

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2016**

FINANCIAL HIGHLIGHTS			
<i>HK\$'000 (Unaudited)</i>			
	Six months ended 31 March		
	2016	2015	Changes
Total revenue	460,153	289,255	+59.1%
Financing	372,732	154,376	+141.4%
Brokerage	61,395	51,261	+19.8%
Placing & Underwriting	16,120	61,096	-73.6%
Corporate Finance	9,906	22,522	-56.0%
Profit for the period attributable to owners of the Company	257,859	147,221	+75.2%
Net profit margin	56.0%	50.9%	+5.1pp
Earnings per share		(Restated)	
Basic	HK4.49 cents	HK4.14 cents	+8.5%
Diluted	HK4.49 cents	HK3.99 cents	+12.5%
Dividend per share	HK1.20 cents	HK0.70 cent	+71.4%

* *for identification purposes only*

The board of directors (the “Board” or the “Directors”) of Emperor Capital Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2016 (the “Period”) together with the comparative figures for the corresponding period in 2015 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 31 March	
		2016	2015
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	460,153	289,255
Other operating income		275	11,644
Staff costs		(43,537)	(40,053)
Commission expenses		(27,825)	(37,793)
Other expenses		(45,319)	(38,789)
Finance costs		(29,841)	(20,558)
Share of (loss) profit of an associate		(2,757)	10,506
Share of loss of a joint venture		(5)	–
		<hr/>	<hr/>
Profit before taxation	5	311,144	174,212
Taxation	6	(53,285)	(26,991)
		<hr/>	<hr/>
Profit and total comprehensive income for the period		<u>257,859</u>	<u>147,221</u>
Attributable to:			
Owners of the Company		257,859	147,221
Non-controlling interests		–	–
		<hr/>	<hr/>
		<u>257,859</u>	<u>147,221</u>
			(restated)
Earnings per share	7		
– Basic		<u>HK4.49 cents</u>	<u>HK4.14 cents</u>
– Diluted		<u>HK4.49 cents</u>	<u>HK3.99 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2016 (unaudited) HK\$'000	30 September 2015 (audited) HK\$'000
	Notes		
Non-current assets			
Property and equipment		4,167	4,883
Intangible assets		–	–
Other assets		7,349	9,177
Interest in an associate		1,732	4,489
Amount due from an associate		5,987	5,987
Interest in a joint venture		509	514
Loans and advances	9	67,043	56,032
Available-for-sale investment		–	–
		86,787	81,082
Current assets			
Accounts receivable	10	3,578,754	3,232,351
Loans and advances	9	1,112,430	1,398,541
Other debtors, deposits and prepayments		51,606	58,007
Bank balances and cash – trust accounts		1,377,723	1,368,108
Bank balances and cash – general accounts		760,006	462,389
Pledged bank deposits – general accounts		85,000	–
		6,965,519	6,519,396
Current liabilities			
Accounts payable	11	1,799,922	1,667,105
Other creditors and accrued charges		44,238	92,264
Tax liabilities		94,398	106,340
Short-term bank borrowings		658,000	480,000
Loans payable		–	10,000
Bonds issued		650,952	–
		3,247,510	2,355,709
Net current assets		3,718,009	4,163,687
Total assets less current liabilities		3,804,796	4,244,769
Non-current liabilities			
Bonds issued		–	605,865
Net assets		3,804,796	3,638,904
Capital and reserves			
Share capital	12	57,479	57,479
Reserves		3,747,317	3,581,425
Total equity		3,804,796	3,638,904

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (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 2015, 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 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 2015.

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 |

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 2016

	Financing (unaudited) <i>HK\$'000</i>	Brokerage (unaudited) <i>HK\$'000</i>	Placing and underwriting (unaudited) <i>HK\$'000</i>	Corporate finance (unaudited) <i>HK\$'000</i>	Elimination (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
REVENUE						
Segment revenue						
– external customers	372,732	61,395	16,120	9,906	–	460,153
Inter-segment sales	58,311	–	–	–	(58,311)	–
	<u>431,043</u>	<u>61,395</u>	<u>16,120</u>	<u>9,906</u>	<u>(58,311)</u>	<u>460,153</u>

Inter-segment sales are charged at prevailing market rates.

RESULTS

Segment results	<u>330,271</u>	<u>11,431</u>	<u>7,263</u>	<u>4,291</u>		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						<u>(2,757)</u>
Profit before taxation						<u>311,144</u>

3. SEGMENT INFORMATION *(Continued)*

Segment Revenue and Results *(Continued)*

For the six months ended 31 March 2015

	Financing (unaudited) <i>HK\$'000</i>	Brokerage (unaudited) <i>HK\$'000</i>	Placing and underwriting (unaudited) <i>HK\$'000</i>	Corporate finance (unaudited) <i>HK\$'000</i>	Elimination (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
REVENUE						
Segment revenue						
– external customers	154,376	51,261	61,096	22,522	–	289,255
Inter-segment sales	<u>16,248</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(16,248)</u>	<u>–</u>
	<u>170,624</u>	<u>51,261</u>	<u>61,096</u>	<u>22,522</u>	<u>(16,248)</u>	<u>289,255</u>

Inter-segment sales are charged at prevailing market rates.

RESULTS

Segment results	<u>134,092</u>	<u>12,747</u>	<u>39,330</u>	<u>17,507</u>		203,676
Unallocated other operating income						3,871
Unallocated corporate expenses						
– staff costs (include Directors' remuneration)						(27,246)
– management fee to related companies						(166)
– service charge to a related company						(5,746)
– others						(10,683)
Share of profit of an associate						<u>10,506</u>
Profit before taxation						<u>174,212</u>

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

4. REVENUE

	Six months ended 31 March	
	2016	2015
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commission and fees income on dealing in securities	38,579	32,052
Commission and fees income on dealing in futures and options contracts	14,247	11,862
Commission and fees income from insurance brokerage and wealth management	6,795	3,869
Corporate finance advisory services fee income	9,906	22,522
Placing and underwriting commission	16,120	61,096
Interest income from:		
Margin and initial public offer financing	230,338	95,256
Loans and advances	142,388	59,120
Bank deposits	1,774	3,478
Others	6	–
	<u>460,153</u>	<u>289,255</u>

5. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2016	2015
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Depreciation of property and equipment	1,027	1,083
Allowance and written off for loans and advances	–	2,500
	<u>–</u>	<u>3,583</u>
Included in other operating income:		
Written back for loans and advances	–	(500)
	<u>–</u>	<u>(500)</u>

6. TAXATION

	Six months ended 31 March	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Current period:		
Hong Kong Profits Tax provision for the period	53,254	26,839
PRC Enterprise Income Tax	<u>31</u>	<u>152</u>
	<u>53,285</u>	<u>26,991</u>

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

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

7. EARNINGS PER SHARE

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

	Six months ended 31 March	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	<u>257,859</u>	<u>147,221</u>

	Six months ended 31 March	
	2016 (unaudited) '000	2015 (unaudited) (restated) '000
Number of shares		
Weighted average number of ordinary shares		
for the purpose of basic earnings per share <i>(Note (a))</i>	5,747,946	3,554,724
Effect of dilutive potential ordinary shares:		
Share options of the Company <i>(Note (b))</i>	<u>–</u>	<u>131,019</u>
Weighted average number of ordinary shares		
for the purpose of diluted earnings per share <i>(Note (a))</i>	<u>5,747,946</u>	<u>3,685,743</u>

7. EARNINGS PER SHARE (Continued)

Notes:

- (a) The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the six months ended 31 March 2015 have been restated to reflect the bonus element of the rights issue completed in June 2015.
- (b) The computation of diluted earnings per share assumed the exercise of the Company's outstanding share options with the exercise price lower than the average market price during the six months ended 31 March 2015. 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.

8. DIVIDENDS

	Six months ended 31 March	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Recognised as distribution:		
Final dividend of HK1.6 cents per share for the year ended 30 September 2015 paid during the Period (year ended 30 September 2014: HK2.0 cents)	<u>91,967</u>	<u>52,639</u>

9. LOANS AND ADVANCES

	As at	
	31 March	30 September
	2016	2015
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Fixed-rate loans receivable	1,112,073	1,396,566
Variable-rate loans receivable	<u>67,653</u>	<u>58,260</u>
	1,179,726	1,454,826
Less: Individually assessed impairment allowances	<u>(253)</u>	<u>(253)</u>
	<u>1,179,473</u>	<u>1,454,573</u>
Analysed as:		
Current	1,112,430	1,398,541
Non-current	<u>67,043</u>	<u>56,032</u>
	<u>1,179,473</u>	<u>1,454,573</u>

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 2016 (unaudited) <i>HK\$'000</i>	30 September 2015 (audited) <i>HK\$'000</i>
Fixed-rate loans receivable:		
Within one year	1,060,602	1,297,817
In more than one year but no more than five years	31,213	33,187
Over five years	<u>20,005</u>	<u>6,600</u>
	1,111,820	1,337,604
Past due but not impaired	<u>–</u>	<u>58,709</u>
	<u>1,111,820</u>	<u>1,396,313</u>

	As at	
	31 March 2016 (unaudited) <i>HK\$'000</i>	30 September 2015 (audited) <i>HK\$'000</i>
Variable-rate loans receivable:		
Within one year	51,828	37,215
In more than one year but no more than five years	2,464	2,615
Over five years	<u>13,361</u>	<u>13,630</u>
	67,653	53,460
Past due but not impaired	<u>–</u>	<u>4,800</u>
	<u>67,653</u>	<u>58,260</u>

9. LOANS AND ADVANCES (Continued)

Note: No loans receivable balance had been past due as at 31 March 2016. Therefore, no allowance for impairment is necessary. As at 30 September 2015, included in the fixed-rate loans receivable and variable-rate loans receivable were balances of HK\$58,709,000 and HK\$4,800,000, respectively which had been past due but not impaired. Taking into account the creditworthiness of the borrowers, the executive directors of the Company believed that no impairment allowance for these receivables was necessary as at 30 September 2015. Repayments were made by the borrowers for such outstanding balances subsequent to 30 September 2015.

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

	As at	
	31 March 2016	30 September 2015
	(unaudited)	(audited)
Effective interest rates:		
Fixed-rate loans receivable	0.42% per month to 4.0% per month	0.79% per month to 4.33% per month
Variable-rate loans receivable	Prime rate per annum to prime rate + 3% per annum	Prime rate per annum to Prime rate + 8% per annum

As at 31 March 2016, loans and advances with the aggregate amount of HK\$238,569,000 (30 September 2015: HK\$350,620,000) were secured by first legal charges in respect of respective properties located in Hong Kong. The collateral for each individual loan is sufficient to cover the loan amount on an individual basis. They were advanced to various independent borrowers and will be due for repayment within 1 to 30 years from the date of advance.

The remaining balance of the loans receivable amounting to HK\$940,904,000 (30 September 2015: HK\$1,103,953,000) were unsecured and were provided to independent third parties of the Group, of which the loan amount of HK\$245,316,000 (30 September 2015: HK\$122,084,000) were with second or third legal charges in respect of properties located in Hong Kong and will be due for repayment within 1 to 25 years (30 September 2015: 1 to 26 years) from the respective loans' date of advance.

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 as well as collateral values. The Group has a policy for assessing the impairment on loans and advances that are unsecured, those that are secured but without sufficient collateral and those with default or delinquency in interest or principal payment, 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.

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

10. ACCOUNTS RECEIVABLE

	As at	
	31 March 2016 (unaudited) <i>HK\$'000</i>	30 September 2015 (audited) <i>HK\$'000</i>
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	154,780	129,263
Secured margin loans	2,831,792	2,911,251
IPO margin loans	301,415	8,151
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	289,444	183,240
Accounts receivable from the business of corporate finance	1,323	465
	3,578,754	3,232,370
Less: Individually assessed impairment allowance	–	(19)
	3,578,754	3,232,351

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

For secured margin loans, as at 31 March 2016, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$12,959,677,000 (30 September 2015: HK\$21,699,858,000). 97% of the loans were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at the 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.

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.

10. ACCOUNTS RECEIVABLE (Continued)

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

	As at	
	31 March 2016 (unaudited) HK\$'000	30 September 2015 (audited) HK\$'000
Past due:		
0-30 days	1,498	1,388
31-60 days	23	49
61-90 days	11	564
Over 90 days	408	316
Accounts receivable which were past due but not impaired	1,940	2,317
Accounts receivable which were neither past due nor impaired	443,607	310,651
	<u>445,547</u>	<u>312,968</u>

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 as well as collateral values. 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. The executive directors of the Company believe that no provision for impairment is necessary as the fair values of the securities collateral held by the Group for these balances are generally in excess of the relevant carrying amounts as at 31 March 2016.

11. ACCOUNTS PAYABLE

	As at	
	31 March 2016 (unaudited) <i>HK\$'000</i>	30 September 2015 (audited) <i>HK\$'000</i>
Accounts payable from the business of dealing in securities:		
Clearing house and broker	73,575	20,740
Margin and cash clients	1,200,548	1,339,683
Accounts payable from the business of dealing in futures contracts:		
Margin clients	<u>525,799</u>	<u>306,682</u>
	<u><u>1,799,922</u></u>	<u><u>1,667,105</u></u>

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\$1,377,723,000 and HK\$1,368,108,000 as at 31 March 2016 and 30 September 2015 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.

12. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
	<i>'000</i>	
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2015 and 31 March 2016	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1 October 2015 and 31 March 2016	<u>5,747,946</u>	<u>57,479</u>

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.

MANAGEMENT DISCUSSION & ANALYSIS

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

Market Review

During the Period, investor sentiment in Hong Kong remained cautious amid concerns over slowing growth in Mainland China and the pace of interest hikes in the United States. In the fourth quarter of 2015, the Hong Kong stock market was weighted down by weak performance in A-shares and reached a relatively low valuation. However, in March 2016, the Hong Kong stock market became buoyant in response to the Federal Reserve indicating it would scale back the next interest rate hike. During the Period, the average daily turnover on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was HK\$71.74 billion (2015: HK\$83.55 billion), representing a decline of 14.1% compared with the previous period.

Despite the continued volatility, IPO activity in Hong Kong was impressive. In 2015, there were a total of 138 companies listing (including transfers of listing from GEM to Main Board) in Hong Kong. Underpinned by Chinese large conglomerates, issuers raised a total of HK\$263.1 billion in Hong Kong IPOs in 2015, up 13.0% from 2014, leading to Hong Kong reclaiming its ranking as the world’s largest IPO market.

Weaker market sentiment and an expected rise in interest rates led to softer capital investment and credit demand in Hong Kong. In addition to rising bad loans, China’s slowing economy limited the ability of banks to extend credit for enterprises’ business developments. Although the lending market’s operating environment was challenging, the market saw a rise in non-bank money lenders, as they provide more flexible lending services.

Financial Review

Overall Review

Driven by significant growth in interest income, the Group achieved an outstanding performance despite market volatility. The Group's total revenue registered growth of 59.1% to HK\$460.2 million (2015: HK\$289.3 million). Profit for the period attributable to owners of the Company surged by 75.2% to HK\$257.9 million (2015: HK\$147.2 million). Net profit margin widened from 50.9% to 56.0%. Basic earnings per share was HK4.49 cents (2015: HK4.14 cents, restated). The Group declared an interim dividend of HK1.20 cents per share (2015: HK0.70 cent).

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 2016, the Group's current assets and current liabilities were HK\$6,965.5 million (as at 30 September 2015: HK\$6,519.4 million) and HK\$3,247.5 million (as at 30 September 2015: HK\$2,355.7 million), respectively. As at 31 March 2016, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$845.0 million (as at 30 September 2015: HK\$462.4 million), which were denominated mainly in Hong Kong dollars ("HK\$").

As at 31 March 2016, there was a total of HK\$650.9 million (30 September 2015: HK\$605.9 million) unsecured bonds, out of which HK\$605.9 million are 3-year unsecured bonds denominated in HK\$, interest payable annually in arrears and maturing in November 2016. The remaining balance of HK\$45.0 million is 1-year unsecured bond denominated in HK\$ issued during the Period with interest payable in arrears and maturing in December 2016. The weighted average interest of such bonds is 5.9% per annum.

As at 31 March 2016, the short-term bank borrowings of the Group increased to HK\$658.0 million (as at 30 September 2015: HK\$480.0 million). These bank borrowings were secured by corporate guarantees from the Company, of which bank loans in the aggregate amount of HK\$180.0 million and HK\$100.0 million were secured by bank deposits of the Group and clients' securities pledged to the Group, respectively. 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\$1,308.9 million (as at 30 September 2015: HK\$1,095.9 million), resulting in an increase of gearing ratio to 34.4% (as at 30 September 2015: 30.1%; 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 31 March 2016.

On 15 March 2016, the Company entered into a placing agreement for placing of bonds of up to an aggregate principal amount of HK\$1,200 million. The net proceeds from the bond placing will be applied as working capital for expansion of the Group's existing businesses, especially for the money lending business, and to finance any future opportunities the Company may identify, and repayment of loans and borrowings. Subsequent to the end of the Period, and up to the date of this announcement, the Company has successfully placed and issued 3-year bonds denominated in HK\$ and United States dollar ("US\$") with a total amount of approximately HK\$399.9 million. 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 remaining part of the bond placing, worths up to approximately HK\$800.1 million, may take place in multiple tranches on or before 31 July 2016.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$1,420.0 million, as well as the proceeds raised from the equity financing exercises and bond placing, the Board considers the Group has sufficient working capital for its operation and future development.

Use of Proceeds from Equity Fund Raising Activities Involving Issue of Securities

The Company has received net proceeds of approximately HK\$1,714.1 million in connection with the following equity fund raising activities involving issue of securities since 1 October 2014:

- The rights issue on the basis of 1 rights share for every 2 existing shares held by shareholders of the Company at the subscription price of HK\$0.50 per share (the "Rights Issue"). The Rights Issue was completed on 4 June 2015 with the issuance of 1,315,981,908 rights shares.

- The placing of 1,300,000,000 new shares at the placing price of HK\$0.50 per placing share (the “Placing”). The Placing was completed on 4 June 2015 with the issuance of such shares under the specific mandate granted on 6 May 2015.
- The subscription and placing of 500,000,000 new shares of HK\$0.01 each in aggregate (amounting to nominal value of HK\$5 million in aggregate) at the price of HK\$0.88 per share (the “Subscription & Placing”) whilst the net price after deducting the relevant expenses was approximately HK\$0.87 per share. The market price of the shares as at 7 July 2015 (being the date on which the terms of the Subscription & Placing were fixed) was HK\$0.58 per share. The Subscription & Placing was completed on 14 July 2015 with the issuance of such shares to not less than six allottees who are independent professional, institutional and other investors under the general mandate granted on 21 January 2015.

As of the date of this announcement, all net proceeds from the above-mentioned equity fund raising exercises have been used as intended by the Group. Set forth below is a summary of the allocation and utilisation of such net proceeds:

Intended use as disclosed in the Company’s announcements/circular	Amount of net proceeds intended to be allocated			Actual use of proceeds
	Rights Issue	Placing	Subscription & Placing	
	<i>HK\$(million)</i>	<i>HK\$(million)</i>	<i>HK\$(million)</i>	
Expansion of existing business especially for money lending business	325.6	315.2	320.0	Used as intended
Repayment of outstanding loans	162.8	157.6	112.6	Used as intended
Expansion of asset management business, general working capital and financing of any future business opportunities to be identified by the Company	162.8	157.5	–	Used for general working capital which mainly included payment of operating expenses such as staff costs, commission and tax payments and other administrative expenses
Total	651.2	630.3	432.6	

Pledge of Assets

As at 31 March 2016, bank deposit of the Group with aggregate carrying amount of HK\$85.0 million (as at 30 September 2015: Nil) was pledged to a bank as security for banking facilities.

Business Review

Notwithstanding a volatile financial landscape, the Group delivered satisfactory growth driven by the diversity of its businesses and strength of its integrated business model, which provides flexibility to promptly respond to changing market situations. The sustained growth reflected the Group's proven success in redefining its long-term vision and prioritising the financing segment, solidifying its position as a leading financial services provider. Since 1 December 2015, the Group has become one of the constituent stocks of MSCI HK Small Cap Index, reflecting strong recognition from the capital market in its unique business model and solid track record.

During the Period, the Group continued to sharpen its focus on the financing segment and drive rapid growth in interest income. In order to enhance its lending capacity, the Group strives to bolster its capital base through diversified fund raising channels. With greater leverage for the financing segment, the Group is poised to capture lucrative opportunities in the loan market.

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. Aiming to penetrate into the property mortgage market, the Group stepped up its marketing efforts and developed extensive advertising campaigns to maximise the exposure of "Emperor Finance" across different media platforms during the Period. The campaigns have succeeded in boosting awareness in the marketplace and yielded immediate positive results in attracting new customers. The Group also expanded its team comprising of specialists who possess technical expertise and extensive experience in the provision of property mortgage services.

The Group continued to strengthen its position in the commercial lending market by attracting new clients and maximising revenue potential. With enhanced contributions from interest income for short to medium term loans, revenue from the financing segment soared to another new record high, reaching HK\$372.7 million (2015: HK\$154.4 million) during the Period, representing robust growth of 141.4%. Revenue from the financial segment as percentage of the Group's total revenue increased significantly to 81.0% (2015: 53.4%).

Brokerage

The Group provides brokerage services for securities, futures and options traded on exchanges in Hong Kong, Shanghai via Shanghai-Hong Kong Stock Connect scheme and major exchanges in overseas countries, as well as wealth management and asset management services. Despite a subdued market turnover during the Period, the Group continued to deliver satisfactory growth in brokerage service segment riding on its diversified product offerings. Segmental revenue increased by 19.8% to HK\$61.4 million (2015: HK\$51.3 million), accounting for 13.3% (2015: 17.7%) of total revenue.

As at 31 March 2016, the Group operates 10 branches in Hong Kong, covering key commercial and popular residential areas with convenient pedestrian access. The Group also runs three liaison offices, in Beijing, Shanghai and Guangzhou. As a dynamic financial institution, the Group continues to expand its product offerings on a timely basis in response to market opportunities. 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. During the Period, the Group upgraded its SPTrader Pro mobile trading platform to introduce Hong Kong stock options trading services on top of Hong Kong and global stock and futures products being traded on the existing platform.

Given the growing complexity of financial products and services, the Group addressed the importance of investors education by hosting a series of informative workshops and seminars, helping clients to more accurately navigate the financial marketplace. During the Period, the Group partnered with Sina Finance, a leading Chinese financial news portal, to launch the "Hong Kong Securities Investment Contest", offering an exciting opportunity for Mainland China investors to experience trading Hong Kong securities through a mock platform by using virtual funds. The contest received an overwhelming response, attracting close to 10,000 participants who wish to sharpen their investment skills in Hong Kong securities trading.

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

Placing and Underwriting

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

Revenue from the placing and underwriting segment was HK\$16.1 million (2015: HK\$61.1 million), accounting for 3.5% (2015: 21.1%) 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.

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 was HK\$9.9 million (2015: HK\$22.5 million), accounting for 2.2% (2015: 7.8%) of total revenue.

Outlook

In the near term, Hong Kong's economic outlook will remain dull, as suggested by the cooling property prices and disappointing retail sales figures. The uncertainties in regional monetary regimes will also dampen investor sentiment. However, as regulators are gradually opening up Mainland China capital markets and improving accessibility with international investors, Hong Kong will be in a prominent position to act as a gateway to connect overseas markets. Looking forward, the Group will remain cautiously optimistic that with its proven business model, it is well-positioned to seize the enormous potential arising from the outbound investment flows from Mainland China.

The Group's robust performance was largely attributed to its strategic transformation from a brokerage house to a loan service provider that aspires to accommodate the needs of a diverse customer base. The Group remains ambitious regarding further expansion of its financing segment and increasing its penetration in the money lending market, backed by its solid clientele network and unique market position. In an endeavour to achieve sustained growth, the Group is focused on strengthening its capital base and optimising its balance sheet by efficiently deploying capital. In this regard, the Group has announced its debt raising plan to raise up to HK\$1.2 billion through multiple tranches of bond placings by 31 July 2016. The enlarged capital base will allow greater lending capacity to fuel growth of the money lending business and enable the Group to capitalise on new opportunities for further success.

CONTINGENT LIABILITY

As at 31 March 2016, the Group did not have any significant contingent liability.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group had 120 (2015: 124) account executives and 154 employees (2015: 134). Total staff costs (including Directors' remuneration) were approximately HK\$43.5 million (2015: HK\$40.0 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

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

INTERIM DIVIDEND

The Board declared an interim dividend of HK1.2 cents per share ("Interim Dividend") for the financial year ending 30 September 2016 (2015: HK0.7 cent per share), amounting to approximately HK\$68.98 million (2015: HK\$36.74 million). The Interim Dividend will be payable on 28 June 2016 (Tuesday) to shareholders whose names appear on the register of members of the Company on 17 June 2016 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 16 June 2016 (Thursday) to 17 June 2016 (Friday), 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 15 June 2016 (Wednesday).

REVIEW OF INTERIM RESULTS

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

CORPORATE GOVERNANCE

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 the roles of chairman and chief executive officer 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 who is responsible for leading the Board and the overall management of the Group's business. She ensures that all Directors are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. In addition, the three independent non-executive Directors, who do not have any management contract with the Group, provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively and does not intend to make any change thereof.

Model Code for Securities Transactions

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

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

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

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

Hong Kong, 18 May 2016

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

Executive Directors:

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

Independent Non-Executive Directors:

Mr. Chu Kar Wing
Mr. Poon Yan Wai
Ms. Wan Choi Ha