



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

Incorporated in Bermuda with limited liability (Stock Code:717)



Inherit the past Usher in the future

| Interim Report 2017/2018 |



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FINANCIAL HIGHLIGHTS

HK\$'000 (Unaudited)

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

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1993, Emperor Capital Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is a renowned Hong Kong based financial institution providing a wide range of financial services including (i) commercial and personal lending as well as margin and initial public offering (“IPO”) financing; (ii) brokerage, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in April 2007.

Over the past decade, the Group has made great strides in transforming to an interest income based financial institution. The core strength of the Group lies in its robust business model, with diverse income streams to withstand increasingly complex market conditions. Being recognised by the capital market for its solid performance, the Group has become one of the constituent stocks of MSCI HK Small Cap Index, since 1 December 2015. The Group currently operates 8 branches in Hong Kong, and three liaison offices in mainland China.

FINANCIAL REVIEW

Overall Review

During the six months ended 31 March 2018 (the “Period”), the Group’s revenue registered growth of 6.5% to HK\$668.1 million (2017: HK\$627.4 million), mainly driven by growth of financing segment. Profit for the Period attributable to owners of the Company grew by 12.5% to HK\$371.4 million (2017: HK\$330.1 million) while net profit margin reached a new record high of 55.6% (2017: 52.6%). Basic earnings per share were HK5.51 cents (2017: HK5.09 cents). The board of directors of the Company (the “Board” or the “Directors”) declared an interim dividend of HK2.21 cents per share (2017: HK1.38 cents).

Capital Structure, Liquidity and Financial Resources

The Group financed its operations mainly by cash generated from operations and borrowings, as well as proceeds raised from issuance of bonds. As at 31 March 2018, the Group’s current assets and current liabilities were HK\$11,007.3 million (as at 30 September 2017: HK\$9,318.4 million) and HK\$3,474.8 million (as at 30 September 2017: HK\$2,793.1 million), respectively. As at 31 March 2018, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$696.7 million (as at 30 September 2017: HK\$674.1 million), which were mainly denominated in Hong Kong dollars (“HK\$”).

MANAGEMENT DISCUSSION AND ANALYSIS

On 16 January 2018, the Company entered into a placing agreement for placing of bonds of up to an aggregate principal amount to HK\$800.0 million, which were issued in four tranches and fully placed on or before 9 March 2018. The interest rate of such bonds is 5% per annum, payable annually in arrears. The net proceeds from the bond placing will be applied as working capital for expansion of the Group's existing businesses, especially for the money lending business, and to finance any future opportunities the Company may identify, and repay loans and borrowings.

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

As at 31 March 2018, the short-term bank borrowings of the Group increased to HK\$780.2 million (as at 30 September 2017: HK\$328.5 million). These bank borrowings were secured by corporate guarantees from the Company, of which a total of HK\$160.0 million was further secured by pledged bank deposits of the Group. These bank borrowings were denominated in HK\$ and carried interest rates approximating market rates. Together with the bonds, the total borrowings of the Group amounted to HK\$3,163.8 million (as at 30 September 2017: HK\$1,917.6 million), resulting in an increase of gearing ratio to 58.6% (as at 30 September 2017: 37.4%; calculated as a percentage of total borrowings over total equity of the Group). The Group did not have any material foreign exchange exposure as at 31 March 2018.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

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

BUSINESS REVIEW

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

Financing

The Group's financing segment derives interest income from commercial and personal lending as well as margin and IPO financing. The loans granted to customers range from short-term unsecured loans (e.g. tax loan, bridging loan, term loan, personal loan) to long-term secured loans (e.g. property mortgage). Built on a renowned reputation for delivering professional and personalised loan services, the Group has developed a niche in the loan market, providing corporate and retail clients with tailored liquidity solutions to meet their corporate goals and personal needs.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Brokerage

The Group currently provides brokerage services for securities, futures and options traded on exchanges in Hong Kong, mainland China (via Shanghai- and Shenzhen-Hong Kong Stock Connect schemes respectively) and major overseas countries, as well as wealth management and asset management services.

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

As at 31 March 2018, the Group operated 8 branches in Hong Kong, covering key commercial and popular residential areas with convenient pedestrian access. The Group also runs three liaison offices, in Beijing, Shanghai and Guangzhou. In addition to branches, the Group offers web-based and mobile trading platforms which enable real-time transaction and investment portfolio monitoring.

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

The Group's wealth management division provides advices regarding a wide array of investment services, including securities, mutual funds, insurance-linked products, and real estate investment. In its asset management arm, apart from running private equity fund, the Group also provides customised discretionary investment services to its customers.

MANAGEMENT DISCUSSION AND ANALYSIS

Placing and Underwriting

With a highly experienced team of professionals, the Group offers placing and underwriting services, and acts as placing agents and underwriters for various Hong Kong listed companies.

During the Period, the Group secured a number of primary and secondary market financing projects. Revenue from the placing and underwriting segment was HK\$60.8 million (2017: HK\$114.6 million), accounting for 9.1% (2017: 18.3%) of total revenue. The Group served as placing agents in equity and debt placing deals and IPO-related transactions. The Group also participated in underwriting rights issue exercises.

During the Period, the Group acted as one of the Joint Sponsors, Sole Bookrunner and Lead Manager in the IPO of Ulferts International Limited (Stock Code: 1711) which was listed on the Main Board of the Stock Exchange in January 2018.

Corporate Finance

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

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

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

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

RISK MANAGEMENT

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The management is entrusted with duties to identify, analyse, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. It endeavours to evaluate and compare the level of risk against predetermined acceptable levels of risk. For risk control and monitoring, it involves making decisions regarding which risks are acceptable and how to address those that are not. The management will develop contingency plans for possible loss scenarios. Accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT RISKS

The Group's business, financial conditions and results may be affected by risks and uncertainties pertaining to the Group's business. Certain significant risks have been identified through the process of risk identification and assessment. Such significant risks of the Group and their respective key strategies/control measures are set out below:

(1) Credit Risk

Credit risk refers to the risk that the borrower or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date.

The Group's Credit Committee, the ultimate credit decision-making organ of the Group, is responsible for putting in place credit policies and procedures for approving lending including those for approving credit and trading limits for customers and approving individual stocks acceptable for margin lending at specified ratios. The Group's exposure to credit risk lies mainly in two areas:

a) *Margin financing*

The customers' trading of securities or futures may expose the Group to risk arising from price volatility which may reduce the customers' ability to meet their obligations. The Credit Committee will prescribe from time to time the lending limits on individual stock or on any individual customers and their respective associates by considering their creditworthiness, financial strength and the size of their positions or commitments.

The Credit and Risk Control Department ("CRC Department") is responsible for the daily monitoring of the changes in customers' positions, their accounts and financing ratios; to observe strictly the approved financing and credit policies; to make margin calls and perform forced liquidation, where appropriate; to report to the management regularly and when abnormalities arise; to closely monitor the unusual movements and trading halts of stocks and timely identify non-performing debts; and to demand higher margin requirements and step up risk control for particular customers or products, where appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has set up policies on customer concentration risk and stock concentration risk. The CRC Department will monitor the concentration of credit risk and regularly perform stress tests to assess the Group's credit risk exposure and capital adequacy and to report anomaly or any unusual price movements of customers' stock positions.

b) Lending portfolio

The Credit Committee sets and establishes the credit underwriting, approving, provisioning policies. All loans and advances are subject to credit analysis, borrower's due diligence, risk assessment and are approved by the management according to the credit policies set by the Credit Committee. The Loans Operation Department is tasked with the daily monitoring of exposures for loans and advances, while accounts with deteriorating credit position may be referred to the CRC Department for closely monitoring. The Credit Committee meets both regularly and timely to review the developments and status of past due accounts and to ensure appropriate actions are taken in a timely manner.

Moreover, the Internal Audit Department also conducts independent reviews on the adequacy and effectiveness of these policies and controls to ensure that the Group is operating according to the established policies, procedures and credit limits.

(2) Equity Risk

Equity risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. The Group does not have proprietary equity investments. On the other hand, the Group may be subject to exposure arising from the underwriting commitments. The Group mitigates its risks by conducting detailed analysis of the issuer's fundamentals and pricing against market conditions and appetites. Such risk exposure is also reduced by way of internal sales and distribution and by sub-underwritings.

(3) Liquidity Risk

The Group's financing business is a capital intensive business which may be subject to liquidity risk. As part of its ordinary brokerage activities, the Group is also exposed to liquidity risk arising from timing difference between settlements with clearing houses or brokers and customers. The goal of liquidity risk management is to ensure the Group maintains adequate liquid capital to fund its business commitments as well as to comply with the relevant Financial Resources Rules applying to various licensed subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

To address the liquidity risk, the Group's Finance and Accounts Department and the management will review and monitor the Group's liquidity position on daily basis to ensure availability of sufficient liquid funds. In addition, the Group has maintained sufficient stand-by banking and other facilities in order to meet any contingency in its operations. The management believes the Group's working capital is adequate to meet its financial obligations.

(4) Operational Risk

Operational risk is the risk of losses arising from inadequate or failed internal processes, people, systems or external events. The Group extends operational risk management to cover potential losses arising from legal and compliance breaches. Operational risk is reduced and controlled through establishing effective internal controls, clear lines of responsibility, proper segregation of duties and effective internal reporting and contingency planning. It is our corporate culture that the business and operating line management are fully aware of their responsibilities for managing the operational risks of their business units on a day-to-day basis. Independent monitoring and reviews are conducted by the Compliance Department and the Internal Audit Department, which report regularly to the management and the Audit Committee.

CONTINGENT LIABILITY

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 108 (2017: 114) account executives and 182 employees (2017: 174). Total staff costs (including Directors' remuneration) were approximately HK\$62.4 million (2017: HK\$55.0 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits. To continue to provide incentives or rewards to the staff, the Company has adopted a share option scheme.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK2.21 cents per share (“Interim Dividend”) for the financial year ending 30 September 2018 (2017: HK1.38 cents per share), amounting to approximately HK\$148.97 million (2017: HK\$93.02 million). The Interim Dividend will be payable on 28 June 2018 (Thursday) to shareholders whose names appear on the register of members of the Company on 20 June 2018 (Wednesday).

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 19 June 2018 (Tuesday) to 20 June 2018 (Wednesday), during which period no share transfer will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 15 June 2018 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		31 March 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Non-current assets			
Property and equipment		4,657	5,118
Intangible assets	9	–	–
Other assets		12,223	13,309
Interest in an associate		123	1,488
Amount due from an associate		5,987	5,987
Interest in a joint venture		–	472
Loans and advances	10	231,176	171,580
Available-for-sale investment	11	–	–
		254,166	197,954
Current assets			
Accounts receivable	12	6,406,005	5,155,297
Loans and advances	10	1,815,896	1,612,581
Other debtors, deposits and prepayments		39,613	21,866
Tax recoverable		1,790	42
Pledged bank deposits			
– general accounts		160,000	160,000
Bank balances and cash			
– trust accounts		2,047,282	1,854,475
Bank balances and cash			
– general accounts		536,718	514,129
		11,007,304	9,318,390

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	As at	
		31 March 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Current liabilities			
Accounts payable	13	2,515,066	2,214,913
Other creditors and accrued charges		76,977	96,030
Tax liabilities		102,546	153,666
Short-term bank borrowings		780,198	328,511
		3,474,787	2,793,120
Net current assets		7,532,517	6,525,270
Total assets less current liabilities		7,786,683	6,723,224
Non-current liabilities			
Bonds issued		2,383,626	1,589,114
Net assets		5,403,057	5,134,110
Capital and reserves			
Share capital	14	67,408	67,408
Reserves		5,335,649	5,066,702
Total equity		5,403,057	5,134,110

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Special reserve	Capital contribution reserve	Translation reserve	Retained profits	Share option reserve	Total	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2017 (audited)	67,408	3,199,289	9,950	2,004	(27)	1,855,486	-	5,134,110	-	5,134,110
Profit for the period	-	-	-	-	-	371,408	-	371,408	-	371,408
Issue of shares	-	-	-	-	-	-	-	-	-	-
Dividend recognised as distribution	-	-	-	-	-	(102,461)	-	(102,461)	-	(102,461)
At 31 March 2018 (unaudited)	67,408	3,199,289	9,950	2,004	(27)	2,124,433	-	5,403,057	-	5,403,057
At 1 October 2016 (audited)	61,279	2,800,904	9,950	2,004	(27)	1,375,606	-	4,249,716	-	4,249,716
Profit for the period	-	-	-	-	-	330,148	-	330,148	-	330,148
Issue of shares	6,129	398,385	-	-	-	-	-	404,514	-	404,514
Dividend recognised as distribution	-	-	-	-	-	(86,283)	-	(86,283)	-	(86,283)
Effect of share options exercises	-	-	-	-	-	-	-	-	-	-
At 31 March 2017 (unaudited)	67,408	3,199,289	9,950	2,004	(27)	1,619,471	-	4,898,095	-	4,898,095

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Net cash (used in) from operating activities	(1,144,343)	468,182
Net cash used in investing activities	(878)	(841)
Net cash from financing activities	1,327,810	160,373
Net increase in cash and cash equivalents	182,589	627,714
Cash and cash equivalents at the beginning of the period	514,129	480,289
Cash and cash equivalents at the end of the period	696,718	1,108,003
Analysis of the balances of cash and cash equivalents		
Bank balances and cash – general accounts	696,718	1,108,003

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 March 2018 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Interim Financial Statements should be read, where relevant, in conjunction with the annual financial statements of the Group for the year ended 30 September 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

2. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In the current period, the Group has applied the following amendments to HKFRSs issued by HKICPA for the first time that may be relevant to the Group and are mandatorily effective for the current period. Except for the adoption of such amendments to HKFRSs, the accounting policies applied and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the annual financial statements of the Group for the year ended 30 September 2017.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The adoption of these amendments to HKFRSs has had no material impact on the Group's results and financial position for current and prior periods. The Group has not early applied the new or revised HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

According to HKFRS 8, the Group has the following reportable and operating segments:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the six months ended 31 March 2018

	Financing (unaudited) HK\$'000	Brokerage (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	521,857	68,993	60,843	16,375	–	668,068
Inter-segment sales	74,598	–	12,060	–	(86,658)	–
	596,455	68,993	72,903	16,375	(86,658)	668,068

Inter-segment sales are charged at prevailing market rates.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 31 March 2017

	Financing (unaudited) HK\$'000	Brokerage (unaudited) HK\$'000	Placing and underwriting (unaudited) HK\$'000	Corporate finance (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
Segment revenue						
– external customers	426,459	64,872	114,594	21,500	–	627,425
Inter-segment sales	77,975	–	13,560	–	(91,535)	–
	504,434	64,872	128,154	21,500	(91,535)	627,425
Inter-segment sales are charged at prevailing market rates.						
RESULTS						
Segment results	357,672	15,953	50,942	15,190		439,757
Unallocated other operating income						1
Unallocated corporate expenses						
– staff costs (including directors' remuneration but excluding staff commission expenses)						(30,409)
– management fee to a related company						(148)
– service charge to related companies						(5,742)
– others						(7,371)
Share of loss of a joint venture						(9)
Share of profit of an associate						1,673
Profit before taxation						397,752

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. REVENUE

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

5. PROFIT BEFORE TAXATION

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. TAXATION

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

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	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	371,408	330,148

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. EARNINGS PER SHARE (Continued)

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

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

8. DIVIDENDS

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

9. INTANGIBLE ASSETS

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

Trading rights are 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 in year 2000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. LOANS AND ADVANCES

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. LOANS AND ADVANCES *(Continued)*

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

Note: As at 31 March 2018, included in the fixed-rate loans receivable was balance of approximately HK\$4,200,000 (as at 30 September 2017: HK\$10,007,000) which had been past due but not impaired. Taking into account the collateral of the loans, the executive directors of the Company believed that no allowance for impairment for such loans receivable was necessary as at 31 March 2018 (30 September 2017: HK\$Nil). No variable-rate loans receivables had been past due but not impaired as at 31 March 2018 and 30 September 2017.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. LOANS AND ADVANCES *(Continued)*

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

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

To minimise the Group's exposure to credit risk, the Group has established credit policies to ensure all loans and advances are subject to credit risk assessment and ongoing monitoring, including evaluation of customers' credit ratings, financial background and repayment abilities. The Group has a policy for assessing the impairment allowances on loans and advances on an individual basis. The assessment is based on a close monitoring and evaluation of the collectability of individual account and on management's judgment, including the current creditworthiness of the borrowers, collateral value and the past collection history of each individual borrower. Taking into account of the above, the executive directors of the Company have made allowances for impairment of approximately HK\$32,580,000 as at 31 March 2018 (30 September 2017: HK\$31,472,000). The Group has commenced legal and other debt collection proceedings against the borrowers of these impaired loans for recovery of the loan amount of approximately HK\$30,971,000. As at the reporting date of this Interim Financial Statements, the legal and other debt collection proceedings are still in progress.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. AVAILABLE-FOR-SALE INVESTMENT

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

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

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

12. ACCOUNTS RECEIVABLE

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. ACCOUNTS RECEIVABLE *(Continued)*

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

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

As at 31 March 2018, the total market value of securities pledged as collateral in respect of the secured loans to margin clients were approximately HK\$20,280,000,000 (30 September 2017: HK\$28,270,000,000). 81% (30 September 2017: 88%) of the loans were secured by sufficient collateral on an individual basis. Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall as at the end of the reporting period, and considered that no impairment allowance is necessary. The loans to margin clients bear variable interest at commercial rates and are repayable on demand. No collateral was pledged for other accounts receivable.

As at 31 March 2018, there were two top margin customers with amounts due, both of which represent 11% of the total balance of the amounts receivable. Apart from the above, no other individual account represented more than 10% of the total balance of amounts receivable. As at 30 September 2017, no individual account represented more than 10% of the total balance of amounts receivable.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. ACCOUNTS RECEIVABLE *(Continued)*

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

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

Note: To minimise the Group's exposure to credit risk, the Group has a policy for reviewing impairment of accounts receivable without sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and ageing analysis of the accounts and on management's judgment including the current creditworthiness, collateral value and the past collection history of each customer. Management had set up the credit limits for each individual customer which are subject to regular review by the management. Any extension of credit beyond these approved limits has to be approved by relevant level of management on an individual basis according to the exceeded amount.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. ACCOUNTS PAYABLE

	As at	
	31 March 2018 (unaudited) HK\$'000	30 September 2017 (audited) HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house and broker	264,216	129,749
Margin and cash clients	1,976,850	1,736,756
Accounts payable from the business of dealing in futures contracts:		
Margin clients	274,000	348,408
	2,515,066	2,214,913

The settlement terms of accounts payable, except for margin loans, arising from the business of dealing in securities are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company and the ageing analysis does not give additional value in view of the nature of this business.

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

Included in accounts payable, amounts of approximately HK\$2,047,282,000 and HK\$1,854,475,000 as at 31 March 2018 and 30 September 2017 respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these accounts payable with the deposits placed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2017 and 31 March 2018	500,000,000,000	5,000,000
Issued and fully paid:		
At 1 October 2017	6,740,845,724	67,408
At 31 March 2018	6,740,845,724	67,408

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. RELATED PARTY TRANSACTIONS

(A) During the period, the Group had the following significant transactions with the related parties:

		Six months ended 31 March	
		2018	2017
		(unaudited)	(unaudited)
		HK\$'000	HK\$'000
(i)	Corporate finance advisory services fee income from related companies	1,270	1,140
(ii)	Sharing of information system and administrative expenses paid and payable to related companies	5,660	5,742
(iii)	Management fee to related company	151	148
(iv)	Operating lease rentals expenses to related companies	4,907	4,453
(v)	Commission and brokerage income from		
	– a related company	8	–
	– directors of the Company	22	–
(vi)	Interest income from directors of the Company	27	–
(vii)	Printing, advertising and promotion expenses to related companies	502	988
(viii)	Accounts payable to margin and cash clients arising from business dealing in securities		
	– an associate	4,604	4,520
	– directors of the Company	151	607
(ix)	Rental and other deposits paid to related companies	3,336	2,823

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. RELATED PARTY TRANSACTIONS *(Continued)*

(B) The key management personnel of the Company are the directors of the Company. The remuneration paid to them during the period are as follows:

	Six months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Fees	630	630
Salaries and other emoluments	23,961	19,781
	24,591	20,411

Note:

The related company/companies is/are controlled by Albert Yeung Holdings Limited (“AY Holdings”) which is the ultimate controlling shareholder of the Company. AY Holdings is held by STC International Limited (“STC International”) in trust for The Albert Yeung Discretionary Trust (the “AY Trust”), a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

17. OPERATING LEASE COMMITMENTS

At the end of each of the reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises and office equipment which fall due as follows:

	As at			
	31 March 2018		30 September 2017	
	Rental premises (unaudited) HK\$'000	Hired equipment (unaudited) HK\$'000	Rental premises (audited) HK\$'000	Hired equipment (audited) HK\$'000
Within one year	15,270	26	11,023	36
In the second to fifth years inclusive	16,683	–	10,286	12
	31,953	26	21,309	48

For office premises and office equipment, leases are mainly negotiated and rentals are fixed for an average term of two years.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) of the Listing Rules were as follows:

LONG POSITION INTERESTS IN THE COMPANY

Ordinary shares of HK\$0.01 each of the Company (“Shares”)

Name of Director	Capacity/ Nature of Interests	Number of Issued Shares	Approximate % holding
Ms. Daisy Yeung	Beneficiary of the AY Trust	2,868,427,438 (Note)	42.55%
Ms. Daisy Yeung	Beneficial owner	18,000,000	0.27%
Mr. Chan Shek Wah	Beneficial owner	20,457,000	0.30%
Ms. Choi Suk Hing, Louisa	Beneficial owner	4,680,000	0.07%
Ms. Pearl Chan	Beneficial owner	2,925,000	0.04%

Note:

These Shares were held by Emperor Capital Group Holdings Limited (“Emperor Capital Holdings”), a wholly-owned subsidiary of AY Holdings. AY Holdings was held by STC International in trust for the AY Trust, a discretionary trust under which Ms. Daisy Yeung is one of the eligible beneficiaries.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 31 March 2018, so far as is known to any Directors or chief executives of the Company, the following persons or corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO ("DI Register") or as otherwise notified to the Company were as follows:

LONG POSITION IN THE SHARES

Name	Capacity/ Nature of interest	Number of issued Shares interested in or deemed to be interested	Approximate % holding
AY Holdings	Interest in a controlled corporation	2,868,427,438 (Note 1)	42.55%
STC International	Trustee of the AY Trust	2,868,427,438 (Note 1)	42.55%
Dr. Yeung Sau Shing, Albert	Founder of the AY Trust	2,868,427,438 (Note 1)	42.55%
Ms. Luk Siu Man, Semon	Interest of spouse	2,868,427,438 (Note 1)	42.55%
China Huarong International Holdings Limited	Interest in a controlled corporation	609,914,000 (Note 2)	9.05%
Huarong Real Estate Co. Ltd.	Interest in a controlled corporation	609,914,000 (Note 2)	9.05%
China Huarong Asset Management Co., Ltd.	Interest in a controlled corporation	609,914,000 (Note 2)	9.05%
Taiping Assets Management (HK) Company Limited	Investment manager	612,900,000	9.09%
Taiping Trustees Limited	Trustee	612,900,000	9.09%

OTHER PERSONS' INTERESTS AND SHORT POSITIONS *(Continued)*

Notes:

1. These Shares were the same Shares of which Ms. Daisy Yeung has deemed interest by virtue of being an eligible beneficiary of the AY Trust as set out under the Section of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.
2. These Shares were the same parcel of Shares legally held by Bonanaz Network Limited.

All interests stated above represent long positions. As at 31 March 2018, no short positions were recorded in the DI register.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares of the Company as recorded in the DI register or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS AND OTHER INFORMATION

SHARE OPTIONS

The Company adopted a share option scheme (“Share Option Scheme”) at the annual general meeting of the Company held on 26 January 2017 to provide incentive or rewards to participants including the Directors and eligible employees of the Group.

During the Period, no option was granted, exercised or cancelled under the Share Option Scheme.

CORPORATE GOVERNANCE CODE

The Company had complied throughout the Period with all the code provisions as set out in the Corporate Governance Code under Appendix 14 of the Listing Rules, except with the deviation from code provision A.2.1 which requires that the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Ms. Daisy Yeung, also being the Chief Executive Officer of the Group, has been appointed by the Board as the Managing Director of the Company who is responsible for leading the Board and the overall management of the business of the Group. She will ensure that all Directors are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. On the other hand, the three Independent Non-executive Directors provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively and does not intend to make any change thereof.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the 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, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

SHARE OPTIONS AND OTHER INFORMATION *(Continued)*

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the 2016/2017 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (i) On the recommendation of the Remuneration Committee, the Board had reviewed and revised the remuneration of the executive Directors with effect from 1 January 2018 based on the performance, experience, ability and responsibility of the individuals and with reference to the market rates. The total emoluments of the executive Directors, namely Ms. Daisy Yeung, Mr. Chan Shek Wah, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan for the six months ended 31 March 2018 were HK\$9,136,880, HK\$10,389,650, HK\$3,093,420 and HK\$2,641,620 respectively. These amounts comprise basic salaries, allowance (if any) and director's fee accrued in respect of his/her service during the Period as well as performance related incentive payment (related to previous year's performance) and retirement benefits scheme contribution during the Period.
- (ii) Mr. Poon Yan Wai, Independent Non-executive Director of the Company, resigned as independent non-executive director of Prosten Health Holdings Limited (Stock Code: 8026) with effect from 12 February 2018; and
- (iii) On the recommendation of the Remuneration Committee, the Board had reviewed and revised the directors' fee of all the Directors (with reference to the market rates of similar industry with similar market capitalization size and the duties and responsibilities of the Directors) to HK\$250,000 per annum with effect from 1 April 2018.

Save as disclosed above, the Company is not aware of other changes in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2016/2017 Annual Report.

REVIEW OF INTERIM REPORT

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

SHARE OPTIONS AND OTHER INFORMATION *(Continued)*

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.

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

Hong Kong, 29 May 2018

As at the date of this report, 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

This Interim Report (in both English and Chinese versions) is available to any shareholder of the Company either in printed form and on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.emperorcapi.com>). In order to protect the environment, the Company highly recommends the shareholders to receive electronic copy of this Interim Report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.