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

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 31 MARCH 2018**

**FINANCIAL HIGHLIGHTS**

HK\$'000 (Unaudited)

	Six months ended 31 March		Changes
	2018	2017	
Total revenue	<b>668,068</b>	627,425	+ 6.5%
Financing	<b>521,857</b>	426,459	+ 22.4%
Brokerage	<b>68,993</b>	64,872	+ 6.4%
Placing & Underwriting	<b>60,843</b>	114,594	- 46.9%
Corporate Finance	<b>16,375</b>	21,500	- 23.8%
Profit for the period attributable to owners of the Company	<b>371,408</b>	330,148	+ 12.5%
Net profit margin	<b>55.6%</b>	52.6%	+ 3.0pp
Basic earnings per share	<b>HK5.51 cents</b>	HK5.09 cents	+ 8.3%
Interim dividend per share	<b>HK2.21 cents</b>	HK1.38 cents	+ 60.1%

\* for identification purpose only

The board of directors (the “Board” or the “Directors”) of Emperor Capital Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2018 (the “Period”) together with the comparative figures for the corresponding period in 2017 as set out below:

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

		<b>Six months ended 31 March</b>	
		<b>2018</b>	2017
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue	4	<b>668,068</b>	627,425
Other operating income		<b>2,650</b>	443
Staff costs		<b>(62,398)</b>	(55,009)
Commission expenses		<b>(40,309)</b>	(81,590)
Other expenses		<b>(52,787)</b>	(46,203)
Finance costs		<b>(67,282)</b>	(48,978)
Share of (loss) profit of an associate		<b>(1,365)</b>	1,673
Share of loss of a joint venture		<b>–</b>	(9)
		<hr/>	<hr/>
Profit before taxation	5	<b>446,577</b>	397,752
Taxation	6	<b>(75,169)</b>	(67,604)
		<hr/>	<hr/>
Profit and total comprehensive income for the period attributable to owners of the Company		<b>371,408</b>	330,148
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
– Basic and diluted	7	<b>HK5.51 cents</b>	HK5.09 cents
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2018	30 September 2017
		(unaudited)	(audited)
Notes		HK\$'000	HK\$'000
<b>Non-current assets</b>			
	Property and equipment	4,657	5,118
	Intangible assets	–	–
9	Other assets	12,223	13,309
	Interest in an associate	123	1,488
	Amount due from an associate	5,987	5,987
	Interest in a joint venture	–	472
10	Loans and advances	231,176	171,580
11	Available-for-sale investment	–	–
		<b>254,166</b>	197,954
<b>Current assets</b>			
	Accounts receivable	6,406,005	5,155,297
12	Loans and advances	1,815,896	1,612,581
10	Other debtors, deposits and prepayments	39,613	21,866
	Tax recoverable	1,790	42
	Pledged bank deposits – general accounts	160,000	160,000
	Bank balances and cash – trust accounts	2,047,282	1,854,475
	Bank balances and cash – general accounts	536,718	514,129
		<b>11,007,304</b>	9,318,390
<b>Current liabilities</b>			
	Accounts payable	2,515,066	2,214,913
13	Other creditors and accrued charges	76,977	96,030
	Tax liabilities	102,546	153,666
	Short-term bank borrowings	780,198	328,511
		<b>3,474,787</b>	2,793,120
<b>Net current assets</b>		<b>7,532,517</b>	6,525,270
<b>Total assets less current liabilities</b>		<b>7,786,683</b>	6,723,224
<b>Non-current liabilities</b>			
	Bonds issued	2,383,626	1,589,114
<b>Net assets</b>		<b>5,403,057</b>	5,134,110
<b>Capital and reserves</b>			
	Share capital	67,408	67,408
14	Reserves	5,335,649	5,066,702
<b>Total equity</b>		<b>5,403,057</b>	5,134,110

Notes:

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 March 2018 (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 2017, 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.

In the current period, the Group has applied the following amendments to HKFRSs issued by HKICPA for the first time that may be relevant to the Group and are mandatorily effective for the current 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 2017.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>As part of the Annual Improvements to HKFRSs 2014-2016 Cycle</i>

The adoption of these amendments to HKFRSs has had no material impact on the Group’s results and financial position for current and prior periods. 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 makers, 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

#### 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 2018

	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
<b>REVENUE</b>						
Segment revenue						
– external customers	521,857	68,993	60,843	16,375	–	668,068
Inter-segment sales	74,598	–	12,060	–	(86,658)	–
	<u>596,455</u>	<u>68,993</u>	<u>72,903</u>	<u>16,375</u>	<u>(86,658)</u>	<u>668,068</u>

Inter-segment sales are charged at prevailing market rates.

#### RESULTS

Segment results	<u>426,798</u>	<u>29,592</u>	<u>33,460</u>	<u>9,047</u>		498,897
Unallocated other operating income						31
Unallocated corporate expenses						
– staff costs (including directors' remuneration but excluding staff commission expenses)						(37,586)
– management fee to a related company						(151)
– service charge to related companies						(5,634)
– others						(7,615)
Share of loss of an associate						(1,365)
Profit before taxation						<u>446,577</u>

### 3. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

#### 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
<b>REVENUE</b>						
Segment revenue						
– external customers	426,459	64,872	114,594	21,500	–	627,425
Inter-segment sales	77,975	–	13,560	–	(91,535)	–
	<u>504,434</u>	<u>64,872</u>	<u>128,154</u>	<u>21,500</u>	<u>(91,535)</u>	<u>627,425</u>

Inter-segment sales are charged at prevailing market rates.

#### RESULTS

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

#### 4. REVENUE

	<b>Six months ended 31 March</b>	
	<b>2018</b>	2017
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Commission and fees income on dealing in securities	<b>44,040</b>	38,590
Commission and fees income on dealing in futures and options contracts	<b>11,691</b>	10,775
Commission and fees income from insurance brokerage and wealth management	<b>8,971</b>	12,899
Corporate finance advisory services fee income	<b>16,375</b>	21,500
Placing and underwriting commission	<b>60,843</b>	114,594
Interest income from:		
Margin and initial public offer financing	<b>409,778</b>	294,770
Loans and advances	<b>112,079</b>	131,689
Bank deposits	<b>4,247</b>	2,594
Others	<b>44</b>	14
	<b>668,068</b>	627,425

#### 5. PROFIT BEFORE TAXATION

	<b>Six months ended 31 March</b>	
	<b>2018</b>	2017
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property and equipment	<b>956</b>	888
Impairment for loans and advances	<b>1,127</b>	303
Operating lease rentals in respect of		
– rental premises	<b>5,876</b>	5,877
– office equipment	<b>280</b>	26
Other equipment hiring charges	<b>6,728</b>	6,980
Net exchange gain	<b>(2,601)</b>	(427)
Reversal of impairment for loans and advances	<b>(19)</b>	–

## 6. TAXATION

	<b>Six months ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current period:		
Hong Kong Profits Tax provision for the period	<b>75,115</b>	67,564
PRC Enterprise Income Tax	<b>54</b>	40
	<b>75,169</b>	<b>67,604</b>

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:

	<b>Six months ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share	<b>371,408</b>	330,148

  

	<b>Six months ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b>6,740,846</b>	6,488,277

*Note:* Diluted earnings per share is not presented as the Company did not have any dilutive potential ordinary share for both periods.



## 8. DIVIDENDS

	<b>Six months ended 31 March</b>	
	<b>2018</b>	2017
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Recognised as distribution:		
Final dividend of HK1.52 cents per share for the year ended 30 September 2017 paid during the Period (year ended 30 September 2016: HK1.28 cents)	<b>102,461</b>	86,283

## 9. INTANGIBLE ASSETS

	<i>HK\$'000</i>
<b>COST</b>	
At 1 October 2016, 30 September 2017 and 31 March 2018	<u>9,802</u>
<b>AMORTISATION AND IMPAIRMENT</b>	
At 1 October 2016, 30 September 2017 and 31 March 2018	<u>9,802</u>
<b>CARRYING VALUES</b>	
At 31 March 2018	<u><u>–</u></u>
At 30 September 2017	<u><u>–</u></u>

Trading rights are amortised over 10 years from the effective day of the merger of the Stock Exchange, the Hong Kong Futures Exchange and the Hong Kong Securities Clearing Company Limited in year 2000.

## 10. LOANS AND ADVANCES

	As at	
	31 March 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Fixed-rate loans receivable	2,057,547	1,791,466
Variable-rate loans receivable	<u>22,105</u>	<u>24,167</u>
	<b>2,079,652</b>	<b>1,815,633</b>
Less: Individually assessed impairment allowances	<u>(32,580)</u>	<u>(31,472)</u>
	<b><u>2,047,072</u></b>	<b><u>1,784,161</u></b>
Analysed as:		
Current	1,815,896	1,612,581
Non-current	<u>231,176</u>	<u>171,580</u>
	<b><u>2,047,072</u></b>	<b><u>1,784,161</u></b>

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 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Fixed-rate loans receivable:		
Within one year	1,798,400	1,593,567
In more than one year but no more than five years	77,833	63,587
Over five years	<u>144,534</u>	<u>92,833</u>
	<b>2,020,767</b>	<b>1,749,987</b>
Past due but not impaired	<u>4,200</u>	<u>10,007</u>
	<b><u>2,024,967</u></b>	<b><u>1,759,994</u></b>

## 10. LOANS AND ADVANCES (continued)

	As at	
	31 March 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Variable-rate loans receivable:		
Within one year	13,296	9,007
In more than one year but no more than five years	1,829	2,619
Over five years	6,980	12,541
	<b>22,105</b>	24,167
	<b>22,105</b>	24,167

*Note:* As at 31 March 2018, included in the fixed-rate loans receivable was balance of approximately HK\$4,200,000 (as at 30 September 2017: HK\$10,007,000) 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 2018 (30 September 2017: HK\$Nil). No variable-rate loans receivables had been past due but not impaired as at 31 March 2018 and 30 September 2017.

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

	As at	
	31 March 2018 (unaudited)	30 September 2017 (audited)
Effective interest rates:		
Fixed-rate loans receivable	<b>0.18% per month to 3.99% per month</b>	0.42% per month to 3.99% per month
Variable-rate loans receivable	<b>Prime rate per annum to prime rate + 3% per annum</b>	Prime rate per annum to prime rate + 3% per annum

As at 31 March 2018, 103 (30 September 2017: 89) secured loans with the aggregate amount of approximately HK\$848,416,000 (30 September 2017: HK\$798,016,000) 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 (30 September 2017: 1 to 30 years). The remaining balance of the loans receivable amounting to approximately HK\$1,198,655,000 (30 September 2017: HK\$986,145,000) were unsecured and provided to independent third parties of the Group, of which the loan amount of approximately HK\$775,013,000 (30 September 2017: HK\$474,869,000) were with second or third legal charges in respect of properties located in Hong Kong and will be due for repayment within 1 to 30 years (30 September 2017: 1 to 30 years).

As at 31 March 2018 and 30 September 2017, each of the fixed-rate and variable-rate secured loans receivable represented less than 10% of the gross loans and advance balance.

## **10. LOANS AND ADVANCES** *(continued)*

To minimise the Group's exposure to credit risk, the Group has established credit policies to ensure all loans and advances are subject to credit risk assessment and ongoing monitoring, including evaluation of customers' credit ratings, financial background and repayment abilities. The Group has a policy for assessing the impairment allowances 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 allowances for impairment of approximately HK\$32,580,000 as at 31 March 2018 (30 September 2017: HK\$31,472,000). The Group has commenced legal and other debt collection proceedings against the borrowers of these impaired loans for recovery of the loan amount of approximately HK\$30,971,000. 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.

## **11. AVAILABLE-FOR-SALE INVESTMENT**

The Group holds 15% equity interest in Emperor Investment Fund Limited ("EIFL"). EIFL had no business operations and had net liabilities as at 30 September 2017 and 31 March 2018.

In the opinion of the executive directors of the Company, the equity interests held by the Group in EIFL are with a primary objective for capital appreciation and recognised as an available-for-sale investment.

The executive directors of the Company consider the fair value of the EILF as at 30 September 2017 and 31 March 2018 are approximated to zero with reference to the net liabilities of EILF.

## 12. ACCOUNTS RECEIVABLE

	As at	
	31 March 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	318,091	115,122
Secured margin loans	5,933,557	4,863,029
IPO margin loans	–	108
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	156,632	175,998
Accounts receivable from the business of corporate finance	725	4,040
	<b>6,409,005</b>	5,158,297
Less: Individually assessed impairment allowances	<b>(3,000)</b>	(3,000)
	<b>6,406,005</b>	5,155,297

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

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

As at 31 March 2018, the total market value of securities pledged as collateral in respect of the secured loans to margin clients were approximately HK\$20,280,000,000 (30 September 2017: HK\$28,270,000,000). 81% (30 September 2017: 88%) 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.

As at 31 March 2018, there were two top margin customers with amounts due, both of which represent 11% 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 2017, no individual account represented more than 10% of the total balance of amounts receivable.

## 12. ACCOUNTS RECEIVABLE (continued)

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 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Past due:		
0-30 days	1,354	4,212
31-60 days	6	567
61-90 days	11	85
Over 90 days	288	331
Accounts receivable which were past due but not impaired	1,659	5,195
Accounts receivable which were neither past due nor impaired	473,788	289,965
	<u>475,447</u>	<u>295,160</u>

*Note:* To minimise the Group's exposure to credit risk, 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. 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.

### 13. ACCOUNTS PAYABLE

	As at	
	31 March 2018 (unaudited) <i>HK\$'000</i>	30 September 2017 (audited) <i>HK\$'000</i>
Accounts payable from the business of dealing in securities:		
Clearing house and broker	264,216	129,749
Margin and cash clients	1,976,850	1,736,756
Accounts payable from the business of dealing in futures contracts:		
Margin clients	<u>274,000</u>	<u>348,408</u>
	<u><b>2,515,066</b></u>	<u><b>2,214,913</b></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 and the ageing analysis does not give additional value in view of the nature of this business.

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

Included in accounts payable, amounts of approximately HK\$2,047,282,000 and HK\$1,854,475,000 as at 31 March 2018 and 30 September 2017 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.

#### 14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2017 and 31 March 2018	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1 October 2017	<u>6,740,846</u>	<u>67,408</u>
At 31 March 2018	<u>6,740,846</u>	<u>67,408</u>

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

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



## 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. 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 diverse income streams to withstand increasingly complex market conditions. Being recognised by the capital market for its solid performance, the Group has become one of the constituent stocks of MSCI HK Small Cap Index, since 1 December 2015. The Group currently operates 8 branches in Hong Kong, and three liaison offices in mainland China.

### Financial Review

#### *Overall Review*

During the Period, the Group’s revenue registered growth of 6.5% to HK\$668.1 million (2017: HK\$627.4 million), mainly driven by growth of financing segment. Profit for the Period attributable to owners of the Company grew by 12.5% to HK\$371.4 million (2017: HK\$330.1 million) while net profit margin reached a new record high of 55.6% (2017: 52.6%). Basic earnings per share were HK5.51 cents (2017: HK5.09 cents). The Board declared an interim dividend of HK2.21 cents per share (2017: HK1.38 cents).

#### *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. As at 31 March 2018, the Group’s current assets and current liabilities were HK\$11,007.3 million (as at 30 September 2017: HK\$9,318.4 million) and HK\$3,474.8 million (as at 30 September 2017: HK\$2,793.1 million), respectively. As at 31 March 2018, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$696.7 million (as at 30 September 2017: HK\$674.1 million), which were mainly denominated in Hong Kong dollars (“HK\$”).

On 16 January 2018, the Company entered into a placing agreement for placing of bonds of up to an aggregate principal amount to HK\$800.0 million, which were issued in four tranches and fully placed on or before 9 March 2018. The interest rate of such bonds is 5% per annum, payable annually in arrears. 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 repay loans and borrowings.

Together with the bonds newly issued during the Period as mentioned above, the total carrying amount of the Company's outstanding bonds was HK\$2,383.6 million (as at 30 September 2017: HK\$1,589.1 million) as at 31 March 2018. Principal amounts of HK\$ bonds and United States dollars ("US\$") bonds were HK\$2,509.2 million and US\$11.1 million (equivalent to approximately HK\$86.6 million) respectively. With maturity dates fall within 2019 and 2021, the HK\$ bonds carry coupon rates ranging between 5.0% and 5.25% per annum whilst the US dollar bonds carry a coupon rate of 4.5% per annum.

As at 31 March 2018, the short-term bank borrowings of the Group increased to HK\$780.2 million (as at 30 September 2017: HK\$328.5 million). These bank borrowings were secured by corporate guarantees from the Company, of which a total of HK\$160.0 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\$3,163.8 million (as at 30 September 2017: HK\$1,917.6 million), resulting in an increase of gearing ratio to 58.6% (as at 30 September 2017: 37.4%; 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 2018.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$900.0 million, as well as the proceeds raised from the issuance of bonds, the Board considers the Group has sufficient working capital for its operation and future development.

### *Pledge of Assets*

As at 31 March 2018, bank deposit of the Group with aggregate carrying amount of HK\$160.0 million (as at 30 September 2017: HK\$160.0 million) was pledged to a bank as security for banking facilities.

## **Business Review**

During the Period, the Group delivered satisfactory growth amid strong market condition. The sustained growth has reflected the Group's proven success in prioritising the financing segment, hence solidifying its position as a leading financial services provider.

### ***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.

Despite the upward US interest rate cycle, Hong Kong residential property prices continued to rise during the Period. With value appreciation of properties, property refinancing has become a popular financing channel enabling borrowers to access funds to capture other investment opportunities. Thanks to the successful marketing campaigns, the Group has further penetrated the property mortgage market, with a considerable increase in the number of new mortgage contracts. Meanwhile, the Group has expanded its team, which comprises specialists with technical expertise and extensive experience in the provision of personal loan services.

Revenue from the financing segment grew by 22.4% to HK\$521.9 million (2017: HK\$426.5 million), accounting for 78.1% (2017: 68.0%) 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.

Underpinned by improvements in the global economic outlook, upbeat corporate earnings and local red-hot IPO market, the Hong Kong stock market performed strongly. Revenue from brokerage services recorded a growth of 6.4%, to HK\$69.0 million (2017: HK\$64.9 million). The segment accounted for 10.3% (2017: 10.3%) of total revenue.

As at 31 March 2018, the Group operated 8 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 addition to branches, the Group offers web-based and mobile trading platforms which enable real-time transaction and investment portfolio monitoring.

The Group continues to expand its product offerings on a timely basis in response to changes in a dynamic financial market. Since after the launch of the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect schemes in recent years, the Group has included Northbound trading services, enabling investors to trade eligible stocks listed in Shanghai Stock Exchange and Shenzhen Stock Exchange. The introduction of Northbound trading services has facilitated investors' accessibility to China market, thereby enriching their investment opportunities.

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 private equity 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 was HK\$60.8 million (2017: HK\$114.6 million), accounting for 9.1% (2017: 18.3%) 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 one of the Joint Sponsors, Sole Bookrunner and Lead Manager in the IPO of Ulferts International Limited (Stock Code: 1711) which was listed on the Main Board of the Stock Exchange in January 2018.

### ***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.

The Group has engaged in a number of corporate transactions and IPO projects during the Period. Revenue from the corporate finance segment was HK\$16.4 million (2017: HK\$21.5 million), accounting for 2.5% (2017: 3.4%) of total revenue.

## **Outlook**

The financing segment remains the core driver for the Group's future development. The Group will press ahead with its growth strategies by accelerating the expansion of mortgage lending and exploring new opportunities spanning various loan products. While maximising the rate of return, the Group strives to operate with a sound credit-management process and ensure adequate controls over credit risk. The Group is also committed to maintaining long-standing customer relationships and constantly seeking new customers for the sustainability of business growth.

With increasing offshore asset allocations of high-net-worth individuals, the Hong Kong capital market presents vast opportunities for the Group. The strong capital inflow to Hong Kong will give additional impetus to local financial markets, particularly the stock market. By leveraging the Group's fund-raising capabilities as well as financial advisory expertise, the Group will also provide fully-fledged investment banking services and assist corporate clients in capturing different capital market and corporate finance opportunities.

It is expected that the economic fundamentals in Asia will stay strong and structurally resilient. With its close proximity to China and the successful expansion of mutual market access schemes, Hong Kong's unique position as a gateway connecting China and international markets will be further reinforced. The Group, as one of the integrated financial service providers in Hong Kong, is optimistic regarding its long-term business prospects. Building on its integrated business model and diversification strategies, the Group will remain well positioned to capitalise on the emerging opportunities and deliver solid returns.

## **CONTINGENT LIABILITY**

As at 31 March 2018, the Group did not have any significant contingent liability.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2018, the Group had 108 (2017: 114) account executives and 182 employees (2017: 174). Total staff costs (including Directors' remuneration) were approximately HK\$62.4 million (2017: HK\$55.0 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 continue 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 is pleased to declare an interim dividend of HK2.21 cents per share ("Interim Dividend") for the financial year ending 30 September 2018 (2017: HK1.38 cents per share), amounting to approximately HK\$148.97 million (2017: HK\$93.02 million). The Interim Dividend will be payable on 28 June 2018 (Thursday) to shareholders whose names appear on the register of members of the Company on 20 June 2018 (Wednesday).

## **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 19 June 2018 (Tuesday) to 20 June 2018 (Wednesday), 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 2018 (Friday).

## **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 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 will 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 has 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.emperorcapiatal.com>). The interim report will be despatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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

Hong Kong, 29 May 2018

*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