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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 2014**

FINANCIAL HIGHLIGHTS			
<i>HK\$'000 (Unaudited)</i>			
	Six months ended 31 March		
	2014	2013	Changes
Revenue	223,763	155,847	+43.6%
– Financing	127,797	91,056	+40.3%
– Brokerage	46,513	39,738	+17.0%
– Placing & Underwriting	43,380	21,493	+101.8%
– Corporate Finance	6,073	3,560	+70.6%
Profit for the period attributable to owners of the Company	71,046	53,128	+33.7%
Earnings per share			
– Basic	HK2.72 cents	HK2.05 cents	+32.7%
– Diluted	HK2.71 cents	HK2.05 cents	+32.2%
Dividend per share	HK0.60 cent	HK0.50 cent	+20.0%

* 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 2014 (the “Period”) together with the comparative figures for the corresponding period in 2013 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 31 March	
		2014 (unaudited) <i>HK\$'000</i>	2013 (unaudited) <i>HK\$'000</i>
Revenue	4	223,763	155,847
Other operating income		7,738	5,021
Staff costs		(43,255)	(28,538)
Commission expenses		(37,367)	(23,225)
Other expenses		(38,394)	(36,917)
Finance costs		(19,915)	(3,936)
Share of (loss) profit of associate(s)		(1,803)	217
Profit before taxation	5	90,767	68,469
Taxation	6	(19,721)	(15,344)
Profit for the period		71,046	53,125
Total comprehensive income for the period		<u>71,046</u>	<u>53,125</u>
Profit for the period attributable to:			
Owners of the Company		71,046	53,128
Non-controlling interests		–	(3)
		<u>71,046</u>	<u>53,125</u>
Total comprehensive income attributable to:			
Owners of the Company		71,046	53,128
Non-controlling interests		–	(3)
		<u>71,046</u>	<u>53,125</u>
Earnings per share	7		
– Basic		<u>HK2.72 cents</u>	<u>HK2.05 cents</u>
– Diluted		<u>HK2.71 cents</u>	<u>HK2.05 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
	Notes		
Non-current assets			
Interest in an associate		508	2,311
Property and equipment		4,762	5,288
Intangible assets		–	–
Other assets		9,255	7,739
Amount due from an associate		6,437	5,987
Loans and advances	9	84,527	45,349
		<u>105,489</u>	<u>66,674</u>
Current assets			
Accounts receivable	10	1,446,479	1,160,030
Loans and advances	9	844,287	531,893
Other debtors, deposits and prepayments		47,034	21,804
Bank balances and cash – trust accounts		1,325,388	1,845,175
Bank balances and cash – general accounts		372,267	338,585
Tax recoverable		38	1,102
		<u>4,035,493</u>	<u>3,898,589</u>
Current liabilities			
Accounts payable	11	1,681,360	2,066,356
Other creditors and accrued charges		44,413	38,552
Tax liabilities		40,397	29,274
Short-term bank borrowings		300,000	310,000
Amount due to a related company		–	100,000
Loans payable		36,000	26,000
		<u>2,102,170</u>	<u>2,570,182</u>
Net current assets		<u>1,933,323</u>	<u>1,328,407</u>
Total assets less current liabilities		<u>2,038,812</u>	<u>1,395,081</u>
Non-current liabilities			
Bonds		606,067	–
Loans payable		–	10,000
		<u>606,067</u>	<u>10,000</u>
Net assets		<u>1,432,745</u>	<u>1,385,081</u>
Capital and reserves			
Share capital		26,298	25,974
Reserves		1,406,447	1,359,107
Total equity		<u>1,432,745</u>	<u>1,385,081</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the unaudited condensed consolidated financial statements include 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”).

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed 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.

Except for the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by HKICPA, which are mandatory for the accounting periods beginning on or after 1 October 2013, the accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 30 September 2013.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

The executive directors of the Company anticipate that the adoption of these new and revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2012 cycle ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 9	Financial instruments ³
Amendments to HKAS 19	Defined benefit plans: Employee Contribution ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedging accounting ¹
HK(IFRIC) – INT 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized.

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 and other asset and wealth management products broking 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 by reportable and operating segment:

For the six months ended 31 March 2014

	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	127,797	46,513	43,380	6,073	–	223,763
Inter-segment sales	13,484	–	16,917	–	(30,401)	–
	<u>141,281</u>	<u>46,513</u>	<u>60,297</u>	<u>6,073</u>	<u>(30,401)</u>	<u>223,763</u>

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	<u>106,222</u>	<u>8,550</u>	<u>14,686</u>	<u>557</u>		130,015
Unallocated other operating income						1,496
Unallocated corporate expenses						
– staff costs						
(include Directors' remuneration)						(24,231)
– management fee to related companies						(161)
– service charge to a related company						(5,197)
– others						(9,352)
Share of loss of associates						(1,803)
Profit before taxation						<u>90,767</u>

3. SEGMENT INFORMATION (Continued)
Segment Revenue and Results (Continued)

For the six months ended 31 March 2013

	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	91,056	39,738	21,493	3,560	–	155,847
Inter-segment sales	4,881	–	–	–	(4,881)	–
	<u>95,937</u>	<u>39,738</u>	<u>21,493</u>	<u>3,560</u>	<u>(4,881)</u>	<u>155,847</u>

Inter-segment sales are charged at prevailing market rate.

RESULTS

Segment results	<u>72,454</u>	<u>10,033</u>	<u>15,000</u>	<u>1,576</u>		99,063
Unallocated other operating income						483
Unallocated corporate expenses						
– staff costs						
(include Directors' remuneration)						(21,329)
– management fee to a related company						(157)
– service charge to a related company						(2,792)
– others						(7,016)
Share of profit of an associate						217
Profit before taxation						<u>68,469</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	
	2014	2013
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commission and brokerage fees on dealing in securities	24,639	20,221
Commission and brokerage fees on dealing in futures and options contracts	15,071	12,657
Commission from insurance brokerage and wealth management	2,763	5,649
Corporate finance advisory services fee income	6,073	3,560
Placing and underwriting commission	43,380	21,493
Interest income from:		
Margin and initial public offering financing	57,929	42,373
Loans and advances	69,868	48,683
Bank deposits	4,040	1,211
	<u>223,763</u>	<u>155,847</u>

5. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2014	2013
	(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	990	1,146
Allowance for loans and advances	–	8,000
	<u>–</u>	<u>8,000</u>
Included in other operating income:		
Bad debt recovered	–	(2,000)
	<u>–</u>	<u>(2,000)</u>

6. TAXATION

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current period:		
Hong Kong Profits Tax provision for the period	19,568	15,260
PRC Enterprise Income Tax	153	84
	<u>19,721</u>	<u>15,344</u>

6. TAXATION (Continued)

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	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	<u>71,046</u>	<u>53,128</u>
	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,608,808	2,597,434
Effect of dilutive potential ordinary shares:		
Share options of the Company	<u>13,801</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,622,609</u>	<u>2,597,434</u>

In prior period, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of the Company's shares for that period.

8. DIVIDENDS

	Six months ended 31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Recognised as distribution:		
Final dividend of HK1.3 cents per share for the year ended 30 September 2013 paid during the Period (year ended 30 September 2012: HK0.38 cent)	<u>34,187</u>	<u>9,870</u>

9. LOANS AND ADVANCES

	As at	
	31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
Fixed-rate loans receivable	853,807	522,861
Variable-rate loans receivable	55,007	34,381
	<u>908,814</u>	<u>557,242</u>
Account receivable from K&L Gates (<i>note</i>)	40,000	40,000
Less: Allowance for account receivable from K&L Gates	(20,000)	(20,000)
	<u>20,000</u>	<u>20,000</u>
	<u>928,814</u>	<u>577,242</u>
Analysed as:		
Current	844,287	531,893
Non-current	84,527	45,349
	<u>928,814</u>	<u>577,242</u>

Note: As the timing of recovering this amount is expected to be longer than 12 months after the end of the reporting period, the Group recognised an aggregate allowance of HK\$20,000,000 as at 31 March 2014 and 30 September 2013 at a discount rate of 12% per annum, and the outstanding amount is presented as a non-current asset at the reporting date. If the actual recoverable amount is less than expected, a material impairment loss may arise. Detail information is set out in the paragraph headed “Litigation, Claims and Contingent Liability” on page 20 of this announcement.

9. LOANS AND ADVANCES (Continued)

The contractual maturity dates of the Group's fixed and variable rate loans receivable are presented as below:

	As at	
	31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
Fixed rate loans receivable:		
Within one year	832,630	521,609
In more than one year but no more than five years	41,177	1,252
	<u>873,807</u>	<u>522,861</u>

	As at	
	31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
Variable rate loans receivable:		
Within one year	31,657	10,284
In more than one year but no more than five years	6,893	7,113
Over five years	16,457	16,984
	<u>55,007</u>	<u>34,381</u>

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

	As at	
	31 March 2014 (unaudited)	30 September 2013 (audited)
Effective interest rate:		
Fixed-rate loans receivable	0.127% per month to 4.7% per month	0.127% per month to 4.7% per month
Variable-rate loans receivable	Prime rate – 3% per annum to Prime rate + 5% per annum	Prime rate – 3% per annum to Prime rate + 5% per annum

9. LOANS AND ADVANCES *(Continued)*

Included in the loans and advances as at 31 March 2014 were secured loans and advances with the aggregate amount of HK\$154,722,000 (30 September 2013: HK\$159,722,000). These secured loans and advances were secured by listed marketable securities in Hong Kong except for one secured loan which was secured with first legal charge in respect of a residential property located in Hong Kong, in which the collateral for each individual loan is sufficient to cover the loan amount on an individual basis. These loans and advances were advanced to various independent individual/corporate borrowers and will be due for repayment within one year from the date of advance.

The balance of the loans and advances amounting to HK\$774,092,000 (30 September 2013: HK\$397,520,000) were unsecured. Included in the unsecured loans and advances were advances made to corporates and individuals, which are independent third parties of the Group, amounting to HK\$78,348,000 (30 September 2013: HK\$37,890,000), with second legal charges in respect of commercial and residential properties located in Hong Kong, which will be due for repayment within 1 to 27 years (30 September 2013: 1-28 years) from the respective loans' date of advance.

To minimise the Group's exposure to credit risk, there was a credit risk control team responsible for the evaluation of customers' credit rating, financial background and repayment abilities. 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 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, collaterals value and the past collection history of each individual client. Taking into account the above, the executive directors of the Company believe that no allowance for impairment is necessary.

The fair values of the Group's loans and advances at the end of the reporting period, determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period, approximate the corresponding carrying amount of the receivables because most of the loans and advances have a maturity of less than 12 months from the date of advance.

10. ACCOUNTS RECEIVABLE

	As at	
	31 March 2014	30 September 2013
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	184,164	81,212
Secured margin loans	1,097,488	924,298
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	163,717	154,090
Accounts receivable from the business of corporate finance	1,110	430
	1,446,479	1,160,030

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. 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.

For secured margin loans, as at 31 March 2014, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$9,759,166,000 (30 September 2013: HK\$10,761,572,000). 98% of the balance 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 year end, and considered that no impairment allowance is necessary. The loans to margin clients bear variable interest at commercial rate and are repayable on demand. No collateral was pledged for other accounts receivable.

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

	As at	
	31 March 2014	30 September 2013
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Past due:		
0–30 days	3,521	1,078
31–60 days	3	3
61–90 days	7	5
Over 90 days	227	218
Accounts receivable which were past due but not impaired	3,758	1,304
Accounts receivable which were neither past due nor impaired	1,442,721	1,158,726
	1,446,479	1,160,030

11. ACCOUNTS PAYABLE

	As at	
	31 March 2014 (unaudited) HK\$'000	30 September 2013 (audited) HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house	48,281	–
Margin and cash clients	1,370,349	1,805,724
Accounts payables from the business of dealing in futures contracts:		
Margin clients	262,730	260,632
	<u>1,681,360</u>	<u>2,066,356</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 certain 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\$1,325,388,000 and HK\$1,845,175,000 as at 31 March 2014 and 30 September 2013 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 payables with the deposits placed.

12. 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 end of the reporting period 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) brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom, as well as wealth management and asset management services; (ii) margin and initial public offering (IPO) financings as well as loans and advances such as personal money lending and second mortgage loan; (iii) placing and underwriting services; and (iv) corporate finance advisory services.

Market Review

During the Period, local equity market performed volatile amid global and domestic uncertainties and slowing economic growth in major markets. In the fourth quarter of 2013, market sentiment was lifted by improving economic outlook in the United States, and stabilising conditions in Eurozone with signs of climbing out of recession. However, later in the Period, worries over weakened growth in China and the United States Federal Reserve's tapering policies had swung investor confidence to the market. During the Period, the average daily turnover on the Stock Exchange was HK\$63.65 billion (2013: HK\$65.03 billion), staying flat as compared to the same period last year.

Fund raising activities, in particular IPOs, regained momentum driven by an overall positive economic outlook and a wave of mega deals of the Chinese state-owned financial institutions in pipeline. During the Period, the number of new listings was 85, far exceeded the respective figure of 25 in the same period last year. The total fund raised in IPOs also tripled to HK\$155.09 billion. Debt securities market also achieved a favourable performance with total funds raised HK\$365.69 billion, representing an increase of 87.7% over the same period last year.

In recent years, lending companies have gained popularity among individuals and enterprises who seek for flexible loan structures with less rigid borrowing requirements. The lending market remains fragmented and competitive with growing number of emerging players serving different niche segments. Loan products become increasingly sophisticated to address the financing needs of the borrowers. With an anticipation of rising interest and signs of overheated property markets in Hong Kong, demand for property lending from mainstream banks was sluggish due to a decline in the volume of property transactions in the secondary market. However, pursuing second mortgage loan was still common for property owners to finance their personal or investment needs. As banks had tightened their standards for mortgage applications, the market saw a shift of second mortgage applications to non-bank lending companies.

Financial Review

Overall Review

During the Period, the Group achieved outstanding performance across all segments. Despite the volatile market conditions, the Group's revenue surged 43.6% to HK\$223.8 million (2013: HK\$155.8 million). The increase was mainly attributable to remarkable growth in the financing segment and the placing and underwriting segment. Profit for the period attributable to owners of the Company was HK\$71.0 million (2013: HK\$53.1 million), representing an impressive growth of 33.7%. Basic earnings per share were HK2.72 cents (2013: HK2.05 cents). The Group proposed an interim dividend of HK0.6 cent per share (2013: HK0.5 cent).

Capital Structure

During the Period, a total of 32,346,000 share options of the Company were exercised at an exercise price of HK\$0.334 each. The number of issued shares of the Company was then increased by 32,346,000 ordinary shares of HK\$0.01 each to 2,629,779,816 shares. The new shares rank pari passu with the existing shares in all respects. As a result, the share capital and share premium of the Company increased by HK\$0.3 million and HK\$12.5 million respectively, and the share option reserve of the Company reduced by HK\$2.0 million.

Liquidity and Financial Resources

The Group financed its operations mainly by cash generated from operations, borrowings and proceeds from issuance of bonds.

As at 31 March 2014, the Group's current assets and current liabilities were HK\$4,035.5 million and HK\$2,102.2 million (30 September 2013: HK\$3,898.6 million and HK\$2,570.2 million) respectively. Bank balances and cash of the Group amounted to HK\$372.3 million (30 September 2013: HK\$338.6 million), which were denominated mainly in Hong Kong dollars. The Group's short-term bank borrowings amounted to HK\$300.0 million (30 September 2013: HK\$310.0 million), which is unsecured, denominated in Hong Kong dollars, interest bearing at prevailing market rates and repayable on demand. This balance of short term bank borrowings was fully repaid subsequent to the reporting date. Loans payable amounted to HK\$36.0 million (30 September 2013: HK\$36.0 million), which is unsecured, denominated in Hong Kong dollars and repayable within one year. HK\$10.0 million out of such loans payable bears interest at a fixed rate and the remaining amount bears interest rate with reference to HIBOR.

In order to support the expansion of the financing and the placing and underwriting businesses, the Company issued a total of HK\$606.1 million worth of bonds during the Period, which are 3-year unsecured guaranteed bonds denominated in Hong Kong Dollars, bearing interest rate at 5.5% p.a. payable annually in arrears and maturing in November 2016. Together with such bonds, the total borrowings increased to HK\$942.1 million (30 September 2013: HK\$446.0 million) as at 31 March 2014, resulting in a gearing ratio of 65.8% (30 September 2013: 32.2%; 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 2014.

With the Group's sufficient bank balances and cash as well as its available unutilised banking facilities of HK\$650.0 million, the Board considers the Group has sufficient working capital for its operation and future development.

Business Review

The Group has succeeded in developing a robust business model with diversified income streams to withstand an increasingly complex market conditions. Managed to create synergies across the business lines, the Group covers comprehensive aspects of clients' financial needs, including brokerage, asset management, wealth management, money lending and placing and underwriting services, etc. During the Period, the Group accelerated the expansion of lucrative financing segment and a promising outcome was achieved. The Group also delivered strong growth in the placing and underwriting segment as supported by a pool of expertise.

Financing

The Group's financing segment comprises interest income from margin and IPO financing as well as loans and advances. It offers corporate and retail clients with financial flexibility to meet their business and personal needs. The loans granted to customers ranged from short-term unsecured loans (e.g. tax loan, bridging loan, term loan, personal loan) to long-term secured loans (e.g. second mortgage loan).

Thanks to its renowned reputation, widespread network and quality service, the Group's financing segment have grown rapidly in recent years. With strong contributions from interest income of short to mid-term loans, the segment once again achieved remarkable revenue growth of 40.3% to HK\$127.8 million (2013: HK\$91.1 million), accounting for 57.1% (2013: 58.4%) of the total revenue.

Brokerage

The Group provides brokerage services for securities, futures and options traded on the exchanges in Hong Kong, the United States, Japan and the United Kingdom as well as wealth management and asset management services. During the Period, the

Stock Exchange's average daily turnover was almost flattish amid market uncertainties. However, the Group managed to outperform the market and achieve satisfactory growth in brokerage services revenue. During the Period, the segmental revenue increased by 17.0% to HK\$46.5 million (2013: HK\$39.7 million), accounting for 20.8% (2013: 25.5%) of the total revenue.

The Group operates 12 branches, covering key commercial and pop residential areas with convenient pedestrian access. The Group also runs four liaison offices located at Beijing, Shanghai, Guangzhou and Shenzhen respectively. As a dynamic financial institution, the Group continued to add value for its client by extending its product offerings. In January 2014, the Group introduced an online platform for trading of securities listed on the New York Stock Exchange (NYSE) and the NASDAQ in United States.

The asset management arm runs a private equity fund, namely "Emperor Greater China Opportunities Fund", covering a basket of selected equities focusing the Greater China region. The Group also provides customised discretionary investment services to its customers. During the Period, the concurrent management fee and performance fee continued to serve as stable revenue contribution.

In wealth management division, the Group mainly serves the mainland investors who are seeking investments under the Capital Investment Entrant Scheme (the "CIES"). Comprising of qualified and experienced wealth management professionals, the division advises a wide array of investment services including securities, mutual funds, insurance-linked products, as well as real estate investment advisory. During the Period, the Group continued to actively source new customers leveraging on its vast connections in mainland and enlarged its customer base in this niche segment. In February 2014, the Group was named as "Excellent Brand of Investment Immigration" in Hong Kong Leaders' Choice 2014 organised by Metro Finance, affirming its outstanding services in the sector of CIES.

Placing and Underwriting

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 successfully completed a number of fund raising transactions. Attributable to an increase in fund size participated by the Group, the segmental revenue doubled to HK\$43.4 million (2013: HK\$21.5 million), accounting for 19.4% (2013: 13.8%) of the total revenue. The Group served as placing agents in many equity and debt placement deals and IPO related transactions. The Group also participated in rights issue fund raising exercises.

During the Period, the Group acted as the Lead Manager in the IPO placing of Orient Securities International Holdings Limited which was listed on the GEM board of the Stock Exchange. The Group also participated in the underwriting syndicate in the IPO of China Everbright Bank Company Limited which was listed on the main board of the Stock Exchange.

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 IPO on top of general corporate finance advisory services. Apart from IPO-related services, the Group offers advisory and financing services for corporate transactions including placing, rights issue, corporate restructuring, merger and acquisition and pre-IPO financing.

During the Period, the Hong Kong stock market witnessed a boom of IPOs. Revenue from the corporate finance segment increased significantly to HK\$6.1 million (2013: HK\$3.6 million), accounting for 2.7% (2013: 2.3%) of the total revenue.

Outlook

With solid market fundamentals and intensive linkages with the mainland, Hong Kong provides an appealing fundraising option for international enterprises. Against a backdrop of solid investor base and abundant capital pool, the Hong Kong market lays attractive market opportunities for financial institutions looking to increase their market shares, expand client bases and diversify their business mix for better operational efficiencies. Thanks to its precise insights and execution strengths, the Group has been well-developed into a one-stop financial services provider which offers diversified businesses to sustain long-term growth amid the ever-changing financial landscape.

Backed by sufficient capital resources, the Group aims to optimise capital deployment across business lines to maximise value for shareholders. The Group will also explore new development opportunities to pursue solid business growth.

In near term, the Group will seek to capture sustaining demand for personal and corporate loans to further strengthen its profitability. In line with the expansion of the financing segment, the Group will diligently monitor risks and control default rate while ensuring its competitive position in the market riding on its quality service, prompt loan application process and flexible repayment terms. Meanwhile, the Group will strengthen loan portfolio management to construct a diversified loan portfolio which achieves a balance between risk and return.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

In 2011, the Group had placed an aggregate amount of HK\$40,000,000 (the “Escrow Fund”) with a solicitor firm in Hong Kong, namely, K&L Gates, as an escrow agent (the “Escrow Agent”), of which HK\$25,000,000 and HK\$15,000,000 were advanced to two respective borrowers as a loan which were agreed to be held in escrow by the Escrow Agent. The Escrow Fund had fallen due and became payable to the Group in June 2011. In July 2011, the Group has commenced legal proceedings against the two borrowers and partners of K&L Gates, claiming for the return of the Escrow Fund, plus interests and costs. Final and interlocutory judgment were entered against the two borrowers and a partner of K&L Gates in 2011. Such partner of K&L Gates was arrested by the Hong Kong Police and in 2013 he was sentenced to 12 years jail under the charge for fraud and forgery with respect to the monies held in escrow accounts of K&L Gates. The legal proceedings against other partners of K&L Gates claiming for the return of escrow money are still pending for trial. Taking into account the specific facts and circumstances and the legal advice, the executive directors of the Company are of the opinion that it is probable that a judgment will be favourable to the Group, in which event each of the partners of K&L Gates will be personally liable to the Group to satisfy the judgment and hence, the amount of HK\$40,000,000 will be recovered.

Save as disclosed above, so far as known to the Directors, there was no other litigation, arbitration or claim of material importance in which the Company is engaged or pending or which was threatened against the Company.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, a total of 2,184,000 share options were granted to certain employees of the Group at an exercise price of HK\$0.385 each under the terms of the Company’s share option scheme (as amended on 13 August 2013). Such share options were exercised in full by the relevant employees on 5 May 2014. The number of issued shares of the Company was then increased by 2,184,000 ordinary shares of HK\$0.01 each to 2,631,963,816 shares. The new shares rank pari passu with the existing shares in all respects.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the Group has 195 (2013: 225) account executives and 126 employees (2013: 130). Total staff costs (including Directors’ remuneration) were approximately HK\$43.2 million (2013: HK\$28.5 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, retirement benefits and other competitive fringe benefits.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK0.6 cent per share (2013: HK0.5 cent per share) for the financial year ending 30 September 2014 (“Interim Dividend”), amounting to approximately HK\$15.8 million (2013: HK\$13.0 million). The Interim Dividend will be paid on 27 June 2014 (Friday) to shareholders whose names appear on the register of members of the Company on 17 June 2014 (Tuesday).

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 2014 (Monday) to 17 June 2014 (Tuesday), during which period no share transfer will be effected.

In order to qualify for the Interim Dividend, all transfers 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 13 June 2014 (Friday).

CORPORATE GOVERNANCE

Corporate Governance Code

During the Period, the Company has complied with all code provisions of 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. Currently, the Board has appointed Ms. Daisy Yeung as the Managing Director of the Company, who also assumes the responsibility to lead the Board and ensure the Board works effectively. The Board is of the opinion that the current 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 have complied with the required standard of dealings as set out in the Model Code throughout the Period.

REVIEW OF INTERIM RESULTS

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

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.hkex.com.hk>) and the Company (<http://www.emperorcapiatal.com>). The interim report will be dispatched 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, 29 May 2014

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
Mr. Tse Hin Lin, Arnold