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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 ANNUAL RESULTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2015**

FINANCIAL HIGHLIGHTS			
<i>HK\$'000</i>	For the year ended 30 September		
	2015	2014	Changes
Total revenue	835,077	546,408	+52.8%
Financing	465,762	311,105	+49.7%
Brokerage	151,499	91,616	+65.4%
Placing & Underwriting	180,006	127,910	+40.7%
Corporate Finance	37,810	15,777	+139.7%
Profit for the year attributable to owners of the Company	430,251	220,795	+94.9%
Net profit margin	51.5%	40.4%	+11.1pp
Earnings per share			
Basic	HK10.21 cents	HK6.21 cents (restated)	+64.4%
Diluted	HK10.04 cents	HK5.99 cents (restated)	+67.6%

* 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 consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”), which is extracted from the audited consolidated financial statements, for the year ended 30 September 2015 (the “Year”) together with comparative figures for the corresponding year in 2014 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	4	835,077	546,408
Other operating income		7,122	18,034
Staff costs		(80,302)	(100,123)
Commission expenses		(112,650)	(87,725)
Other expenses		(80,068)	(69,999)
Finance costs	5	(51,279)	(40,402)
Gain upon deemed disposal of a subsidiary		–	2,525
Share of profit of an associate		1,756	422
Share of loss of a joint venture		(22)	(13)
Profit before taxation	6	519,634	269,127
Taxation	7	(89,383)	(48,332)
Profit for the year		430,251	220,795
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		26	–
Other comprehensive income for the year		26	–
Total comprehensive income for the year		430,277	220,795
Profit for the year attributable to:			
Owners of the Company		430,251	220,795
Non-controlling interests		–	–
		430,251	220,795
Total comprehensive income attributable to:			
Owners of the Company		430,277	220,795
Non-controlling interests		–	–
		430,277	220,795
Earnings per share			(restated)
Basic	9	HK10.21 cents	HK6.21 cents
Diluted		HK10.04 cents	HK5.99 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Property and equipment		4,883	5,399
Intangible assets		–	–
Other assets		9,177	7,308
Interest in an associate		4,489	2,733
Amount due from an associate		5,987	5,987
Interest in a joint venture		514	536
Loans and advances	11	56,032	73,513
Available-for-sale investment		–	–
		81,082	95,476
Current assets			
Accounts receivable	10	3,232,351	1,681,956
Loans and advances	11	1,398,541	858,911
Other debtors, deposits and prepayments		58,007	22,816
Bank balances and cash – trust accounts		1,368,108	1,164,249
Bank balances and cash – general accounts		462,389	527,546
Tax recoverable		–	7
		6,519,396	4,255,485
Current liabilities			
Accounts payable	12	1,667,105	1,301,188
Other creditors and accrued charges		92,264	85,341
Tax liabilities		106,340	68,599
Short-term bank borrowings		480,000	710,000
Loans payable		10,000	10,000
		2,355,709	2,175,128
Net current assets		4,163,687	2,080,357
Total assets less current liabilities		4,244,769	2,175,833
Non-current liabilities			
Bonds issued		605,865	605,699
Net assets		3,638,904	1,570,134
Capital and reserves			
Share capital		57,479	26,320
Reserves		3,581,425	1,543,814
Total equity		3,638,904	1,570,134

Notes:

1. Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied a number of amendments to HKFRSs issued by the HKICPA that are mandatorily effective for current reporting period.

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year.

Application of new and revised Hong Kong Financial Reporting Standards

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes: (Continued)

2. Application of new and revised Hong Kong Financial Reporting Standards (Continued)

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective, which may be relevant to the Group.

Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKAS 27	Equity method in separate financial statements ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ¹
Amendments to HKFRS11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ²
HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate that the application of all new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements.

Notes: (Continued)

3. Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources 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 year ended 30 September 2015

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Elimination HK\$'000	Total HK\$'000
REVENUE						
Segment revenue – external customers	465,762	151,499	180,006	37,810	–	835,077
Inter-segment sales	65,268	–	13,500	–	(78,768)	–
	<u>531,030</u>	<u>151,499</u>	<u>193,506</u>	<u>37,810</u>	<u>(78,768)</u>	<u>835,077</u>

Inter-segment sales are charged at prevailing market rates.

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
RESULTS					
Segment results	<u>403,639</u>	<u>44,828</u>	<u>114,838</u>	<u>28,344</u>	<u>591,649</u>
Unallocated other operating income					4,683
Unallocated corporate expenses					(53,052)
– Staff costs (including directors' remuneration)					(314)
– Management fee to related companies					(11,578)
– Service charge to related companies					(13,488)
– Others					(22)
Share of loss of a joint venture					1,756
Share of profit of an associate					
Profit before taxation					<u>519,634</u>

Notes: (Continued)

3. Segment information (Continued)

Segment revenue and results (Continued)

For the year ended 30 September 2014

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Elimination HK\$'000	Total HK\$'000
REVENUE						
Segment revenue – external customers	311,105	91,616	127,910	15,777	–	546,408
Inter-segment sales	42,214	–	16,918	–	(59,132)	–
	<u>353,319</u>	<u>91,616</u>	<u>144,828</u>	<u>15,777</u>	<u>(59,132)</u>	<u>546,408</u>

Inter-segment sales are charged at prevailing market rates.

	Financing HK\$'000	Brokerage HK\$'000	Placing and underwriting HK\$'000	Corporate finance HK\$'000	Total HK\$'000
RESULTS					
Segment results	<u>262,710</u>	<u>13,212</u>	<u>72,848</u>	<u>5,455</u>	<u>354,225</u>
Unallocated other operating income					2,751
Unallocated corporate expenses					
– Staff costs (including directors' remuneration)					(61,979)
– Management fee to related companies					(334)
– Service charge to a related company					(9,500)
– Others					(18,970)
Gain upon deemed disposal of a subsidiary					2,525
Share of loss of a joint venture					(13)
Share of profit of an associate					422
Profit before taxation					<u>269,127</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies used in consolidated financial statements of the Group. Segment profit represents the profit earned by each segment without allocation of central administrative staff costs (including directors' remuneration but excluding staff commission expenses), unallocated other operating income, gain upon deemed disposal of a subsidiary, management fee to related companies, service charge to related companies, central administration costs, share of loss of a joint venture and share of profit of an associate. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

Notes: (Continued)

3. Segment information (Continued)

Other segment information

	Financing <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended					
30 September 2015					
Additions of property and equipment	154	1,474	-	-	1,628
Depreciation of property and equipment	6	2,118	-	20	2,144
Impairment on accounts receivable	-	19	-	-	19
Net impairment for loans and advances	550	-	-	-	550
	<u>550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550</u>
For the year ended					
30 September 2014					
Additions of property and equipment	-	2,128	-	-	2,128
Depreciation of property and equipment	-	2,017	-	-	2,017
Net impairment for loans and advances	2,203	-	-	-	2,203
	<u>2,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,203</u>

Geographical information

The following illustrates the geographical analysis of the Group's revenue from its external customers, based on the country from which the trades are derived in relation to brokerage revenue and based on the country in which the customers are located in relation to financing, placing and underwriting and corporate finance revenue.

	Revenue	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	815,199	518,606
United States	19,656	27,429
Others	222	373
	<u>835,077</u>	<u>546,408</u>

All non-current assets held by the Group are located in Hong Kong.

Information about major customer

There is no single customer who contributes 10% or more of the Group's revenue for both years.

Notes: (Continued)

4. Revenue

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Commission and fees income on dealing in securities	115,437	45,590
Commission and fees income on dealing in futures and options contracts	24,605	32,360
Commission from insurance brokerage and wealth management	4,760	4,690
Corporate finance advisory services fee income	37,810	15,777
Placing and underwriting commission	180,006	127,910
Interest income from:		
Margin and initial public offer financing	265,440	164,065
Loans and advances	200,322	147,040
Bank deposits	6,689	8,972
Others	8	4
	<u>835,077</u>	<u>546,408</u>

5. Finance costs

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
Bank overdrafts and loans wholly repayable within five years	12,555	7,415
Amount due to a related company	4,351	1,815
Loans payable	874	3,000
Bonds issued	33,499	28,170
Others	–	2
	<u>51,279</u>	<u>40,402</u>

Notes: (Continued)

6. Profit before taxation

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Included in other expenses:		
Advertising and promotion expenses	6,787	5,353
Auditor's remuneration	1,598	1,570
Depreciation of property and equipment	2,144	2,017
Management fee to related companies	314	334
Service charge to related companies	11,578	9,500
Net exchange loss	260	97
Operating lease rentals in respect of		
– rented premises	12,670	9,775
– office equipment	25	2,543
Other equipment hiring charges	5,166	9,807
Legal and professional fee	1,235	1,358
Net impairment for loans and advances	550	2,203
Impairment on accounts receivable	19	–
	<u> </u>	<u> </u>
Included in other operating income:		
Handling fee income	(2,334)	(15,181)
	<u> </u>	<u> </u>

7. Taxation

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current year:		
Hong Kong Profits Tax provision for the year	89,039	47,742
PRC Enterprise Income Tax	344	590
	<u> </u>	<u> </u>
	<u>89,383</u>	<u>48,332</u>

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

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 for the PRC subsidiaries is 25%.

Notes: (Continued)

8. Dividends

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Recognised as distribution:		
Interim dividend paid: HK\$0.007 per share (2014: HK\$0.006 per share)	36,736	15,793
Final dividend paid in respect of 2014: HK\$0.02 per share (2014: HK\$0.013 per share in respect of 2013)	<u>52,639</u>	<u>34,188</u>
	<u>89,375</u>	<u>49,981</u>

The Directors recommended the payment of a final dividend of HK1.60 cents per share amounting to HK\$91,967,000 in aggregate in respect of the year ended 30 September 2015 (2014: final dividend paid in respect of the year ended 30 September 2014 of HK2.00 cents per share amounted to HK\$52,639,000 in aggregate), which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

9. Earnings per share

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share	<u>430,251</u>	<u>220,795</u>
	2015 '000	2014 '000 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note (a)</i>)	4,214,980	3,554,724
Effect of dilutive potential ordinary shares:		
Share options of the Company (<i>note (b)</i>)	<u>68,877</u>	<u>131,019</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,283,857</u>	<u>3,685,743</u>

Notes: (Continued)

9. Earnings per share (Continued)

Notes:

- (a) During the current year, the Company raised approximately HK\$651 million (net) by way of rights issue on the basis of one rights share for every two existing shares held by shareholders of the Company at the price of HK\$0.5 per share, which represented a discount to the prevailing fair value of the existing shares on the date of issuance of the rights shares.

The effect of the bonus element resulting from this rights issue has been included in the calculation of the current year's basic and diluted earnings per share and the prior periods' basic and diluted earnings per share are adjusted in order to provide a comparable basis for the rights issue in the current year.

- (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 years ended 30 September 2015 and 30 September 2014.

10. Accounts receivable

	2015 HK\$'000	2014 HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	129,263	55,240
Secured margin loans	2,911,251	1,545,371
IPO margin loans	8,151	–
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	183,240	80,182
Accounts receivable from the business of corporate finance	465	1,163
	<u>3,232,370</u>	<u>1,681,956</u>
Less: Individually assessed impairment allowance	(19)	–
	<u><u>3,232,351</u></u>	<u><u>1,681,956</u></u>

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 30 September 2015, the total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK\$21,699,858,000 (2014: HK\$11,096,307,000). 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 year end, and impairment allowance of HK\$19,000 (2014: HK\$nil) has been made for one margin loan with an aggregate outstanding balance of HK\$19,000 (2014: HK\$nil). No further impairment allowance is considered necessary for the remaining margin loans based on the Group's evaluation of their collectibility. The loans to margin clients bear variable interest at commercial rates and are repayable on demand. No collateral was pledged for other accounts receivable.

Notes: (Continued)

10. Accounts receivable (Continued)

As at 30 September 2015, accounts receivable from foreign brokers denominated in Japanese Yen, Singapore dollar and United States dollar were approximately HK\$ nil (2014: HK\$35,000), HK\$6,000 (2014: HK\$ nil) and HK\$142,266,000 (2014: HK\$70,397,000) respectively.

As at 30 September 2015, for accounts receivable due from various customers, amounts due from the top two margin customers represented 11% and 10% respectively (2014: 18% and 11%) of the total balance of the accounts receivable. Apart from the above, no other individual account represented more than 10% (2014: 7%) of the total balance of 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.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Past due:		
0 – 30 days	1,388	3,288
31 – 60 days	49	11
61 – 90 days	564	5
Over 90 days	316	236
	<hr/>	<hr/>
Accounts receivable which were past due but not impaired	2,317	3,540
Accounts receivable which were neither past due nor impaired	310,651	133,045
	<hr/>	<hr/>
	312,968	136,585
	<hr/> <hr/>	<hr/> <hr/>

Note: To minimise the Group's exposure to credit risk, there is a credit risk control team responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management had set up the credit limits for each individual customer which are subject to regular review by the management. Any extension of credit beyond these approval 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 30 September 2015.

Notes: (Continued)

11. Loans and advances

	2015 HK\$'000	2014 HK\$'000
Fixed-rate loans receivable	1,396,566	873,713
Variable-rate loans receivable	58,260	60,914
	<u>1,454,826</u>	<u>934,627</u>
Less: Individually assessed impairment allowances	(253)	(2,203)
	<u>1,454,573</u>	<u>932,424</u>
Analysed as:		
Current	1,398,541	858,911
Non-current	56,032	73,513
	<u>1,454,573</u>	<u>932,424</u>

Note: During the year ended 30 September 2015, the Group reached a confidential settlement with the party in dispute relating to a receivable amount of HK\$40,000,000 and thus withdrew the claim and all outstanding legal proceedings. The settlement did not have a material impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 30 September 2015.

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

	2015 HK\$'000	2014 HK\$'000
Fixed-rate loans receivable:		
Within one year	1,297,817	820,718
In more than one year but no more than five years	33,187	50,983
Over five years	6,600	–
	<u>1,337,604</u>	<u>871,701</u>
Past due but not impaired	58,709	–
	<u>1,396,313</u>	<u>871,701</u>
Variable-rate loans receivable:		
Within one year	37,215	38,193
In more than one year but no more than five years	2,615	6,463
Over five years	13,630	16,067
	<u>53,460</u>	<u>60,723</u>
Past due but not impaired	4,800	–
	<u>58,260</u>	<u>60,723</u>

Notes: (Continued)

11. Loans and advances (Continued)

Note: As at 30 September 2015, included in the fixed-rate loans receivable and variable-rate loans receivable were balances of HK\$58,709,000 (2014: HK\$ nil) and HK\$4,800,000 (2014: HK\$ nil), 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 allowance for impairment was necessary as at 30 September 2015 (2014: HK\$ nil). Partial repayment was made by the borrowers subsequent to the end of the reporting period.

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

	2015	2014
Effective interest rates:		
Fixed-rate loans receivable	0.79% per month to 4.33% per month	0.246% per month to 4.7% per month
Variable-rate loans receivable	Prime rate per annum to Prime rate +8% per annum	Prime rate -3% per annum to Prime rate +5% per annum

As at 30 September 2015, eight secured loans with the aggregate amount of HK\$350,620,000 were secured by first legal charges in respect of respective properties located in Hong Kong. As at 30 September 2014, loans and advances with the aggregate amount of HK\$167,722,000 were secured by listed marketable securities in Hong Kong except for three secured loans which 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 one year from the date of advance. Included in the secured loans receivable as at 30 September 2015 was one fixed-rate loan advance, which was secured by first legal charge in respect of properties located in Hong Kong, was made to a group of borrowers which amounted to HK\$186,320,000, representing 13% of the gross loans and advances balance. Included in the secured loans receivable as at 30 September 2014 was one fixed-rate loan advance, which was secured by listed marketable securities in Hong Kong, was made to a borrower which amounted to HK\$149,922,000, representing 16% of the gross loans and advances balance. Each of the remaining secured loans receivable represents less than 10% (2014: 10%) of the gross balance of loans and advances.

The remaining balance of the loans receivable amounting to HK\$1,103,953,000 (2014: HK\$764,702,000) were unsecured and were provided to independent third parties of the Group, of which the loan amount of HK\$122,084,000 (2014: HK\$76,668,000) were with second legal charges in respect of properties located in Hong Kong and will be due for repayment within 1 to 26 years (2014: 1 to 27 years) from the respective loans' date of advance. Two (2014: one) fixed-rate unsecured loans receivable were made to borrowers amounting to HK\$546,000,000 (2014: HK\$150,000,000) in aggregate, which represented 38% (2014: 16%) of the gross loans and advances balance. The remaining loans and advances with second legal charges in respect of properties in Hong Kong and the other unsecured loans each represented less than 10% (2014: 10%) of the gross balance of loans and advances.

Notes: (Continued)

11. Loans and advances (Continued)

To minimise the Group's exposure to credit risk, credit risk control team is responsible for the evaluation of customers' credit ratings, financial background and repayment abilities. The Group has a policy for assessing the impairment on loans and advances on an individual basis. The assessment is based on a close monitoring and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collateral value and the past collection history of each individual borrower. Taking into account of the above, the executive directors of the Company have made an allowance for impairment of HK\$253,000 (2014: HK\$2,203,000) as at 30 September 2015. One loan with a total amount of HK\$1,950,000, in which allowance for impairment was provided in prior years, is recovered in the current year (2014: HK\$ nil).

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

12. Accounts payable

	2015 HK\$'000	2014 HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house and broker	20,740	63,724
Margin and cash clients	1,339,683	1,036,988
Accounts payable from the business of dealing in futures contracts:		
Margin clients	306,682	200,476
	<u>1,667,105</u>	<u>1,301,188</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\$1,368,108,000 and HK\$1,164,249,000 as at 30 September 2015 and 2014 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 accounts payable with the deposits placed.

As at 30 September 2015, accounts payable denominated in Japanese Yen, United States dollars and Renminbi were approximately HK\$8,000 (2014: HK\$553,000), HK\$282,373,000 (2014: HK\$183,131,000) and HK\$11,606,000 (2014: HK\$ nil) respectively.

MANAGEMENT DISCUSSION AND 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 Year, the financial markets in Hong Kong exhibited a high degree of volatility. In the first half of the Year, investor sentiment was spurred on the announcements of financial reforms suggested by China regulators. However, the Hong Kong stock market has undergone a massive correction since June 2015, amid a global sell-off sparked by the uncertainty arising from the Greek debt crisis and fears that China’s economic growth is softening. During the Year, the average daily turnover on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was HK\$108.0 billion (2014: HK\$64.0 billion), representing a growth of 68.7% compared with the previous year.

Despite continued volatility in the local stock market, Hong Kong is set to remain as one of the world’s top IPO destinations. According to an analysis by National Public Offering Group of Deloitte China, Hong Kong is expected to rank first globally in terms of funds raised in the first three quarters of 2015. Largely contributed by various mega-sized deals, the total funds raised in Hong Kong increased by 7.1% to HK\$257.5 billion (2014: HK\$240.4 billion) during the Year.

In comparison with banks, licensed money lenders offer loan services with greater flexibility in terms of proof requirements, loan sizes and types of collaterals, hence providing potential borrowers with an ideal alternative for obtaining financing without complicated application procedures. As part of the efforts to safeguard banking and financial stability, regulatory bodies have imposed credit tightening measures for residential mortgage lending from banks. This presents opportunities for non-bank money lenders, who can provide flexible lending services.

Financial Review

Overall Review

During the Year, the Group achieved impressive growth in revenue and profitability. The Group's total revenue registered growth of 52.8% to HK\$835.1 million (2014: HK\$546.4 million). Such significant growth of revenue is mainly attributable to (1) a significant growth in commission and fee income on dealing in securities as well as interest income of margin and IPO financing; (2) an increase in interest income from loans and advances; and (3) an increase in placing and underwriting commission. Profit for the year attributable to owners of the Company surged by 94.9% to HK\$430.3 million (2014: HK\$220.8 million). Net profit margin widened from 40.4% to 51.5%. Basic earnings per share was HK10.21 cents (2014: HK6.21 cents, restated). The Board recommended the payment of a final dividend of HK1.6 cents per share (2014: HK2.00 cents). Together with the interim dividend of HK0.70 cent per share, the total dividend per share for the Year was HK2.3 cents (2014: HK2.60 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 and equity financing exercises. As at 30 September 2015, the Group's current assets and current liabilities were HK\$6,519.4 million and HK\$2,355.7 million (as at 30 September 2014: HK\$4,255.5 million and HK\$2,175.1 million, respectively). The Group's bank balances and cash amounted to HK\$462.4 million (as at 30 September 2014: HK\$527.5 million), which were denominated mainly in Hong Kong dollars.

During the Year, the Group managed to strengthen its capital base through several equity financing exercises. On 4 June 2015, the Company issued 1,315,981,908 rights shares to shareholders by way of rights issue at the subscription price of HK\$0.5 per rights share on the basis of one rights share for every two existing ordinary shares held on 6 May 2015. On the same date, the Company completed the placement of 1,300,000,000 new shares under specific mandate at the placing price of HK\$0.5 per placing share. The aggregate net proceeds of approximately HK\$1,295.0 million were raised from the issuance of rights shares and the placement of new shares. This sum is intended to be used as working capital for expansion of the Group's existing businesses, especially for the money lending and asset management businesses; repayment of outstanding loans; and to finance any future business opportunities to be identified by the Company.

On 14 July 2015, the Group further raised aggregate net proceeds of approximately HK\$432.6 million by issuing 222,000,000 new shares by way of subscription and 278,000,000 new shares by way of placing to institutional investors under general mandate, at a price of HK\$0.88 per share for both the subscription shares and the placing shares. Such net proceeds are intended to be used for expansion of the money lending business, which includes commercial and personal lending as well as margin and IPO financing and for repayment of outstanding loans.

As at 30 September 2015, the total issued shares of the Company had increased to 5,747,945,724 shares (30 September 2014: 2,631,963,816 shares).

As at 30 September 2015, there was a total of HK\$605.9 million (30 September 2014: HK\$605.7 million) 3-year unsecured bonds denominated in Hong Kong dollars, bearing interest rate at 5.5% per annum payable annually in arrears and maturing in November 2016. The total of short-term bank borrowings and loans payable of the Group significantly decreased to HK\$490.0 million (30 September 2014: HK\$720.0 million). These borrowings were denominated in Hong Kong dollars and carried interest rates approximating market rates. Together with the bonds, the total borrowings of the Group amounted to HK\$1,095.9 million (as at 30 September 2014: HK\$1,325.7 million), resulting in a decrease of gearing ratio to 30.1% (as at 30 September 2014: 84.4%; 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 30 September 2015.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$1,250.0 million, as well as the proceeds raised from the equity financing exercises, the Board considers the Group has sufficient working capital for its operation and future development.

Business Review

Notwithstanding a volatile financial landscape, the Group delivered another year of 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.

During the Year, the Group continued to sharpen its focus on the financing segment. To meet an increasing demand for loans, the Group has enhanced its financial strengths through equity financing exercises, and significantly expanded its lending capacity. With greater leverage for the financing segment, the Group is poised to capture business opportunities in the loan market, as well as margin and IPO financing.

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. mortgage loan). Built on a renowned reputation for delivering professional and personalised loan services, the Group has developed a niche in the loan market, providing corporate and retail clients with tailored liquidity solutions to meet their corporate goals and personal needs. During the Year, the Group expanded its team with financing specialists to meet the growing demand for residential mortgage loans.

The Group continued to strengthen its position in the commercial lending market by acquiring new clients and maximising revenue potential. With enhanced contributions from interest income for short to medium term loans, together with an increase in interest income of margin and IPO financing amid strong investor sentiment, revenue from the financing segment soared to a new record high during the Year. The segment achieved remarkable growth of 49.7% to HK\$465.8 million (2014: HK\$311.1 million), accounting for 55.8% (2014: 56.9%) of total revenue.

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.

The Shanghai-Hong Kong Stock Connect scheme launched in November 2014, followed by a stock market rally in April 2015, spurred a rush of new investors joining the market and resulted in an increase in new account openings. Growth in number of customers, together with the more active securities turnover involved, led to revenue from brokerage services growing significantly by 65.4%, to HK\$151.5 million (2014: HK\$91.6 million). The segment accounted for 18.1% (2014: 16.8%) of total revenue.

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. In November 2014, the Group started to offer Northbound trading services, for customers to access the Shanghai-Hong Kong Stock Connect initiative. To facilitate more hedging activities, the Group launched a SPTrader Pro mobile futures trading platform, enabling customers to seamlessly access the global market around the clock. The Group also extended its futures services to include the trading of FTSE China A50 index options on Singapore Exchange, and USD/CNH futures contracts on the Stock Exchange.

The asset management arm 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.

Effective from 15 January 2015, the Hong Kong government has suspended new applications under the Capital Investment Entrant Scheme (“CIES”). Despite the suspension, the Group has strived to unlock the investment potential from existing CIES customers, and attract new CIES customers who had submitted applications prior to the suspension being announced. Comprising qualified and experienced wealth management professionals, 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.

Placing and Underwriting

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

Amid a favourable performance in secondary equity market, the fund size of the fund raising transactions participated by the Group had increased. As a result, revenue from the placing and underwriting segment grew remarkably by 40.7% to HK\$180.0 million (2014: HK\$127.9 million), accounting for 21.6% (2014: 23.4%) of total revenue. The Group served as placing agents in many equity and debt placement deals and IPO-related transactions. The Group also participated in underwriting rights issue exercises.

During the Year, the Group acted as Joint Bookrunner and Joint Lead Manager in the share offer for the IPO of Global International Credit Group Limited, which was listed on the Main Board of the Stock Exchange in December 2014.

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 Year, the Group had been appointed the sponsor of TCL Display Technology Holdings Limited (formerly known as Proview International Holdings Limited) in a reverse takeover transaction which was treated as a new listing application. The new listing application was successfully approved and trading of the shares of that company resumed in June 2015.

During the Year, revenue from the corporate finance segment increased significantly, by 139.7%, to HK\$37.8 million (2014: HK\$15.8 million), accounting for 4.5% (2014: 2.9%) of total revenue.

Outlook

The Group has delivered a robust performance in a marketplace characterised by a volatile financial landscape, with challenges compounded by the cooling economy in China and a competitive industry environment. It is likely that market complexity and volatility will continue in the near future. However, more channels connecting the China market, including the anticipated launch of Shenzhen–Hong Kong Stock Connect, will present Hong Kong with new business opportunities. Looking forward, the Group will remain cautiously optimistic that with its proven business model, it is well-positioned to seize the opportunities emerging from the outbound investment flows from mainland China.

In order to support sustained development and business growth, the Group has taken further steps to strengthen its balance sheet and capital structure. During the Year, the successful equity financing exercises raised funding that allows greater financial flexibility to expand businesses, especially the money lending business, while also helping the Group to further broaden its shareholder base and enhance its shareholders' portfolio. In view of an increasing demand for loan services from money lenders, the Group remains ambitious in seeking to further expand its financing segment and increase its penetration in the money lending market backed by its solid clientele network, unique market position and strong financial capability. With its enlarged capital base, the Group will also actively explore business opportunities that strategically fit into its existing businesses and thereby unlock further value for shareholders.

In November 2015, the Group announced that it entered into a memorandum of understanding with Harvest Fund Management Co., Ltd and Fengshi Asset Management Co., Ltd. in relation to the proposed formation of a joint venture company for the purpose of establishing a licensed corporation to provide full range of securities and financial services in the PRC. The joint venture company, when established, will mark a major milestone for the Group and provide the opportunities for the Group to grasp the enormous potential in the Mainland.

LITIGATION, CLAIMS AND CONTINGENT LIABILITY

As at 30 September 2015, the Group did not have any significant litigation, claims and contingent liability.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group had 170 (2014: 176) account executives and 150 employees (2014: 135). Total staff costs (including directors' remuneration) were approximately HK\$80.3 million (2014: HK\$100.1 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 adopted a share option scheme (the “Scheme”) on 20 September 2007. Under the terms of the Scheme, certain share options were previously granted to four executive directors and certain employees of the Company. As at 30 September 2015, 131,018,772 share options at an exercise price of HK\$0.247 each (adjusted with effect from 4 June 2015 as a result of the rights issue of shares by the Company) were outstanding. During the Year, no share option was exercised.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK1.60 cents per share (“Final Dividend”) for the year ended 30 September 2015 (2014: HK2.00 cents per share), amounting to approximately HK\$92.0 million (2014: HK\$52.6 million), subject to the approval of the shareholders at the forthcoming annual general meeting (“AGM”) of the Company to be held on 28 January 2016 (Thursday). If being approved, the Final Dividend will be paid on 26 February 2016 (Friday) to shareholders whose names appear on the register of members of the Company on 5 February 2016 (Friday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders’ right to attend and vote at the AGM

Latest time to lodge transfers	4:30 p.m. on 26 January 2016 (Tuesday)
Book close dates	27 and 28 January 2016 (Wednesday and Thursday)
Record date	28 January 2016 (Thursday)
AGM	28 January 2016 (Thursday)

For ascertaining shareholders’ entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 3 February 2016 (Wednesday)
Book close dates	4 and 5 February 2016 (Thursday and Friday)
Record date	5 February 2016 (Friday)
Final Dividend payment date	26 February 2016 (Friday)

In order to qualify for the right to attend and vote at the AGM and for the entitlement to the proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before the above respective latest time.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 September 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, had reviewed the audited consolidated financial statements for the year ended 30 September 2015 in conjunction with the Group's auditors, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 30 September 2015 and results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

During the Year, the Company had complied with all the code provisions of the Corporate Governance Code under Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("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. Ms. Yeung 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 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 Year.

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 Year.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.emperorcapiatal.com>). The annual 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, 9 December 2015

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