



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

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

A large, white, serif '10th' is centered on a large, textured golden brushstroke background. Below it, the words 'Listing Anniversary' are written in a smaller, white, italicized serif font.

10th
Listing Anniversary

Interim Report
2016/2017

CONTENTS

Financial Highlights	2
Management Discussion and Analysis	3
Interim Dividend	14
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	20
Directors' and Chief Executives' Interests and Short Positions in Securities	37
Other Persons' Interests and Short Positions	38
Share Options and Other Information	40

FINANCIAL HIGHLIGHTS

HK\$'000 (Unaudited)

	Six months ended 31 March		Changes
	2017	2016	
Total revenue	627,425	460,153	+36.4%
Financing	426,459	372,732	+14.4%
Brokerage	64,872	61,395	+5.7%
Placing & Underwriting	114,594	16,120	+610.9%
Corporate Finance	21,500	9,906	+117.0%
Profit for the period attributable to owners of the Company	330,148	257,859	+28.0%
Earnings per share			
Basic and diluted	HK5.09 cents	HK4.49 cents	+13.4%
Dividend per share	HK1.38 cents	HK1.20 cents	+15.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1993, Emperor Capital Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is a renowned Hong Kong based financial institution providing a wide range of financial services including (i) commercial and personal lending as well as margin and initial public offering (“IPO”) financing; (ii) brokerage, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in April 2007.

Over the past decade, the Group has made great strides in transforming to an interest income based financial institution. The core strength of the Group lies in its robust business model with diversified income streams to withstand increasingly complex market conditions. The Group is recognised by the capital market for its solid performance, and since 1 December 2015 has become one of the constituent stocks of MSCI HK Small Cap Index. The Group currently operates many branches in Hong Kong and three liaison offices in China’s first-tier cities.

MARKET REVIEW

During the six months ended 31 March 2017 (the “Period”), the global markets were volatile amid uncertainties, including the presidential election in the United States (the “US”) and the result of an Italian referendum. In December 2016, the new leadership in the US brought a surge in optimism regarding the economy. Major stock markets rallied in response to President Donald Trump’s pro-growth policy announcements which contributed to a strong risk appetite across global markets. Given continued improvement in the labour market and rising inflation, the US Federal Reserve twice raised its benchmark interest rates during the Period. The moves reflect a vote of confidence in the US economy.

In the first quarter of 2017, Hong Kong stocks were buoyed on the back of strong capital inflows from mainland China and upbeat corporate earnings. However, given a high comparison base, during the Period the average daily turnover in the Hong Kong securities market decreased slightly, by 4.0% to HK\$69.4 billion (2016: HK\$72.3 billion).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Given global economic uncertainties, lending demand in Hong Kong remained soft. With high liquidity in the banking system and subdued loan demand, the operating environment for local banks was challenging. Despite the upward US interest rates cycle, fierce competition in mortgage loan market has driven rate cuts among banks. As non-bank money lenders operate with more flexible lending processes, they have gained popularity among small and medium-sized enterprise borrowers in the rapidly emerging and dynamic landscape.

FINANCIAL REVIEW

Overall Review

During the Period, the Group's revenue registered a growth of 36.4% to HK\$627.4 million (2016: HK\$460.2 million), driven by the growth of interest income from the money lending business and commission income from placing and underwriting activities. Profit for the period attributable to owners of the Company grew by 28.0% to HK\$330.1 million (2016: HK\$257.9 million). Basic earnings per share was HK5.09 cents (2016: HK4.49 cents). The board of directors of the Company (the "Board" or the "Directors") declared an interim dividend of HK1.38 cents (2016: HK1.20 cents) per share.

Capital Structure, Liquidity and Financial Resources

The Group financed its operations mainly by cash generated from operations and borrowings, as well as proceeds raised from issuance of bonds and equity financing exercises. As at 31 March 2017, the Group's current assets and current liabilities were HK\$8,458.8 million (as at 30 September 2016: HK\$8,042.3 million) and HK\$2,190.1 million (as at 30 September 2016: HK\$2,950.1 million), respectively. As at 31 March 2017, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$1,268.0 million (as at 30 September 2016: HK\$590.3 million), which were mainly denominated in Hong Kong dollars ("HK\$").

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As at 31 March 2017, the Company had issued bonds with carrying amount of HK\$1,587.0 million (30 September 2016: HK\$1,570.2 million). The weighted average interest rate of such bonds is 5.15% per annum. The bonds comprised of the followings:

- Principal amount of HK\$1,200.0 million, which was 3-year unsecured bonds comprising of HK\$1,121.2 million HK\$ bonds and US\$10.1 million United States dollars (“US\$”) bonds (equivalent to approximately HK\$78.8 million), which was placed and issued in ten tranches during 2016 under a placing agreement made on 15 March 2016 (as supplemented by a supplemental placing agreement dated 29 April 2016). The interest rate of the HK\$ bonds is 5.25% per annum whilst the interest rate of the US\$ bonds is 4.5% per annum, payable annually in arrears. The maturity dates of such bonds will be on the third anniversary of their dates of issue.
- Principal amount of HK\$400.0 million, which was 3-year unsecured bonds denominated in HK\$, bearing interest at 5.0% per annum payable annually in arrears. Such bonds will mature in December 2019.

As at 31 March 2017, the short-term bank borrowings of the Group decreased to HK\$453.6 million (as at 30 September 2016: HK\$550.0 million). These bank borrowings were secured by corporate guarantees from the Company, of which a total of HK\$200.0 million was further secured by pledged bank deposits of the Group. These bank borrowings were denominated in HK\$ and carried interest rates approximating market rates. Together with the bonds, the total borrowings of the Group amounted to HK\$2,040.6 million (as at 30 September 2016: HK\$2,120.2 million), resulting in a decrease of gearing ratio to 41.7% (as at 30 September 2016: 50.0%; 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 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

In December 2016, in order to strengthen the shareholders' portfolio of the Company and provide further funding to support the Company's continuous development and business growth, the Company issued a total of 612,900,000 new shares at HK\$0.66 per share to a subsidiary of China Taiping Insurance Holdings Company Limited (Stock Code: 966.HK), a company listed on the Stock Exchange and ultimately controlled by China Taiping Insurance Group Limited, a PRC state-owned financial and insurance group. The aggregate net proceeds of HK\$404.5 million are intended to be used for (i) expansion of money lending business which include the commercial and personal lending as well as margin and IPO financing, and (ii) repayment of outstanding loans.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$1,905.0 million, as well as the proceeds raised from the issuance of bonds and equity financing exercises, the Board considers the Group has sufficient working capital for its operation and future development.

Pledge of Assets

As at 31 March 2017, bank deposit of the Group with aggregate carrying amount of HK\$160.0 million (as at 30 September 2016: HK\$110.0 million) was pledged to a bank as security for banking facilities.

BUSINESS REVIEW

Leveraging its integrated business model, the Group strives to capture the full synergies across business lines and derive maximum corporate value. During the Period, the Group delivered outstanding performance in placing and underwriting business riding on its strong network and professionalism. In order to accelerate the growth of financing segment, the Group strengthened its marketing efforts and enhanced its lending capacity, thereby tapping solid growth in interest income.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Financing

The Group's financing segment derives interest income from commercial and personal lending as well as margin and IPO financing. The loans granted to customers range from short-term unsecured loans (e.g. tax loan, bridging loan, term loan, personal loan) to long-term secured loans (e.g. 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.

With an aim to diversify credit risk on money lending, broaden its income sources and customer base, the Group has strived to expand its presence in property mortgage market. Thanks to the successful marketing campaigns, the Group saw a considerable increase in the number of new mortgage contracts and consolidated its position in the mortgage loan business. Meanwhile, the Group also expanded its team comprising of specialists who possess technical expertise and extensive experience in the provision of personal loan services.

During the Period, the financing segment achieved promising growth despite of the moderated credit demand in the market. Revenue from the financing segment grew by 14.4% to HK\$426.5 million (2016: HK\$372.7 million), accounting for 68.0% (2016: 81.0%) of the Group's total revenue.

Brokerage

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 revenue from the brokerage segment increased slightly to HK\$64.9 million (2016: HK\$61.4 million), accounting for 10.3% (2016: 13.3%) of total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As at 31 March 2017, the Group operated 11 branches in Hong Kong, covering key commercial and popular residential areas with convenient pedestrian access. The Group also runs three liaison offices, in Beijing, Shanghai and Guangzhou. In December 2016, the Group started to offer Northbound trading services for Shenzhen-Hong Kong Stock Connect initiative, which is the second trading link with mainland China. As a dynamic financial institution, the Group has actively introduced mobile trading platforms which allow users to manage their accounts from portable devices, enabling customers to seamlessly access the global market.

The Group's wealth management division provides advices 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 a private equity fund – “Emperor Greater China Opportunities Fund”, the Group also provides customised discretionary investment services to its customers.

Placing and Underwriting

With a highly experienced team of professionals, the Group offers placing and underwriting services, and acts as placing agents and underwriters for various Hong Kong listed companies.

During the Period, the Group secured a number of primary and secondary market financing projects. Revenue from the placing and underwriting segment surged 610.9% to HK\$114.6 million (2016: HK\$16.1 million), accounting for 18.3% (2016: 3.5%) of total revenue. The Group served as placing agents in equity and debt placing deals and IPO-related transactions. The Group also participated in underwriting rights issue exercises.

During the Period, the Group acted as Bookrunner and Lead Manager in the share placing for the listing of Bar Pacific Group Holdings Limited, which was listed on the Growth Enterprise Market of the Stock Exchange in January 2017.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Corporate Finance

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

During the Period, revenue from the corporate finance segment increased by 117.0% to HK\$21.5 million (2016: HK\$9.9 million), accounting for 3.4% (2016: 2.2%) of total revenue.

OUTLOOK

The launch of the Shanghai- and Shenzhen-Hong Kong Stock Connect schemes affirms China's commitment to liberalising its financial market for global investors. As the Stock Exchange has continued to build a comprehensive platform to facilitate cross-border market access, Hong Kong's unique position as an international financial centre is likely to persist. The Group, as one of the integrated financial services providers in Hong Kong, is optimistic regarding its long-term prospects.

The addition of China Huarong and China Taiping Insurance as strategic shareholders signifies a strong vote of confidence in the Group's future development. The support of the two strategic shareholders enables the Group to realise a stronger financial position and pursue growth strategies that include the Group's ambition to expand the money lending business. In order to optimise its loan portfolio and diversify the overall risk, the Group intends to further expand its mortgage loan exposure through extensive marketing campaigns.

The year 2017 is a milestone for the Group as it marks the 10th anniversary of the Company's listing on the Stock Exchange. The strong performance in the past 10 years is testimony to the success of the Group's diversification strategy. A series of celebration events was held in April 2017, to commemorate the Group's remarkable progress and development together with the frontline staff, business partners and senior management. The Group will continue to accelerate the business development and expansion, to further advance the next stage of growth.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

RISK MANAGEMENT

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The management is entrusted with duties to identify, analyse, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. It endeavours to evaluate and compare the level of risk against predetermined acceptable levels of risk. For risk control and monitoring, it involves making decisions regarding which risks are acceptable and how to address those that are not. The management will develop contingency plans for possible loss scenarios. Accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.

SIGNIFICANT RISKS

The Group's business, financial conditions and results may be affected by risks and uncertainties pertaining to the Group's business. Certain significant risks have been identified through the process of risk identification and assessment. Such significant risks of the Group and their respective key strategies/control measures are set out below:

Credit Risk

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

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

a) Margin financing

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

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

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

b) Lending portfolio

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Moreover, the Internal Audit Department also conducts independent reviews on the adequacy and effectiveness of these policies and controls to ensure that the Group is operating according to the established policies, procedures and credit limits.

Equity Risk

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

Liquidity Risk

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

To address the liquidity risk, the Group's Finance and Accounts Department and the management will review and monitor the Group's liquidity position on daily basis to ensure availability of sufficient liquid funds. In addition, the Group has maintained sufficient stand-by banking facilities in order to meet any contingency in its operations. The management believes the Group's working capital is adequate to meet its financial obligations.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Operational Risk

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

CONTINGENT LIABILITY

As at 31 March 2017, the Group did not have any significant contingent liability.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group had 114 (2016: 120) account executives and 174 employees (2016: 154). Total staff costs (including Directors' remuneration) were approximately HK\$55.0 million (2016: HK\$43.5 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

To continue to provide incentives or rewards to the staff, the Company has adopted a new share option scheme which will replace the existing share option scheme expiring on 19 September 2017, particulars of which are set out in the section headed "Share Options" on P.40.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK1.38 cents per share (“Interim Dividend”) for the financial year ending 30 September 2017 (2016: HK1.2 cents per share), amounting to approximately HK\$93.02 million (2016: HK\$68.98 million). The Interim Dividend will be payable on 22 June 2017 (Thursday) to shareholders whose names appear on the register of members of the Company on 13 June 2017 (Tuesday).

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 12 June 2017 (Monday) to 13 June 2017 (Tuesday), during which period no share transfer will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 9 June 2017 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 31 March	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Revenue	4	627,425	460,153
Other operating income		443	275
Staff costs		(55,009)	(43,537)
Commission expenses		(81,590)	(27,825)
Other expenses		(46,203)	(45,319)
Finance costs		(48,978)	(29,841)
Share of profit (loss) of an associate		1,673	(2,757)
Share of loss of a joint venture		(9)	(5)
Profit before taxation	5	397,752	311,144
Taxation	6	(67,604)	(53,285)
Profit and total comprehensive income for the period attributable to owners of the Company		330,148	257,859
Earnings per share – Basic and diluted	7	HK5.09 cents	HK4.49 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Non-current assets			
Property and equipment		3,803	3,850
Intangible assets		–	–
Other assets		11,970	10,467
Interest in an associate		2,648	975
Amount due from an associate		5,987	5,987
Interest in a joint venture		485	494
Loans and advances	9	191,561	99,890
Available-for-sale investment		–	–
		216,454	121,663
Current assets			
Accounts receivable	10	4,572,468	4,688,699
Loans and advances	9	1,260,835	1,494,512
Other debtors, deposits and prepayments		44,440	60,990
Bank balances and cash – trust accounts		1,313,004	1,207,856
Bank balances and cash – general accounts		1,108,003	480,289
Pledged bank deposits – general accounts		160,000	110,000
		8,458,750	8,042,346

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	As at	
		31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Current liabilities			
Accounts payable	11	1,569,920	1,548,570
Other creditors and accrued charges		79,749	95,908
Tax liabilities		86,866	149,570
Short-term bank borrowings		453,567	550,000
Bonds issued		—	606,039
		2,190,102	2,950,087
Net current assets		6,268,648	5,092,259
Total assets less current liabilities		6,485,102	5,213,922
Non-current liabilities			
Bonds issued		1,587,007	964,206
Net assets		4,898,095	4,249,716
Capital and reserves			
Share capital	12	67,408	61,279
Reserves		4,830,687	4,188,437
Total equity		4,898,095	4,249,716

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital HK'000	Share premium HK'000	Special reserve HK'000	Capital contribution reserve HK'000	Translation reserve HK'000	Retained profits HK'000	Total HK'000
At 1 October 2016 (audited)	61,279	2,800,904	9,950	2,004	(27)	1,375,606	4,249,716
Profit and total comprehensive income for the period	-	-	-	-	-	330,148	330,148
Issue of shares	6,129	398,385	-	-	-	-	404,514
Dividend recognised as distribution	-	-	-	-	-	(86,283)	(86,283)
At 31 March 2017 (unaudited)	67,408	3,199,289	9,950	2,004	(27)	1,619,471	4,898,095
At 1 October 2015 (audited)	57,479	2,553,906	9,950	2,004	79	1,015,486	3,638,904
Profit and total comprehensive income for the period	-	-	-	-	-	257,859	257,859
Dividend recognised as distribution	-	-	-	-	-	(91,967)	(91,967)
At 31 March 2016 (unaudited)	57,479	2,553,906	9,950	2,004	79	1,181,378	3,804,796

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	468,182	295,228
Net cash used in investing activities	(841)	(311)
Net cash from financing activities	160,373	2,700
Net increase in cash and cash equivalents	627,714	297,617
Cash and cash equivalents at the beginning of the period	480,289	462,389
Cash and cash equivalents at the end of the period	1,108,003	760,006
Analysis of the balances of cash and cash equivalents		
Bank balances and cash – general accounts	1,108,003	760,006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 March 2017 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Interim Financial Statements should be read, where relevant, in conjunction with the annual financial statements of the Group for the year ended 30 September 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

2. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group has applied the following amendments to HKFRSs issued by HKICPA, which have effective for annual periods beginning on or after 1 January 2016, for the current accounting period. Except for the adoption of such amendments to HKFRSs, the accounting policies applied and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the annual financial statements of the Group for the year ended 30 September 2016.

Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The adoption of these amendments to HKFRSs has had no material impact on how the Group's results and financial position for current or prior periods have been prepared or presented. The Group has not early applied the new or revised HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), 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) Financing | – | Provision of margin financing and money lending services |
| (b) Brokerage | – | Provision of securities, options, futures, insurance, other assets and wealth management products broking services and related handling services |
| (c) Placing and underwriting | – | Provision of placing and underwriting services |
| (d) Corporate finance | – | Provision of corporate finance advisory services |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the six months ended 31 March 2017

	Financing (unaudited) HK\$'000	Brokerage (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	426,459	64,872	114,594	21,500	–	627,425
Inter-segment sales	77,975	–	13,560	–	(91,535)	–
	504,434	64,872	128,154	21,500	(91,535)	627,425

Inter-segment sales are charged at prevailing market rates.

RESULTS					
Segment results	357,672	15,953	50,942	15,190	439,757
Unallocated other operating income					1
Unallocated corporate expenses					
– staff costs (include directors' remuneration)					(30,409)
– management fee to related companies					(148)
– service charge to a related company					(5,742)
– others					(7,371)
Share of loss of a joint venture					(9)
Share of profit of an associate					1,673
Profit before taxation					397,752

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 31 March 2016

	Financing (unaudited) HK\$'000	Brokerage (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	372,732	61,395	16,120	9,906	–	460,153
Inter-segment sales	58,311	–	–	–	(58,311)	–
	431,043	61,395	16,120	9,906	(58,311)	460,153
Inter-segment sales are charged at prevailing market rates.						
RESULTS						
Segment results	330,271	11,431	7,263	4,291		353,256
Unallocated other operating income						1
Unallocated corporate expenses						
– staff costs (include directors' remuneration)						(26,136)
– management fee to related companies						(154)
– service charge to a related company						(5,527)
– others						(7,534)
Share of loss of a joint venture						(5)
Share of loss of an associate						(2,757)
Profit before taxation						311,144

No total assets and liabilities by reportable and operating segments is disclosed as such amounts are not regularly provided to the CODM for review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. REVENUE

	Six months ended 31 March	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Commission and fees income on dealing in securities	38,590	38,579
Commission and fees income on dealing in futures and options contracts	10,775	14,247
Commission and fees income from insurance brokerage and wealth management	12,899	6,795
Corporate finance advisory services fee income	21,500	9,906
Placing and underwriting commission	114,594	16,120
Interest income from:		
Margin and initial public offer financing	294,770	230,338
Loans and advances	131,689	142,388
Bank deposits	2,594	1,774
Others	14	6
	627,425	460,153

5. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Included in other expenses:		
Depreciation of property and equipment	888	1,027
Impairment for loans and advances	303	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. TAXATION

	Six months ended 31 March	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current period:		
Hong Kong Profits Tax provision for the period	67,564	53,254
PRC Enterprise Income Tax	40	31
	67,604	53,285

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	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	330,148	257,859

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. EARNINGS PER SHARE *(Continued)*

	Six months ended 31 March	
	2017	2016
	(unaudited)	(unaudited)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	6,488,277	5,747,946

Note: All the outstanding share options were lapsed during the six months ended 31 March 2016 and they have no effect on the dilutive potential ordinary shares before they lapsed.

8. DIVIDENDS

	Six months ended 31 March	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Recognised as distribution:		
Final dividend of HK1.28 cents per share for the year ended 30 September 2016 paid during the Period (year ended 30 September 2015: HK1.6 cents)	86,283	91,967

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES

	As at	
	31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Fixed-rate loans receivable	1,460,425	1,584,582
Variable-rate loans receivable	23,245	40,791
	1,483,670	1,625,373
Less: Individually assessed impairment allowances	(31,274)	(30,971)
	1,452,396	1,594,402
Analysed as:		
Current	1,260,835	1,494,512
Non-current	191,561	99,890
	1,452,396	1,594,402

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES *(Continued)*

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

	As at	
	31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Fixed-rate loans receivable:		
Within one year	1,247,558	1,456,305
In more than one year but no more than five years	102,652	37,094
Over five years	73,521	46,508
	1,423,731	1,539,907
Past due but not impaired	5,420	13,704
	1,429,151	1,553,611

	As at	
	31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Variable-rate loans receivable:		
Within one year	7,857	25,181
In more than one year but no more than five years	2,555	1,961
Over five years	12,833	13,649
	23,245	40,791

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES *(Continued)*

Note: As at 31 March 2017, included in the fixed-rate loans receivable was balance of HK\$5,420,000 (as at 30 September 2016: HK\$13,704,000) which had been past due but not impaired. Taking into account the collateral of the loans, the executive directors of the Company believed that no allowance for impairment for such loans receivable was necessary as at 31 March 2017 (30 September 2016: HK\$Nil). No variable-rate loans receivables had been past due but not impaired as at 31 March 2017 and 30 September 2016.

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

	As at	As at
	31 March 2017	30 September 2016
	(unaudited)	(audited)
Effective interest rates:		
Fixed-rate loans receivable	0.50% per month to 3.83% per month	0.25% per month to 3.83% per month
Variable-rate loans receivable	Prime rate per annum to prime rate + 3% per annum	Prime rate per annum to Prime rate + 3% per annum

As at 31 March 2017, 42 (30 September 2016: 37) secured loans with the aggregate amount of HK\$495,808,000 (30 September 2016: HK\$373,816,000) were secured by first legal charges in respect of respective properties located in Hong Kong and a secured loan (30 September 2016: Nil) with amount of HK\$75,725,000 was secured by listed marketable securities in Hong Kong. The collateral for each individual loan is sufficient to cover the loan amount on an individual basis. They were advanced to various independent borrowers and will be due for repayment within 1 to 24 years (30 September 2016: 1 to 25 years). The remaining balance of the loans receivable amounting to HK\$880,863,000 (30 September 2016: HK\$1,220,586,000) were unsecured and were provided to independent third parties of the Group, of which the loan amount of HK\$430,732,000 (30 September 2016: HK\$382,050,000) were with second or third legal charges in respect of properties located in Hong Kong and will be due for repayment within 1 to 24 years (30 September 2016: 1 to 25 years).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. LOANS AND ADVANCES *(Continued)*

As at 31 March 2017, each of the fixed-rate and variable-rate secured loans receivable represented less than 10% of the gross loans and advance balance. For unsecured loans receivable, there was one (30 September 2016: two) fixed rate unsecured loans receivable, which each exceeded 10% of the gross loans and advances balance respectively, with the aggregate amount of HK\$177,392,000 (30 September 2016: HK\$331,633,000) and represented 12% (30 September 2016: 20%) of the gross loans and advances balance. Each of the remaining fixed-rate and variable-rate unsecured loans receivable represented less than 10% of the gross loans and advances balance.

To minimise the Group's exposure to credit risk, credit risk control team is responsible for the evaluation of customers' credit ratings, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances on an individual basis. The assessment is based on a close monitoring and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collateral value and the past collection history of each individual borrower. Taking into account of the above, the executive directors of the Company have made an allowance for impairment of HK\$31,274,000 as at 31 March 2017 (30 September 2016: HK\$30,971,000). The Group has commenced legal and other debt collection proceedings against the borrowers of these impaired loans for recovery of the loan amounts of HK\$31,274,000. As at the reporting date of this Interim Financial Statements, the legal and other debt collection proceedings are still in progress.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. ACCOUNTS RECEIVABLE

	As at	
	31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	114,401	156,162
Secured margin loans	4,305,948	4,289,537
IPO margin loans	2,102	5,867
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	149,592	235,873
Accounts receivable from the business of corporate finance	425	1,260
	4,572,468	4,688,699

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

As at 31 March 2017, the total market value of securities pledged as collateral in respect of the secured loans to margin clients were approximately HK\$19,215,505,000 (30 September 2016: HK\$19,311,416,000). 98% (30 September 2016: 86%) of the loans were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at the end of the reporting period, and considered that no impairment allowance is necessary. The loans to margin clients bear variable interest at commercial rates and are repayable on demand. No collateral was pledged for other accounts receivable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. ACCOUNTS RECEIVABLE *(Continued)*

As at 31 March 2017, for accounts receivable due from various customers, amounts due from the top two margin customers represent 13% and 11% respectively of the total balance of the amounts receivable. Apart from the above, no other individual account represented more than 10% of the total balance of amounts receivable. As at 30 September 2016, no individual account represented more than 10% of the total balance of amounts 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, which are past due but not impaired, are as follows:

	As at	
	31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Past due:		
0-30 days	1,236	694
31-60 days	10	11
61-90 days	20	20
Over 90 days	412	405
Accounts receivable which were past due but not impaired	1,678	1,130
Accounts receivable which were neither past due nor impaired	262,740	392,165
	264,418	393,295

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. ACCOUNTS RECEIVABLE *(Continued)*

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

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date when credit was initially granted up to the reporting date. The credit risk is limited due to the customer base being large and unrelated.

11. ACCOUNTS PAYABLE

	As at	
	31 March 2017 (unaudited) HK\$'000	30 September 2016 (audited) HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house and broker	18,230	54,031
Margin and cash clients	1,183,910	1,131,907
Accounts payable from the business of dealing in futures contracts:		
Margin clients	367,780	362,632
	1,569,920	1,548,570

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. ACCOUNTS PAYABLE *(Continued)*

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

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

Included in accounts payable, amounts of HK\$1,313,004,000 and HK\$1,207,856,000 as at 31 March 2017 and 30 September 2016 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 account payable with the deposits placed.

12. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2016 and 31 March 2017	500,000,000	5,000,000
Issued and fully paid:		
At 1 October 2016	6,127,946	61,279
Issue of shares <i>(Note)</i>	612,900	6,129
At 31 March 2017	6,740,846	67,408

Note: On 14 December 2016, the Company allotted and issued a total of 612,900,000 shares by way of subscription at HK\$0.66 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. 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.

14. RELATED PARTY TRANSACTIONS

(A) During the Period, the Group had the following significant transactions with the related parties:

	Six months ended 31 March	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
(i) Corporate finance advisory services fee income from related companies	1,140	690
(ii) Sharing of information system and administrative expenses paid and payable to a related company	5,742	5,527
(iii) Management fee to related companies	148	154
(iv) Operating lease rentals expenses to related companies	4,453	3,745
(v) Printing, advertising and promotion expenses to related companies	988	1,609
(vi) Commission and brokerage income from related companies	–	66
(vii) Accounts payable to margin and cash clients arising from business of dealing in securities by		
– an associate	4,520	4,993
– directors of the Company	607	2,948
	5,127	7,941
(viii) Rental and other deposits paid to related companies	2,823	2,348

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. RELATED PARTY TRANSACTIONS (Continued)

(B) The key management personnel of the Company are the directors of the Company. The remuneration paid to them during the period are as follows:

	Six months ended 31 March	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Fees	630	600
Salaries and other emoluments	19,781	17,272
	20,411	17,872

Note:

The related company/companies is/are controlled by Albert Yeung Holdings Limited ("AY Holdings") which is the ultimate controlling shareholder of the Company. AY Holdings is held by STC International Limited ("STC International") in trust for The Albert Yeung Discretionary Trust (the "AY Trust"), a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

15. OPERATING LEASE COMMITMENTS

At the end of each of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and office equipment which fall due as follows:

	31 March 2017		As at	
	Rental premises (unaudited) HK\$'000	Hired equipment (unaudited) HK\$'000	30 September 2016 Rental premises (audited) HK\$'000	Hired equipment (audited) HK\$'000
Within one year	11,023	36	6,934	51
In the second to fifth years inclusive	10,286	12	5,359	28
	21,309	48	12,293	79

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

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

As at 31 March 2017, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) of the Listing Rules were as follows:

LONG POSITION INTERESTS IN THE COMPANY

Ordinary shares of HK\$0.01 each of the Company (“Shares”)

Name of Director	Capacity/ Nature of Interests	Number of Issued Shares held	Approximate % holding
Ms. Daisy Yeung	Beneficiary of the AY Trust	2,780,341,360 <i>(Note)</i>	41.25%
Ms. Daisy Yeung	Beneficial owner	18,000,000	0.26%
Mr. Chan Shek Wah	Beneficial owner	20,457,000	0.30%
Ms. Choi Suk Hing, Louisa	Beneficial owner	4,680,000	0.07%
Ms. Pearl Chan	Beneficial owner	2,925,000	0.04%

Note:

These Shares were held by Emperor Capital Group Holdings Limited (“Emperor Capital Holdings”), a wholly-owned subsidiary of AY Holdings. AY Holdings was held by STC International in trust for the AY Trust, a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 31 March 2017, so far as is known to any Directors or chief executives of the Company, the following persons or corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO ("DI Register") or as otherwise notified to the Company were as follows:

LONG POSITION IN THE SHARES

Name	Capacity/ Nature of interest	Number of issued Shares interested in or deemed to be interested	Approximate % holding
AY Holdings	Interest in a controlled corporation	2,780,341,360 <i>(Note 1)</i>	41.25%
STC International	Trustee of the AY Trust	2,780,341,360 <i>(Note 1)</i>	41.25%
Dr. Yeung Sau Shing, Albert	Founder of the AY Trust	2,780,341,360 <i>(Note 1)</i>	41.25%
Ms. Luk Siu Man, Semon	Interest of spouse	2,780,341,360 <i>(Note 1)</i>	41.25%
China Huarong International Holdings Limited	Interest in a controlled corporation	609,914,000 <i>(Note 2)</i>	9.05%
Huarong Real Estate Co. Ltd.	Interest in a controlled corporation	609,914,000 <i>(Note 2)</i>	9.05%
China Huarong Asset Management Co., Ltd.	Interest in a controlled corporation	609,914,000 <i>(Note 2)</i>	9.05%
Taiping Assets Management (HK) Company Limited	Investment manager	612,900,000	9.09%
Taiping Trustees Limited	Trustee	612,900,000	9.09%

OTHER PERSONS' INTERESTS AND SHORT POSITIONS *(Continued)*

Notes:

1. These Shares were the same Shares of which Ms. Daisy Yeung has deemed interest by virtue of being an eligible beneficiary of the AY Trust as set out under the Section of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.
2. These Shares were the same parcel of Shares legally held by Bonanaz Network Limited.

All interests stated above represent long positions. As at 31 March 2017, no short positions were recorded in the DI register.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares of the Company as recorded in the DI register or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS AND OTHER INFORMATION

SHARE OPTIONS

The Company adopted a share option scheme (“Current Share Option Scheme”) at the annual general meeting of the Company held on 20 September 2007 (then amended on 13 August 2013) to provide incentive or rewards to participants including the Directors and eligible employees of the Group.

As the Current Share Option Scheme will lapse automatically upon its expiry on 19 September 2017, a new share option scheme (“New Share Option Scheme”) has been adopted at the annual general meeting held on 26 January 2017.

During the Period, no option was granted, exercised or cancelled under the Current Share Option Scheme and the New Share Option Scheme.

CORPORATE GOVERNANCE CODE

The Company had complied throughout the Period with all the code provisions as set out in the Corporate Governance Code under Appendix 14 of the Listing Rules, except with the deviation from code provision A.2.1 which requires that the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Ms. Daisy Yeung, also being the Chief Executive Officer of the Group, has been appointed by the Board as the Managing Director of the Company who is responsible for leading the Board and the overall management of the business of the Group. She would ensure that all Directors are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. On the other hand, the three Independent Non-executive Directors provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively and does not intend to make any change thereof.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

SHARE OPTIONS AND OTHER INFORMATION *(Continued)*

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the 2015/2016 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

On the recommendation of the Remuneration Committee, the Board had reviewed and revised the remuneration of the Executive Directors with effect from 1 January 2017 based on the performance, experience, ability and responsibility of the individuals and with reference to the market rates. The total emoluments of the Executive Directors of the Company, namely Ms. Daisy Yeung, Mr. Chan Shek Wah, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan for the six months ended 31 March 2017 were approximately HK\$7,105,380, HK\$8,300,970, HK\$2,575,065 and HK\$2,100,135 respectively. These amounts comprise basic salaries, allowance (if any) and director's fee accrued in respect of his/her service during the Period as well as performance related incentive payment (related to previous year's performance) and retirement benefits scheme contribution during the Period.

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements of the Group as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report had been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company as set out in this report.

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

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

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

Hong Kong, 23 May 2017

As at the date of this report, 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. Chu Kar Wing

Mr. Poon Yan Wai

Ms. Wan Choi Ha

This Interim Report (in both English and Chinese versions) is available to any shareholder of the Company either in printed form and on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.emperorcapiatal.com>). In order to protect the environment, the Company highly recommends the Shareholders to receive electronic copy of this Interim Report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.