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英皇資本集團有限公司  
Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

## 2022/2023 INTERIM RESULTS ANNOUNCEMENT

The board of directors (“Board” or “Directors”) of Emperor Capital Group Limited (“Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as “Group”) for the six months ended 31 March 2023 (“Period”).

FINANCIAL SUMMARY	For the six months ended	
	31 March	
HK\$'000	2023	2022
Total revenue	190,344	244,810
Financing	136,075	203,361
Brokerage Services	49,725	35,961
Corporate Finance	4,315	4,010
Placing & Underwriting	229	1,478
Impairment allowances <sup>1</sup>	47,780	161,809
Net profit/(loss)	45,223	(35,013)
Basic earnings/(loss) per share	HK0.67 cent	HK(0.52) cent

<sup>1</sup> Represents the net impairment allowances for margin loans, and other loans and advances

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

With market uncertainties and challenges during the Period as a result of a number of macroeconomic issues, the Group's total revenue inevitably decreased to HK\$190.3 million (2022: HK\$244.8 million) during the Period. However, net impairment allowances for margin loans, and other loans and advances ("Impairment") decreased significantly to HK\$47.8 million (2022: HK\$161.8 million), hence the Group achieved a turnaround and recorded a net profit of HK\$45.2 million (2022: net loss of HK\$35.0 million) during the Period. Basic earnings per share was HK0.67 cent (2022: basic loss per share of HK0.52 cent).

### BUSINESS REVIEW

Established in 1993, the Group is a renowned financial institution providing one-stop financial services including (i) commercial and personal lending as well as margin and initial public offering ("IPO") financing; (ii) brokerage services, 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 in April 2007.

During the Period, the adoption of a new Chinese name – “英皇資本集團有限公司” – as a secondary name of the Company became effective. Since then, Emperor Capital Limited (英皇融資有限公司), a wholly-owned subsidiary of the Company, has been renamed as Emperor Corporate Finance Limited (英皇企業融資有限公司). In addition, the Chinese name of Emperor Securities Limited, another wholly-owned subsidiary of the Company, has been changed from “英皇證券(香港)有限公司” to “英皇證券有限公司”, while the English name remained unchanged. Details of these changes were set out in the Company's announcement dated 31 March 2023.

### 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 and 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.

In view of the economic instability, the Group continued to adhere to its cautious approach to strengthening the overall credit risk management and control mechanism, in order to minimise default risks. The Group also adjusted the interest rate and loan-to-value ratio on a timely basis, according to the market situation. During the Period, the segment's revenue was HK\$136.1 million (2022: HK\$203.4 million), accounting for 71.5% (2022: 83.1%) of the Group's total revenue.

## **Brokerage Services**

The Group currently provides brokerage services for securities, futures and options traded on exchanges in Hong Kong, mainland China (via Shanghai and Shenzhen-Hong Kong Stock Connect schemes respectively) and major overseas countries, as well as wealth management and asset management services. The Group offers web-based and mobile trading platforms which enable real-time transaction and investment portfolio monitoring. As at 31 March 2023, the Group operated 2 branches in Hong Kong and 3 liaison offices in mainland China, which are located in Beijing, Shanghai and Guangzhou respectively. The Group's wealth management division provides advice regarding a wide array of investment services, including securities, mutual funds, insurance-linked products, and real estate investment. In its asset management arm, apart from running private equity fund, the Group also provides customised discretionary investment services to its customers. During the Period, the Group arranged online and offline seminars via "Sun Channel", a self-operated financial channel on YouTube.

During the Period, revenue from brokerage services was HK\$49.7 million (2022: HK\$36.0 million), accounting for 26.1% (2022: 14.7%) of the Group's total revenue.

## **Corporate Finance**

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

During the Period, the Group handled several corporate transactions and IPO projects. Revenue from the corporate finance segment was HK\$4.3 million (2022: HK\$4.0 million), accounting for 2.3% (2022: 1.6%) of the Group's total revenue.

## **Placing and Underwriting**

With a highly experienced team of professionals, the Group offers placing and underwriting services to listed issuers. The Group serves as placing agents in equity and debt placing deals and IPO-related transactions. The Group also participates in underwriting rights issue exercises.

During the Period, revenue from the placing and underwriting segment was HK\$0.2 million (2022: HK\$1.5 million), accounting for 0.1% (2022: 0.6%) of the Group's total revenue.

## OUTLOOK

Reflecting its dedication to continually striving for improvements, the Group will further strengthen its wealth solutions team covering global investment, wealth management and asset management. The Group will also strive to expand its high net worth customer base by providing tailor-made solutions and enhancing its product offerings spanning fixed income, funds and insurance products. With the launch of the upcoming new Capital Investment Entrant Scheme (CIES), the Group is also poised to gain advantages riding on its two decades of experience.

Fears of continued interest rate hikes and potential global financial crises subsequent to the collapse of several international banks have added to the uncertainties for the market outlook. However, with Hong Kong being a regional hub for green technology and finance, and its strategic role in the Greater Bay Area connecting China and the world, it is envisaged that Hong Kong will continue playing a crucial role in the regional capital market. With both opportunities and challenges ahead, the Group will adopt a prudent approach in the course of its business development and delivery of quality services, as well as undertaking the responsibility to nurture the next generation of elites for the industry.

## FINANCIAL INFORMATION

### Capital Structure, Liquidity and Financial Resources

The Group financed its operations by cash mainly generated from business operations and borrowings. As at 31 March 2023, the Group's current assets and current liabilities were HK\$4,953.8 million (30 September 2022: HK\$4,984.9 million) and HK\$1,947.2 million (30 September 2022: HK\$2,134.5 million) respectively. As at 31 March 2023, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$984.3 million (30 September 2022: HK\$1,020.8 million), which were mainly denominated in Hong Kong dollar.

As at 31 March 2023, the Group's bank borrowings decreased to HK\$310.0 million (30 September 2022: HK\$430.0 million), and the gearing ratio was 8.6% (30 September 2022: 12.1%; calculated as a percentage of total borrowings over total equity of the Group). The Group did not have any material foreign exchange exposure as at 31 March 2023.

With the Group's sufficient bank balances and cash, as well as its available unutilised banking facilities of HK\$1,725.0 million (30 September 2022: HK\$2,049.0 million), the Board considers the Group has sufficient working capital for its operation and future development.

## **Pledge of Assets**

As at 31 March 2023, bank deposit of the Group with aggregate carrying amount of HK\$160.0 million (2022: HK\$160.0 million) was pledged to a bank as security for banking facilities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2023, the Group had 84 (2022: 78) account executives and 128 (2022: 141) employees. Total staff costs (including Directors' remuneration) were approximately HK\$35.7 million (2022: HK\$41.6 million) for the Period. Each employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

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

## **INTERIM DIVIDEND**

The Board has resolved not to declare any payment of interim dividend for the Period (2022: Nil).

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

	<i>Notes</i>	<b>Six months ended 31 March</b>	
		<b>2023</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>
Revenue			
Commission and fee income	4	<b>34,152</b>	39,332
Interest income	4	<b>156,192</b>	205,478
		<b>190,344</b>	244,810
Other income and gains or losses		<b>4,873</b>	9,721
Impairment allowances, net of reversal	5	<b>(47,780)</b>	(161,809)
Staff costs		<b>(35,725)</b>	(41,567)
Commission and fee expenses		<b>(15,755)</b>	(20,377)
Other expenses	6	<b>(37,017)</b>	(43,651)
Finance costs		<b>(7,599)</b>	(14,505)
Share of loss of an associate		<b>–</b>	(90)
		<b>51,341</b>	(27,468)
Profit (loss) before tax	6	<b>51,341</b>	(27,468)
Income tax expense	7	<b>(6,118)</b>	(7,545)
		<b>45,223</b>	(35,013)
Profit (loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		<b>45,223</b>	(35,013)
Earnings (loss) per share			
– Basic	8	<b>HK0.67 cent</b>	HK(0.52) cent

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property and equipment		7,294	6,893
Right-of-use assets		1,104	1,670
Intangible assets	10	–	–
Other assets		6,255	5,189
Loans and advances	11	575,268	686,871
Deferred tax assets		590	590
		590,511	701,213
<b>Current assets</b>			
Accounts receivable	12	721,482	691,807
Loans and advances	11	1,786,686	1,669,893
Other debtors, deposits and prepayments		16,597	14,361
Tax recoverable		15,115	15,004
Pledged bank deposits – general accounts		160,000	160,000
Bank balances and cash – general accounts		824,280	860,796
Bank balances and cash – segregated accounts		1,429,590	1,573,074
		4,953,750	4,984,935
<b>Current liabilities</b>			
Accounts payable	13	1,592,813	1,653,186
Other creditors and accrued charges		38,109	32,575
Tax liabilities		4,018	12,260
Lease liabilities		2,272	6,464
Short-term bank borrowings		310,000	430,000
		1,947,212	2,134,485
<b>Net current assets</b>		<b>3,006,538</b>	<b>2,850,450</b>
<b>Total assets less current liabilities</b>		<b>3,597,049</b>	<b>3,551,663</b>
<b>Non-current liabilities</b>			
Lease liabilities		1,485	1,322
<b>Net assets</b>		<b>3,595,564</b>	<b>3,550,341</b>
<b>Capital and reserves</b>			
Share capital	14	67,408	67,408
Reserves		3,528,156	3,482,933
<b>Total equity</b>		<b>3,595,564</b>	<b>3,550,341</b>

*Notes:*

**1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 31 March 2023 (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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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.

Other than changes in accounting policies resulting from application of new HKFRSs, the accounting policies and methods of computation used in the Interim Financial Statements are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 30 September 2022.

Details of any changes in accounting policies are set out below.

**Application of Amendments to HKFRSs**

***Amendments to HKFRSs that are mandatorily effective for the current year***

In the current period, the Company has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current period has had no material impact on the financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Application of Amendments to HKFRSs (Continued)

#### New and amendments to HKFRSs in issue but not yet effective

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the Interim Financial Statements in the foreseeable future.

## 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 operating and reportable segments:

- (a) Financing – Provision of margin financing and money lending services
- (b) Brokerage services – Provision of securities, options, futures, insurance, other assets and wealth management products broking services and related handling services
- (c) Placing and underwriting – Provision of placing and underwriting services
- (d) Corporate finance – Provision of corporate finance advisory services

### 3. SEGMENT INFORMATION (Continued)

#### Segment revenue and results

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

#### For the six months ended 31 March 2023

	Financing (unaudited) HK\$'000	Brokerage services (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						
Commission and fee income	–	29,704	229	4,315	–	34,248
Interest income	136,075	20,021	–	–	–	156,096
Inter-segment sales	153,634	–	–	–	(153,634)	–
	<u>289,709</u>	<u>49,725</u>	<u>229</u>	<u>4,315</u>	<u>(153,634)</u>	<u>190,344</u>

Inter-segment sales are charged at prevailing market rates.

#### RESULTS

Segment results	<u>49,091</u>	<u>17,357</u>	<u>65</u>	<u>(756)</u>		65,757
Unallocated other income and gains or losses						831
Unallocated corporate expenses						
– staff costs (including directors' remuneration but excluding staff commission expenses)						(730)
– service charge to related companies						(12,633)
– others						(1,884)
Profit before tax						51,341
Income tax expense						(6,118)
Profit for the period						<u>45,223</u>

### 3. SEGMENT INFORMATION (Continued)

#### For the six months ended 31 March 2022

	Financing (unaudited) HK\$'000	Brokerage services (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						
Commission and fee income	–	33,844	1,478	4,010	–	39,332
Interest income	203,361	2,117	–	–	–	205,478
Inter-segment sales	156,247	–	–	–	(156,247)	–
	<u>359,608</u>	<u>35,961</u>	<u>1,478</u>	<u>4,010</u>	<u>(156,247)</u>	<u>244,810</u>

Inter-segment sales are charged at prevailing market rates.

#### RESULTS

Segment results	<u>(12,268)</u>	<u>(3,376)</u>	<u>1,302</u>	<u>(297)</u>		(14,639)
Unallocated other income and gains or losses						378
Unallocated corporate expenses						
– staff costs (including directors' remuneration but excluding staff commission expenses)						(750)
– service charge to related companies						(9,553)
– others						(2,814)
Share of loss of an associate						<u>(90)</u>
Loss before tax						(27,468)
Income tax expense						<u>(7,545)</u>
Loss for the period						<u>(35,013)</u>

#### 4. REVENUE

	Six months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commission and fee income ( <i>Note</i> ):		
Commission and fee income on dealing in securities	25,206	26,224
Commission and fee income on dealing in futures and options contracts	4,020	5,258
Commission and fee income from insurance brokerage and wealth management	478	2,362
Corporate finance advisory services fee income	4,315	4,010
Placing and underwriting commission	229	1,478
	<hr/>	<hr/>
	34,248	39,332
	<hr/>	<hr/>
Interest income:		
Interest income from margin and initial public offer financing	37,886	64,065
Interest income from loans and advances	98,189	139,296
Interest income from bank deposits	19,842	2,116
Others	179	1
	<hr/>	<hr/>
	156,096	205,478
	<hr/>	<hr/>
	190,344	244,810
	<hr/> <hr/>	<hr/> <hr/>

*Note:* Commission and fees income is the only revenue arising from HKFRS 15, while interest income is under the scope of HKFRS 9.

#### 5. IMPAIRMENT ALLOWANCES, NET OF REVERSAL

	Six months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net impairment allowances on:		
Accounts receivable	69,348	(56,054)
Loans and advances	(21,568)	217,863
	<hr/>	<hr/>
	47,780	161,809
	<hr/> <hr/>	<hr/> <hr/>

## 6. PROFIT (LOSS) BEFORE TAX

	Six months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit (loss) before tax has been arrived at after charging:		
Other expenses:		
Auditor's remuneration	1,336	1,243
Legal and professional fee	2,365	3,120
Advertising and promotion expenses	1,295	1,187
Information technology services and communication expenses	12,979	14,482
Depreciation of property and equipment	1,873	1,376
Depreciation of right-of-use assets	2,453	5,250
General and administrative expenses	8,529	9,464
Rates and building management fee	1,279	1,269
Settlement expenses	1,020	1,305
Miscellaneous expenses	3,888	4,955
	<u>37,017</u>	<u>43,651</u>

## 7. INCOME TAX EXPENSE

	Six months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Current period:		
Hong Kong Profits Tax	6,110	7,533
PRC Enterprise Income Tax	8	12
	<u>6,118</u>	<u>7,545</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

## 8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Earnings (loss)</b>		
Earnings (loss) for the purpose of basic earnings (loss) per share	<u>45,223</u>	<u>(35,013)</u>
	Six months ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>6,740,846</u>	<u>6,740,846</u>

No diluted earnings (loss) per share for the six months ended 31 March 2023 and 31 March 2022 were presented as there were no potential ordinary shares outstanding during both periods.

## 9. DIVIDENDS

The directors of the Company did not declare any payment of interim dividend for the financial years ended 30 September 2023 and 30 September 2022.

## 10. INTANGIBLE ASSETS

HK\$'000

### COST

At 1 October 2021, 30 September 2022 and **31 March 2023**

9,802

### AMORTISATION AND IMPAIRMENT

At 1 October 2021, 30 September 2022 and **31 March 2023**

9,802

### CARRYING VALUES

At **31 March 2023**

–

At 30 September 2022

–

Trading rights were fully amortised over 10 years from the effective date of the merger of the Stock Exchange, the Hong Kong Futures Exchange and the Hong Kong Securities Clearing Company Limited to year 2000.

## 11. LOANS AND ADVANCES

	As at	
	31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
Fixed-rate loans receivable	2,640,803	2,776,406
Variable-rate loans receivable	198,373	239,784
	<u>2,839,176</u>	<u>3,016,190</u>
Less: provision for impairment	(477,222)	(659,426)
	<u>2,361,954</u>	<u>2,356,764</u>
Analysed as:		
Current	1,786,686	1,669,893
Non-current	575,268	686,871
	<u>2,361,954</u>	<u>2,356,764</u>

## 11. LOANS AND ADVANCES (Continued)

*Note:* As at 31 March 2023, credit-impaired loans and advances of gross carrying amount of approximately HK\$301 million (30 September 2022: HK\$358 million), on which provision for impairment of approximately HK\$80 million (30 September 2022: HK\$80 million) was made, are secured by properties. Also included in the provision for impairment is an amount of approximately HK\$65 million (30 September 2022: HK\$64 million) made on credit-impaired loans and advances of gross carrying amount of approximately HK\$100 million (30 September 2022: HK\$153 million), the borrowers of which hold Hong Kong listed marketable securities under the securities account in or held in custody by a wholly owned subsidiary of the Company. The Group has the rights on these listed marketable securities to repay the outstanding loans in the event that the borrowers fail to pay the amount due. In determining the allowances for credit-impaired loans and advances, the management of the Group also takes into account the fair value of collateral and the outstanding balance of loan receivables individually taking into account of executable settlement plan and restructuring arrangements with available forward looking information.

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 (if publicly available), financial background and repayment abilities. ECL assessment is carried out based on a close monitoring and evaluation of the collectability of individual account and on management's judgement, including the current creditworthiness of the borrowers, collateral value, the past collection history and available forward looking information. The Group had commenced legal proceedings against the borrowers of the credit-impaired loans with the gross carrying amount totalling approximately HK\$296 million (30 September 2022: HK\$336 million), on which provision for impairment of approximately HK\$61 million (30 September 2022: HK\$47 million) was made as at 31 March 2023. As at the reporting date of the Interim Financial Statements, the legal proceedings are still in progress.

The carrying amounts of the Group's fixed-rate and variable-rate loans receivable together with their remaining contractual maturity dates are as follows:

	As at	
	31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
Fixed-rate loans receivable:		
Within one year	1,561,345	1,379,586
In more than one year but no more than five years	95,678	126,481
Over five years	303,458	342,656
	<u>1,960,481</u>	<u>1,848,723</u>
Past due	203,100	268,387
	<u>2,163,581</u>	<u>2,117,110</u>

## 11. LOANS AND ADVANCES (Continued)

	As at	
	31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
Variable-rate loans receivable:		
Within one year	7,359	8,794
In more than one year but no more than five years	32,237	47,811
Over five years	143,896	169,923
	<u>183,492</u>	<u>226,528</u>
Past due	14,881	13,126
	<u>198,373</u>	<u>239,654</u>

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

	As at	
	31 March 2023 (unaudited)	30 September 2022 (audited)
Effective interest rates:		
Fixed-rate loans receivable	<b>0.67% per month to 3.83% per month</b>	0.67% per month to 3.83% per month
Variable-rate loans receivable	<b>Prime rate – 2.5% per annum to prime rate per annum</b>	Prime rate – 2.75% per annum to prime rate per annum

As at 31 March 2023, 262 (30 September 2022: 239) secured loans with the aggregate gross amount of approximately HK\$1,737 million (30 September 2022: HK\$1,596 million) were secured by first legal charges in respect of respective properties located in Hong Kong and Canada. 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 29 years (30 September 2022: 1 to 30 years).

As at 31 March 2023, loans receivable amounting to approximately HK\$626 million (30 September 2022: HK\$787 million) provided to independent third parties of the Group, were with second or third legal charges in respect of properties located in Hong Kong and Canada and will be due for repayment within 1 to 29 years (30 September 2022: 1 to 30 years) from the respective loans' date of advance.

## 11. LOANS AND ADVANCES (Continued)

As at 31 March 2023, there are 3 secured loans (30 September 2022: 14) with the aggregate gross amount of approximately HK\$100 million (30 September 2022: HK\$376 million). The borrowers hold Hong Kong listed marketable securities under the securities account in one of the Group entities. The Group has the right to sell or require a sale of all these securities and use the proceeds to repay the outstanding loans in the event that the borrowers fail to pay the amount due on due date when the value of marketable securities is sufficient to cover the margin loan amount under the securities account. The remaining gross balance of loans of approximately HK\$288 million (30 September 2022: HK\$256 million) were unsecured.

As at 31 March 2023 and 30 September 2022, there are no individual loans with net carrying amount, on an individual basis, being more than 10% of the net carrying amount of the total loans and advances.

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

## 12. ACCOUNTS RECEIVABLE

	As at	
	31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	121,290	42,038
Secured margin loans	2,030,848	2,031,389
IPO margin loans	–	2,408
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses, brokers and margin clients	71,328	48,522
Accounts receivable from the business of corporate finance	3,193	2,860
	<u>2,226,659</u>	<u>2,127,217</u>
Less: provision for impairment	<u>(1,505,177)</u>	<u>(1,435,410)</u>
	<u>721,482</u>	<u>691,807</u>

The settlement terms of accounts receivable, except for secured margin loans and IPO 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.

Normal settlement terms of accounts receivable from the business of corporate finance, and placing and underwriting 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 2023, there was one (30 September 2022: Nil) individual account with net carrying amount of HK\$54 million, representing more than 10% of the net carrying amount of total 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.

## 12. ACCOUNTS RECEIVABLE (Continued)

The ageing analysis of the remaining balance of the accounts receivable (before impairment) are as follows:

	As at	
	31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
Past due:		
0–30 days	1,111	882
31–60 days	713	2
61–90 days	4	4
Over 90 days	2,118	2,708
Accounts receivable which were past due	3,946	3,596
Accounts receivable which were not past due	191,865	89,824
	<u>195,811</u>	<u>93,420</u>

*Note:* In determining the allowances for credit-impaired loans to margin clients, the management of the Group also takes into account shortfall by comparing the fair value of listed securities pledged as collateral and the outstanding balance of accounts receivable from margin client individually taking into account of subsequent settlement or executable settlement plan and restructuring arrangements with available forward looking information.

To minimise the Group's exposure to credit risk, the Group has a policy for reviewing and monitoring accounts receivable without sufficient collateral and those with default or delinquency in interest or principal payment. ECL assessment is carried out based on an evaluation of the collectability and ageing analysis of the accounts and on management's judgement including the current creditworthiness, collateral value, the past collection history and available forward looking information.

Management had set up the credit limits for each individual customer which are subject to regular reviews 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. Impairments are made for those clients with shortfall as at the end of the reporting period and with no settlement or executable settlement plan and arrangement after the end of the reporting period. The Group had commenced legal proceedings against the borrowers of the credit-impaired loans of the gross carrying amount totalling approximately HK\$398 million (30 September 2022: HK\$102 million) for recovery, on which provision for impairment of HK\$341 million (30 September 2022: HK\$96 million) was made as at 31 March 2023. As at the reporting date of the Interim Financial Statements, the legal proceedings are still in progress.

### 13. ACCOUNTS PAYABLE

	As at	
	31 March 2023 (unaudited) HK\$'000	30 September 2022 (audited) HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing houses and brokers	5,104	8,033
Margin and cash clients	1,388,762	1,484,312
Accounts payable from the business of dealing in futures contracts:		
Margin clients	198,947	160,841
	<u>1,592,813</u>	<u>1,653,186</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 and dealing in futures bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

Included in accounts payable, amounts of approximately HK\$1,430 million and HK\$1,573 million as at 31 March 2023 and 30 September 2022 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.

### 14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2022 and 31 March 2023	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1 October 2022	<u>6,740,846</u>	<u>67,408</u>
At 31 March 2023	<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.

## **REVIEW OF INTERIM RESULTS**

These condensed consolidated financial statements of the Group for the Period 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 the code provisions as set out in the Corporate Governance Code under Appendix 14 to the Listing Rules, except with the deviation from code provision C.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 (being the Chief Executive Officer of the Group) has also been appointed as the Chairperson of the Company by the Board who provides the Board with strong and consistent leadership while at the same time leading the management on effective planning, formulation, implementation and execution of long-term business strategies of the Group. The Directors have considered the issue of balance of power and authority of the Board and the structure which can properly address the potential issue on power concentration. All Directors, who bring different experience and expertise to the Company, were properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors.

### **Model Code for Securities Transactions**

The Company has adopted its own code of conduct regarding securities transactions by Directors ("ECG Securities Code") on no less exacting terms than the required standards as set out in Appendix 10 to the Listing Rules regarding the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). Having made specific enquiry to all Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the ECG Securities Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted 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**

This interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorCapital.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**  
*Chairperson*

Hong Kong, 30 May 2023

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

*Executive Directors:*

Ms. Daisy Yeung  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa

*Independent Non-Executive Directors:*

Ms. Wan Choi Ha  
Mr. Wong Tak Ming, Gary  
Mr. Yu King Tin