

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 businesses of **Emperor Capital Group Limited** (the “Company”) and its subsidiaries (collectively referred to as the “Group”); hence the Group’s total revenue was HK\$441.0 million (2022: HK\$512.8 million) during the year ended 30 September 2023 (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 REVIEW

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.