allowances*	<b>403,638</b>	590,095
Net loss	<b>160,638</b>	299,234
Basic loss per share	<b>HK2.38 cents</b>	HK4.44 cents

\* Represents the net impairment allowances for margin loans, other loans and advances

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

Although the global economy is on the road to recovery, capital markets have been experiencing setbacks due to ongoing macro-economic issues which have inevitably affected the Group's businesses; hence the Group's total revenue was HK\$441.0 million (2022: HK\$512.8 million) during the Year. Net impairment allowances for margin loans, other loans and advances ("Impairment Allowances") decreased to HK\$403.6 million (2022: HK\$590.1 million), resulting in the Group's net loss narrowing to HK\$160.6 million (2022: HK\$299.2 million) during the Year. Basic loss per share was HK2.38 cents (2022: HK4.44 cents).

### MARKET REVIEW

Due to a series of global events including tightened monetary policies, inflationary pressure, interest rate hikes, ongoing geopolitical tensions, China property developers' debt issues, the macro-economic environments were volatile during the Year, which led to a fragile investment sentiment across global markets and impacted business confidence.

During the Year, banks and money lenders adopted a cautious approach and further tightened their credit control to minimise default risks; plus the sustained high interest rate which resulted in property prices softening, in turn lowering valuations of collaterals and affecting the financing market. In the meantime, investors shifted their portfolios to lower risk investments or fixed income products amid volatile market conditions, hence trading volumes of stock markets remained weak. The Hang Seng Index fluctuated during the Year – touching its lowest at 14,687 on 31 October 2022 and reaching its highest at 22,689 on 27 January 2023, and closing at 17,810 on 29 September 2023.

### BUSINESS REVIEW

Established in 1993, the Group is a renowned financial institution providing one-stop financial services including (i) commercial and personal lending as well as margin and initial public offering ("IPO") financing; (ii) brokerage services, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") in April 2007.

During the Year, the adoption of a new Chinese name – “英皇資本集團有限公司” – as a secondary name of the Company became effective. Since then, Emperor Capital Limited (英皇融資有限公司), a wholly-owned subsidiary of the Company, has been renamed as Emperor Corporate Finance Limited (英皇企業融資有限公司). In addition, the Chinese name of Emperor Securities Limited, another wholly-owned subsidiary of the Company, has been changed from “英皇證券(香港)有限公司” to “英皇證券有限公司”, while the English name remained unchanged. Details of these changes were set out in the Company's announcement dated 31 March 2023.

## **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 and personal loan) to long-term secured loans (e.g. property mortgage). 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 continued to adhere to its cautious approach and adopted a stringent credit risk management and control mechanism, in order to minimise default risks. The Group adjusted the interest rate and loan-to-value ratio on a timely basis, according to the market situation. During the Year, the segment's revenue was HK\$323.1 million (2022: HK\$418.5 million), accounting for 73.3% (2022: 81.6%) of the Group's total revenue.

## **Brokerage Services**

The Group currently provides brokerage services for securities, futures and options traded on exchanges in Hong Kong, mainland China (via Shanghai and Shenzhen-Hong Kong Stock Connect schemes respectively) and major overseas countries, as well as wealth management and asset management services. The Group offers web-based and mobile trading platforms which enable real-time transaction and investment portfolio monitoring. As at 30 September 2023, the Group operated 2 branches in Hong Kong and 3 liaison offices in mainland China, which are located in Beijing, Shanghai and Guangzhou respectively. 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. In its asset management arm, apart from running private equity fund, the Group also provides customised discretionary investment services to its customers.

During the Year, the Group arranged online and offline seminars via "Sun Channel", a self-operated financial channel on YouTube, to engage its customers. It also updated its frontend and backend trading systems, and launched the eGOi app near the end of the Year, to optimise the trading experience for customers.

During the Year, revenue from the brokerage services segment increased to HK\$98.2 million (2022: HK\$76.4 million), accounting for 22.2% (2022: 14.9%) of the Group's total revenue.

## **Corporate Finance**

The division holds a full corporate finance advisory 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 continued to partake in fundraising projects, with involvement in multiple roles.

During the Year, the Group was one of the Joint Sponsors and Overall Coordinators in the IPO of New Media Lab Limited (“New Media Lab”; Stock Code: 1284), with the shares listed on the Main Board of the Stock Exchange in July 2023. The Group also handled several corporate transactions during the Year, hence revenue from the corporate finance segment increased to HK\$13.3 million (2022: HK\$11.1 million), accounting for 3.0% (2022: 2.2%) of the Group’s total revenue.

### **Placing and Underwriting**

With a highly experienced team of professionals, the Group offers placing and underwriting services to listed issuers. The Group serves as placing agents in equity and debt placing deals and IPO-related transactions. The Group also participates in underwriting rights issue exercises.

During the Year, revenue from the placing and underwriting segment was HK\$6.5 million (2022: HK\$6.8 million), accounting for 1.5% (2022: 1.3%) of the Group’s total revenue. During the Year, the Group was one of the Joint Coordinators, Joint Bookrunners and Joint Lead Managers in the IPO of New Media Lab.

### **OUTLOOK**

Subsequent to the Year, growths of major economies are moderating; other factors such as volatility arising from geopolitics and rising concerns over extreme weather-related events also dampen economic activities. Although interest rate rises may slow, lending conditions may remain tight. In the meantime, the deepening slump in China’s property market is casting a shadow over global growth prospects.

On the other hand, an assessment report released by the International Monetary Fund reaffirmed Hong Kong’s role as a major international financial hub, after analysing and assessing the city’s economic and financial situation, especially its recovery with post-Covid normalisation of economic activity. With its strategic role in the Greater Bay Area, Hong Kong continues to serve as mainland China’s gateway to the world, and the Group is poised to benefit from Hong Kong’s connectivity with regional and global economies.

Going forward, the Group will continue to strengthen its wealth solutions team in order to drive the Group’s business developments covering global investment, wealth management and asset management. The Group will also continue to expand its high net worth customer base by providing tailor-made solutions and enriching its product offerings. Besides, the Group will further enhance its eGOi app, in order to boost its retail market segment competitiveness. In the face of a challenging economic environment, the Group will adhere to its prudent approach and adopt appropriate strategies while seizing opportunities, to maintain steady businesses development.

## FINANCIAL INFORMATION

### Capital Structure, Liquidity and Financial Resources

The Group financed its operations by cash mainly generated from business operations and borrowings. As at 30 September 2023, the Group's current assets and current liabilities were HK\$4,712.5 million (2022: HK\$4,984.9 million) and HK\$1,792.0 million (2022: HK\$2,134.5 million) respectively. As at 30 September 2023, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$1,162.3 million (2022: HK\$1,020.8 million), which were mainly denominated in Hong Kong dollar.

As at 30 September 2023, the Group's bank borrowings decreased to HK\$210.0 million (2022: HK\$430.0 million), hence the gearing ratio decreased to 6.2% (2022: 12.1%; 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 2023.

With the Group's sufficient bank balances and cash, as well as its available unutilised banking facilities of HK\$1,765.0 million (2022: HK\$2,049.0 million), the Board considers the Group has sufficient working capital for its operation and future development.

### Pledge of Assets

As at 30 September 2023, bank deposit of the Group with aggregate carrying amount of HK\$160.0 million (2022: HK\$160.0 million) was pledged to a bank as security for banking facilities.

### Impairment Allowances

An Impairment Allowances of HK\$403.6 million (2022: HK\$590.1 million) was recognised this Year. The Impairment Allowances was made in respect of certain margin clients and borrowers in commercial, mortgage and personal loans. Details of the reasons for the recognition of majority of the Impairment Allowances are set out below:

- 1. Net provision for impairment of accounts receivable arising from margin financing amounted to approximately HK\$204.4 million**
  - a. During the Year, advances to twenty-six customers in margin financing with the total gross carrying amount of approximately HK\$1,336.8 million as at 30 September 2023 were assessed as credit-impaired stage mainly due to further decline in the market price of listed securities pledged as collateral in the Year and failure of the margin borrowers to fully make up the margin shortfall by providing additional collaterals or repayment. The impairment provision of these twenty-six exposures for the Year was determined by assessing the future cash flows expected to be recoverable from the borrowers and the listed securities pledged as collateral for each of the margin borrowers on an individual assessment basis. Impairment provision with a total amount of approximately HK\$200.6 million was made for the Year for these twenty-six exposures.

- b. During the Year, an impairment provision of approximately HK\$61.0 million was made on advances to two customers in margin financing with the total gross carrying amount of approximately HK\$61.0 million as at 30 September 2023 were assessed as credit-impaired stage due to suspension of trading of the listed securities pledged as collateral in the Year and failure of the margin borrowers to fully make up the margin shortfall by providing additional collateral or repayment.
- c. During the Year, an impairment reversal of approximately HK\$57.2 million was made on advances to six customers in margin financing with the total gross carrying amount of approximately HK\$415.2 million as at 30 September 2023, which were classified as credit-impaired stage, due to settlement received upon repayment and/or enforcement of collateral in the Year.

**2. Net provision for impairment of loans and advances amounted to approximately HK\$197.5 million**

- a. During the Year, additional impairment allowance of approximately HK\$94.9 million was recognised for eight loans and advances, which were assessed as credit-impaired stage in previous year, with the total gross carrying amount of approximately HK\$440.8 million as at 30 September 2023, as a result of further decrease in fair value of pledged listed securities, pledged properties and deterioration of financial capability of these borrowers.
- b. During the Year, loans and advances to twenty-six borrowers with the total gross carrying amount of approximately HK\$434.9 million as at 30 September 2023 were assessed as credit-impaired stage mainly due to failure of these borrowers to repay the interest and/or the principal and decline in the market price of pledged properties. The impairment provision of these twenty-six exposures for the Year was determined by assessing the future cash flows expected to be recoverable from the borrowers and the pledged properties for each of the borrowers on an individual assessment basis taking into account of current market conditions and forward looking factors. Impairment provision with a total amount of approximately HK\$124.3 million was made for the Year for these twenty-six exposures.
- c. During the Year, loans and advances to four borrowers with the total gross carrying amount of approximately HK\$29.3 million as at 30 September 2023 were assessed as credit-impaired stage mainly due to failure of these borrowers to repay the interest and/or the principal on time in the Year. The impairment provision of these four exposures for the Year was determined by assessing the future cash flow expected to be recoverable from the borrowers including an assessment of cash flows expected to be recovered taking account of the current conditions affecting the borrower, past collection history, and consideration of forward looking factors. Impairment provision with a total amount of approximately HK\$17.7 million was made for the Year for these four exposures.

- d. During the Year, an impairment reversal of approximately HK\$39.4 million was made to seven borrowers in loans and advances, which were classified as credit-impaired stage, due to settlement received upon full or partial repayment in the Year. The total gross carrying amount was approximately HK\$55.9 million as at 30 September 2023.

#### **Follow-up and debt collection actions on overdue and defaulted loans**

The Group has debt recovery procedures in place. For any loans with shortfall and/or overdue payments, demand letters and legal letters will be issued. If the borrower does not respond, the Group will engage external legal advisors for legal actions. At the same time, the Group will contact the borrower for additional collateral and/or settlement plan. The Group may also engage debt collection agents for such loan where appropriate. If the negotiation is not successful, or additional collateral is not sufficient or default in settlement plan, external legal advisors will issue final warning to the borrower. Subsequently, writs of summon will be served to the borrower to take proceedings to court.

Debt recovery actions had been taken on the credit-impaired loans. Some legal proceedings on such credit-impaired loans were still in progress.

#### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2023, the Group had 83 (2022: 76) account executives and 139 (2022: 131) employees. Total staff costs (including Directors' remuneration) were approximately HK\$72.0 million (2022: HK\$72.9 million). Each employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company has adopted a share option scheme, particulars of which are set out in the section headed "Share Options" of the annual report of the Company.

#### **FINAL DIVIDEND**

The Board has resolved not to recommend any final dividend for the Year (2022: Nil).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue			
Commission and fee income	4	77,357	85,459
Interest income	4	<u>363,689</u>	<u>427,365</u>
		<b>441,046</b>	512,824
Other income and gains or losses		<b>9,249</b>	5,408
Impairment allowances on financial assets, net of reversal	5	(403,638)	(590,095)
Impairment allowance on right-of-use assets		(15,753)	–
Staff costs		(71,982)	(72,912)
Commission and fee expenses		(30,848)	(36,488)
Other expenses	7	(73,998)	(82,473)
Finance costs	6	<u>(14,871)</u>	<u>(26,845)</u>
Loss before tax	7	(160,795)	(290,581)
Income tax credit/(expense)	8	<u>157</u>	<u>(8,653)</u>
<b>Loss for the year attributable to owners of the Company</b>		<b><u>(160,638)</u></b>	<b><u>(299,234)</u></b>
<i>Other comprehensive expense</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(158)</u>	<u>(67)</u>
Total comprehensive expense for the year attributable to owners of the Company		<b><u>(160,796)</u></b>	<b><u>(299,301)</u></b>
<b>Loss per share</b>			
Basic	10	<b><u>HK(2.38) cents</u></b>	<b><u>HK(4.44) cents</u></b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property and equipment		6,498	6,893
Right-of-use assets		5,753	1,670
Intangible assets		–	–
Other assets		7,695	5,189
Loans and advances	11	461,219	686,871
Deferred tax assets		590	590
		<u>481,755</u>	<u>701,213</u>
<b>Current assets</b>			
Accounts receivable	12	511,917	691,807
Loans and advances	11	1,615,488	1,669,893
Other debtors, deposits and prepayments		12,511	14,361
Tax recoverable		3,447	15,004
Pledged bank deposits – general accounts		160,000	160,000
Bank balances and cash – general accounts		1,002,263	860,796
Bank balances and cash – segregated accounts		1,406,891	1,573,074
		<u>4,712,517</u>	<u>4,984,935</u>
<b>Current liabilities</b>			
Accounts payable	13	1,537,710	1,653,186
Other creditors and accrued charges		33,137	32,575
Tax liabilities		1,804	12,260
Lease liabilities		9,320	6,464
Short-term bank borrowings		210,000	430,000
		<u>1,791,971</u>	<u>2,134,485</u>
<b>Net current assets</b>		<u>2,920,546</u>	<u>2,850,450</u>
Total assets less current liabilities		<u>3,402,301</u>	<u>3,551,663</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>12,756</u>	<u>1,322</u>
<b>Net assets</b>		<u>3,389,545</u>	<u>3,550,341</u>
<b>Capital and reserves</b>			
Share capital	14	67,408	67,408
Reserves		3,322,137	3,482,933
<b>Total equity</b>		<u>3,389,545</u>	<u>3,550,341</u>

Notes:

## 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

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

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 October 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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

### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>4</sup>

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

### New and amendments to HKFRSs in issue but not yet effective (Continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.
- <sup>2</sup> Effective for annual periods beginning on or after a date to be determined.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### ***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)***

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 30 September 2023, including bank borrowings, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group’s liabilities.

### 3. 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 operating and reportable segments:

- (a) Financing – Provision of margin financing and money lending services
- (b) Brokerage services – 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 by operating and reportable segments:

#### *For the year ended 30 September 2023*

	Financing <i>HK\$'000</i>	Brokerage services <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>						
Segment revenue – external customers						
Commission and fee income	–	57,610	6,472	13,275	–	77,357
Interest income	323,071	40,618	–	–	–	363,689
Inter-segment sales	310,323	–	–	–	(310,323)	–
	<u>633,394</u>	<u>98,228</u>	<u>6,472</u>	<u>13,275</u>	<u>(310,323)</u>	<u>441,046</u>

Inter-segment sales are charged at prevailing market rates.

	Financing <i>HK\$'000</i>	Brokerage services <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>RESULTS</b>					
Segment results	<u>(145,575)</u>	<u>14,468</u>	<u>5,129</u>	<u>(4,028)</u>	<u>(130,006)</u>
Unallocated other income and gains or losses					3,426
Unallocated corporate expenses					
– Staff costs (including directors' remuneration but excluding staff commission expenses)					(4,585)
– Service charge to related companies					(22,168)
– Others					(7,462)
Loss before tax					(160,795)
Income tax credit					157
Loss for the year					<u>(160,638)</u>

### 3. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

For the year ended 30 September 2022

	Financing HK\$'000	Brokerage services HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>REVENUE</b>						
Segment revenue – external customers						
Commission and fee income	–	67,496	6,823	11,140	–	85,459
Interest income	418,503	8,862	–	–	–	427,365
Inter-segment sales	320,153	–	–	–	(320,153)	–
	<u>738,656</u>	<u>76,358</u>	<u>6,823</u>	<u>11,140</u>	<u>(320,153)</u>	<u>512,824</u>

Inter-segment sales are charged at prevailing market rates.

	Financing HK\$'000	Brokerage services HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
<b>RESULTS</b>					
Segment results	<u>(257,760)</u>	<u>1,914</u>	<u>1,236</u>	<u>(370)</u>	<u>(254,980)</u>
Unallocated other income and gains or losses					2,276
Unallocated corporate expenses					
– Staff costs (including directors' remuneration but excluding staff commission expenses)					(1,500)
– Service charge to related companies					(19,536)
– Others					<u>(16,841)</u>
Loss before tax					(290,581)
Income tax expense					<u>(8,653)</u>
Loss for the year					<u>(299,234)</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies used in consolidated financial statements of the Group. Segment results represents the profit (loss) earned by each segment without allocation of central administration costs (including directors' remuneration but excluding staff commission expenses), unallocated other income and gains or losses and service charge to related companies. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment. No analysis of segment asset and segment liability is presented as the chief operating decision maker does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

### 3. SEGMENT INFORMATION (Continued)

#### Other segment information

	Financing HK\$'000	Brokerage services HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
<b>For the year ended 30 September 2023</b>					
Additions of property and equipment	–	3,432	–	–	3,432
Additions of right-of-use assets	14,995	6,354	–	4,066	25,415
Depreciation of property and equipment	572	3,248	–	7	3,827
Depreciation of right-of-use assets	2,603	1,384	–	705	4,692
Impairment allowances on accounts receivable, net of reversal	204,407	182	–	1,545	206,134
Impairment allowances on loans and advances, net of reversal	197,504	–	–	–	197,504
Impairment allowances on right-of-use assets	12,392	–	–	3,361	15,753
Finance costs	14,295	576	–	–	14,871
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>For the year ended 30 September 2022</b>					
Additions of property and equipment	–	7,692	–	–	7,692
Depreciation of property and equipment	–	3,098	–	7	3,105
Depreciation of right-of-use assets	–	10,877	–	–	10,877
Impairment allowances on accounts receivable, net of reversal	269,807	–	–	2,215	272,022
Impairment allowances on loans and advances, net of reversal	318,073	–	–	–	318,073
Finance costs	26,464	381	–	–	26,845
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### Geographical information

The following illustrates the geographical analysis of (i) the Group's revenue from its external customers, based on the country from which the trades are derived in relation to brokerage revenue from overseas products trading or/and based on the country in which the customers are located in relation to financing, brokerage, placing and underwriting and corporate finance revenue, and (ii) the Group's non-current assets, based on the geographical location of the assets:

	Revenue		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	436,686	507,088	18,553	12,258
United States	4,358	5,732	–	–
Others	2	4	1,393	1,494
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>441,046</b>	512,824	<b>19,946</b>	13,752

*Note:* Non-current assets excluded financial instruments and deferred tax assets.

### 3. SEGMENT INFORMATION (Continued)

#### Information about major customer

For the years ended 30 September 2023 and 30 September 2022, there was no single customer who contributed 10% or more of the Group's revenue.

### 4. REVENUE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Commission and fee income ( <i>note (i)</i> ):		
Commission and fees income on dealing in securities ( <i>note (ii)</i> )	49,491	57,305
Commission and fees income on dealing in futures and options contracts ( <i>note (ii)</i> )	7,240	9,594
Commission from insurance brokerage and wealth management ( <i>note (ii)</i> )	879	597
Corporate finance advisory services fee income ( <i>note (iii)</i> )	13,275	11,140
Placing and underwriting commission ( <i>note (iv)</i> )	6,472	6,823
	<u>77,357</u>	<u>85,459</u>
Interest income:		
Interest income from margin and IPO financing ( <i>note (v)</i> )	72,444	132,693
Interest income from loans and advances ( <i>note (v)</i> )	250,627	285,810
Interest income from bank deposits ( <i>note (ii)</i> )	39,905	8,817
Others ( <i>note (ii)</i> )	713	45
	<u>363,689</u>	<u>427,365</u>
	<u><b>441,046</b></u>	<u><b>512,824</b></u>

#### Notes:

- (i) The commission and fee income is the only revenue arising under the scope of HKFRS 15, while interest income is under the scope of HKFRS 9.

Included in revenue, revenue arising from contracts with customers recognised at a point in time and over time were HK\$64,082,000 (2022: HK\$73,982,000) and HK\$13,275,000 (2022: HK\$11,477,000), respectively.

All services provided to customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

- (ii) Amounts are reported under brokerage services segment as set out in Note 3.
- (iii) Amounts are reported under corporate finance segment as set out in Note 3.
- (iv) Amounts are reported under placing and underwriting segment as set out in Note 3.
- (v) Amounts are reported under financing segment as set out in Note 3.

## 5. IMPAIRMENT ALLOWANCES ON FINANCIAL ASSETS, NET OF REVERSAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net impairment allowances on:		
Accounts receivable from the business of dealing in securities	204,408	269,807
Accounts receivable from the business of corporate finance	1,726	2,215
	<hr/>	<hr/>
	206,134	272,022
Loans and advances	197,504	318,073
	<hr/>	<hr/>
	403,638	590,095
	<hr/> <hr/>	<hr/> <hr/>

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on:		
Bank overdrafts and loans	14,279	11,275
Bonds issued	–	15,189
Lease liabilities	576	350
Others	16	31
	<hr/>	<hr/>
	14,871	26,845
	<hr/> <hr/>	<hr/> <hr/>



## 7. LOSS BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:		
Other expenses:		
Auditor's remuneration	2,835	2,700
Legal and professional fee	3,657	7,616
Advertising and promotion expenses	2,805	1,967
Information technology services and communication expenses	26,233	25,301
Depreciation of property and equipment	3,827	3,105
Depreciation of right-of-use assets	4,692	10,877
General and administrative expenses	15,466	14,036
Rates and building management fee	2,494	2,705
Settlement expenses	2,195	2,540
Miscellaneous expenses	9,794	11,626
	<u>73,998</u>	<u>82,473</u>

## 8. INCOME TAX (CREDIT)/EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current year:		
Hong Kong Profits Tax	278	8,948
PRC Enterprise Income Tax	17	19
(Over) under provision in prior year:		
Hong Kong	(452)	276
Deferred tax:		
Current year	–	(590)
	<u>(157)</u>	<u>8,653</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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%.

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

## 10. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of basic loss per share	<u>(160,638)</u>	<u>(299,234)</u>
	2023 <i>'000</i>	2022 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>6,740,846</u>	<u>6,740,846</u>
<b>Basic loss per share</b>	<u>HK(2.38) cents</u>	<u>HK(4.44) cents</u>

No diluted loss per share for the years ended 30 September 2023 and 30 September 2022 were presented as there were no potential ordinary shares outstanding during the years.

## 11. LOANS AND ADVANCES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fixed-rate loans receivable	2,575,923	2,776,406
Variable-rate loans receivable	<u>197,076</u>	<u>239,784</u>
	2,772,999	3,016,190
Less: provision for impairment	<u>(696,292)</u>	<u>(659,426)</u>
	<u>2,076,707</u>	<u>2,356,764</u>
Analysed as:		
Current	1,615,488	1,669,893
Non-current	<u>461,219</u>	<u>686,871</u>
	<u>2,076,707</u>	<u>2,356,764</u>

## 11. LOANS AND ADVANCES (Continued)

The carrying amounts of the Group's fixed-rate and variable-rate loans receivable together with their remaining contractual maturity dates are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fixed-rate loans receivable:		
Within one year	1,071,674	1,379,586
In more than one year but no more than five years	174,334	126,481
Over five years	<u>150,376</u>	<u>342,656</u>
	1,396,384	1,848,723
Past due	<u>493,958</u>	<u>268,387</u>
	<u><u>1,890,342</u></u>	<u><u>2,117,110</u></u>
Variable-rate loans receivable:		
Within one year	4,612	8,794
In more than one year but no more than five years	21,069	47,811
Over five years	<u>115,440</u>	<u>169,923</u>
	141,121	226,528
Past due	<u>45,244</u>	<u>13,126</u>
	<u><u>186,365</u></u>	<u><u>239,654</u></u>

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

	2023	2022
Effective interest rates:		
Fixed-rate loans receivable	<b>0.67% per month to 3.83% per month</b>	0.67% per month to 3.83% per month
Variable-rate loans receivable	<b>Prime rate – 2.5% per annum to prime rate per annum</b>	Prime rate – 2.75% per annum to prime rate per annum

## 11. LOANS AND ADVANCES (Continued)

As at 30 September 2023, 241 (2022: 239) secured loans with the aggregate gross amount of approximately HK\$1,596,228,000 (2022: HK\$1,596,182,000) were secured by first legal charges in respect of respective properties located in Hong Kong and Canada. They were advanced to various independent borrowers and will be due for repayment within 1 to 30 years (2022: 1 to 30 years).

As at 30 September 2023, loans receivable amounting to approximately HK\$738,581,000 (2022: HK\$787,450,000) provided to independent third parties of the Group, were with second or third legal charges in respect of properties located in Hong Kong and Canada and will be due for repayment within 1 to 30 years (2022: 1 to 30 years) from the respective loans' date of advance.

As at 30 September 2023, there are 2 secured term loans (2022: 14) with the aggregate gross amount of approximately HK\$93,085,000 (2022: HK\$376,185,000). The borrowers hold Hong Kong listed marketable securities under the securities account in one of the Group entities. The Group has the right to sell or require a sale of all these securities and use the proceeds to repay the outstanding loans in the event that the borrowers fail to pay the amount due on due date when the value of marketable securities is sufficient to cover the margin loan amount under the securities account. The remaining gross balance of loans of approximately HK\$345,105,000 (2022: HK\$256,374,000) were unsecured.

As at 30 September 2023 and 30 September 2022, there are no individual loans with net carrying amount, on an individual basis, being more than 10% of the net carrying amount of the total loans and advances.

## 12. ACCOUNTS RECEIVABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts receivable from the business of dealing in securities:		
Clearing houses, dealers, brokers and cash clients	65,133	42,038
Secured margin loans	2,006,820	2,031,389
IPO margin loans	1,110	2,408
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses, brokers and margin clients	74,045	48,522
Accounts receivable from the business of corporate finance	6,173	2,860
	<u>2,153,281</u>	<u>2,127,217</u>
Less: provision for impairment	<u>(1,641,364)</u>	<u>(1,435,410)</u>
	<u><u>511,917</u></u>	<u><u>691,807</u></u>

## 12. ACCOUNTS RECEIVABLE (Continued)

The settlement terms of accounts receivable, except for secured margin loans and IPO 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.

Normal settlement terms of accounts receivable from the business of corporate finance and placing and underwriting are determined in accordance with the contractual terms. The Group seeks to maintain tight control over its outstanding accounts receivable from the business of corporate finance in order to minimise the credit risk.

As at 30 September 2023, accounts receivable from foreign brokers denominated in Australian dollar, Renminbi, Singapore dollar, British Pound, Euro and United States dollar were approximately HK\$199,000 (2022: HK\$201,000), HK\$1,000 (2022: HK\$6,000), HK\$14,000 (2022: HK\$29,000), HK\$43,000 (2022: HK\$39,000), HK\$84,000 (2022: HK\$Nil) and HK\$50,846,000 (2022: HK\$33,211,000) respectively.

As at 30 September 2023 and 30 September 2022, no individual account represented more than 10% 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.

The ageing analysis of the remaining of the accounts receivable (before impairment) are as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Past due:		
0 – 30 days	<b>1,395</b>	882
31 – 60 days	<b>988</b>	2
61 – 90 days	<b>620</b>	4
Over 90 days	<b>3,386</b>	2,708
	<hr/>	<hr/>
Accounts receivable which were past due	<b>6,389</b>	3,596
Accounts receivable which were not past due	<b>138,962</b>	89,824
	<hr/>	<hr/>
	<b>145,351</b>	93,420
	<hr/> <hr/>	<hr/> <hr/>

### 13. ACCOUNTS PAYABLE

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Accounts payable from the business of dealing in securities:		
Clearing houses and brokers	<b>20,345</b>	8,033
Margin and cash clients	<b>1,330,000</b>	1,484,312
Accounts payable from the business of dealing in futures contracts:		
Margin clients	<b>187,365</b>	160,841
	<b><u>1,537,710</u></b>	<u>1,653,186</u>

The settlement terms of accounts payable, except for margin clients, 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 approximately HK\$1,406,891,000 and HK\$1,573,074,000 as at 30 September 2023 and 30 September 2022 respectively were payable to clients and other institutions in respect of the 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 payable with the deposits placed.

As at 30 September 2023, accounts payable denominated in Australian dollar, Japanese Yen, United States dollar, Singapore dollar, British Pound and Renminbi were approximately HK\$71,000 (2022: HK\$72,000), HK\$3,000 (2022: HK\$8,000), HK\$222,945,000 (2022: HK\$185,540,000), HK\$162,000 (2022: HK\$458,000), HK\$Nil (2022: HK\$7,016,000) and HK\$4,460,000 (2022: HK\$21,382,000) respectively.

#### 14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2022 and 30 September 2023	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1 October 2022	<u>6,740,846</u>	<u>67,408</u>
At 30 September 2023	<u>6,740,846</u>	<u>67,408</u>

#### 15. FAIR VALUE MEASUREMENT ON FINANCIAL INSTRUMENTS

The executive directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective reporting period ends approximate their corresponding fair values.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

The Audit Committee of the Company, which comprises the three independent non-executive Directors, has reviewed the audited consolidated financial statements for the Year in conjunction with the Group's auditors, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's consolidated financial position as at 30 September 2023 and the annual results for the Year.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

The Company complied throughout the Year with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except with the deviation from code provision C.2.1 which requires the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Ms. Daisy Yeung serves as the Chairperson of the Board as well as the Chief Executive Officer of the Group. Ms. Daisy Yeung has extensive management experience in financial industry. The Board considers that the combination of the roles of Chairperson and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies to grasp business opportunities efficiently and effectively. The Board believes that the balance of power and authority of the Board is adequately ensured by the current Board which comprises experienced and high calibre individuals, with half of them being INEDs, and the independent mechanism.



## **Model Code for Securities Transactions**

The Company has adopted its own code of conduct regarding securities transactions by Directors (“ECG Securities Code”) on no less exacting terms than the required standards as set out in Appendix 10 to the Listing Rules regarding the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”). Having made specific enquiry to all Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the ECG Securities Code throughout the Year.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted throughout the Year.

## **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 Year.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorCapital.com>). The annual report of the Company will be despatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

By order of the Board  
**Emperor Capital Group Limited**  
**Daisy Yeung**  
*Chairperson*

Hong Kong, 19 December 2023

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

*Executive Directors:*

Ms. Daisy Yeung  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa

*Independent Non-Executive Directors:*

Ms. Wan Choi Ha  
Mr. Wong Tak Ming, Gary  
Mr. Yu King Tin