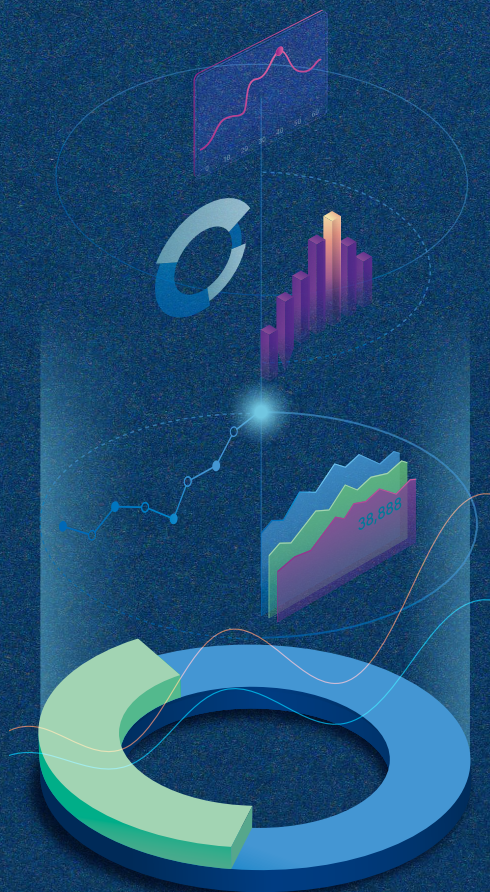




# 英皇證券集團有限公司 Emperor Capital Group Limited

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



Interim Report 2021/2022

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## FINANCIAL SUMMARY

The board of directors (the “Board” or the “Directors”) of Emperor Capital Group Limited (the “Company”) announced the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2022 (the “Period”).

<i>HK\$'000 (unaudited)</i>	<b>For the six months ended 31 March</b>	
	<b>2022</b>	2021
Total revenue	<b>244,810</b>	346,586
Financing	<b>203,361</b>	283,179
Brokerage Services	<b>35,961</b>	55,086
Placing & Underwriting	<b>1,478</b>	4,956
Corporate Finance	<b>4,010</b>	3,365
Impairment allowance <sup>1</sup>	<b>(161,809)</b>	(140,056)
Net (loss)/profit	<b>(35,013)</b>	53,679
Basic (loss)/earnings per share	<b>HK(0.52) cent</b>	HK0.80 cent

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

## RESULTS

During the Period, overall economic activity revived to a certain extent. Nevertheless, the ongoing geopolitical tension between China and the United States, as well as the credit crises facing certain Chinese property developers, have continued to take a toll on capital markets. Against the backdrop of a tough business operating environment, the Group's revenue decreased to HK\$244.8 million (2021: HK\$346.6 million) during the Period. Impairment allowances for margin loans, and other loans and advances (the "Impairment Allowance") of HK\$161.8 million (2021: HK\$140.1 million) was recognised. Loss for the Period attributable to owners of the Company was HK\$35.0 million (2021: profit of HK\$53.7 million). Basic loss per share was HK0.52 cent (2021: basic earnings per share of HK0.80 cent).

## BUSINESS REVIEW

Established in 1993, the Group is a renowned Hong Kong based financial institution providing a wide range of financial services including (i) commercial and personal lending as well as margin and initial public offering ("IPO") financing; (ii) brokerage 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.

### 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.

With uncertainties over the economic outlook, the Group continued to adopt stringent loan approval procedures, and remained prudent regarding the valuation of collaterals. The Group retained its pro-active approach to strengthening the overall credit risk management and control mechanism in its financing business. The Group also closely monitored the market situation and adjusted the interest rate and loan-to-value ratio on a timely basis, in order to optimise the balance between risk and capital. During the Period, the segment's revenue was HK\$203.4 million (2021: HK\$283.2 million), accounting for 83.1% (2021: 81.7%) of the Group's total revenue. Legal proceedings regarding the Impairment Allowance were in process.



## 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 2022, the Group operated 3 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 stock market remained volatile; revenue from brokerage services was HK\$36.0 million (2021: HK\$55.1 million), accounting for 14.7% (2021: 15.9%) of the Group's total revenue.

## Placing and Underwriting

With a highly experienced team of professionals, the Group offers placing and underwriting services to various Hong Kong listed companies. 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, the Group participated in a number of primary and secondary market financing projects. Revenue from the placing and underwriting segment was HK\$1.5 million (2021: HK\$5.0 million), accounting for 0.6% (2021: 1.4%) 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 handled a number of corporate advisory and IPO transactions. Revenue from the corporate finance segment increased mildly to HK\$4.0 million (2021: HK\$3.4 million), accounting for 1.6% (2021: 1.0%) of the Group's total revenue.

## OUTLOOK

With the continuing impacts of a series of international events – including an interest rate hike by the Federal Reserve, the tightening of monetary policies by various central banks, as well as the Russia-Ukraine conflict that has led to sanctions on Russia imposed by the United States and Europe, the volatility of financial markets is likely to remain, adding to uncertainties regarding global economic development.

On the other hand, China's GDP achieved a growth rate of 8.1% in 2021, and is expected to continue to be the growth engine of the global economy with its stable economic fundamentals. In the meantime, with a strong IPO pipeline, a new listing regime for special purpose acquisition companies (SPAC) and overseas issuers, and other initiatives by Hong Kong Exchanges and Clearing Limited, Hong Kong's leadership role in the global capital market will be strengthened. With Hong Kong remaining a vital link for access to China's market, the financial services industry will continue developing with a promising outlook. The co-ordinated development with neighbouring cities in the Greater Bay Area will create enormous business opportunities, and ample room for Hong Kong's development.

In anticipation of continuing market volatility in the second half of the year, the Group will adhere to its cautious approach in its financing business, to minimise risks of default. The Group will also strengthen its wealth management business development, by offering more unique and quality investment funds and bond products and services, aiming to expand its high net worth customer base. Amid a tough business environment, the Group will exercise stringent control over operating costs and adopt appropriate strategies to mitigate downside risk while seizing opportunities, and will endeavour to maintain steady businesses development.



## FINANCIAL INFORMATION

### Capital Structure, Liquidity and Financial Resources

The Group financed its operations by cash mainly generated from operations and borrowings, as well as proceeds raised from issuance of bonds. As at 31 March 2022, the Group's current assets and current liabilities were HK\$5,970.7 million (30 September 2021: HK\$6,106.3 million) and HK\$2,822.4 million (30 September 2021: HK\$2,942.3 million) respectively. As at 31 March 2022, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$1,043.8 million (30 September 2021: HK\$1,024.1 million), which were mainly denominated in Hong Kong dollar.

During the Period, the Group has repaid part of the Hong Kong dollar bonds by deploying internal resources. As at 31 March 2022, the total carrying amount of the Company's outstanding Hong Kong dollar bonds, with a coupon interest of 5.25% per annum, was approximately HK\$265.1 million (30 September 2021: HK\$499.1 million), among which approximately HK\$102.8 million has been repaid in May 2022 and the remaining balance due before end of July 2022 is expected to be fully repaid by the due dates.

As at 31 March 2022, the Group had bank borrowings of HK\$460.0 million (30 September 2021: HK\$370.0 million). The total borrowings of the Group decreased to HK\$725.1 million (30 September 2021: HK\$869.1 million), hence the gearing ratio reduced to 19.0% (30 September 2021: 22.6%; 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 2022.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$2,025.0 million (30 September 2021: HK\$2,301.2 million), as well as the proceeds raised from the issuance of bonds, the Board considers the Group has sufficient working capital for its operation and future development.

### Pledge of Assets

As at 31 March 2022, bank deposits of the Group with aggregate carrying amount of HK\$160.0 million (30 September 2021: HK\$160.0 million) were pledged to a bank as security for banking facilities.

## 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.

## 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 margin financing and lending portfolio as well as debt recovery procedures to ensure prompt and effective recovery of outstanding debts. The Credit Committee meets both regularly and timely to review the development and status of past due accounts and to ensure appropriate actions are taken in a timely manner. 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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.

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***

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.

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.

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 a 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.

## **(5) Other risks**

Occurrence of any natural disaster or outbreak of contagious diseases such as COVID-19 pandemic, could adversely affect the Group's business and operations. The Group implements business continuity plans which include "Work from Home", "Flexible Working Hours" and "Split-team Arrangements"; and ensures all safety measures as required by the Hong Kong SAR Government are fully implemented.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2022, the Group had 78 (2021: 76) account executives and 141 (2021: 139) employees. Total staff costs (including Directors' remuneration) were approximately HK\$41.6 million (2021: HK\$39.8 million) for the Period. Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

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

## **INTERIM DIVIDEND**

The Board has resolved not to declare any payment of interim dividend for the financial year ending 30 September 2022 (2021: Nil).

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

		<b>Six months ended 31 March</b>	
		<b>2022</b>	2021
		<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	HK\$'000
	Notes		
Revenue			
Commission and fee income	4	<b>39,332</b>	61,818
Interest income	4	<b>205,478</b>	284,768
		<b>244,810</b>	346,586
Other income and gains or losses		<b>9,721</b>	8,842
Impairment allowances, net of reversal	5	<b>(161,809)</b>	(140,056)
Staff costs		<b>(41,567)</b>	(39,816)
Commission and fee expenses		<b>(20,377)</b>	(24,110)
Other expenses	6	<b>(43,651)</b>	(41,029)
Finance costs		<b>(14,505)</b>	(43,934)
Share of (loss) profit of an associate		<b>(90)</b>	33
(Loss) profit before tax	6	<b>(27,468)</b>	66,516
Income tax expense	7	<b>(7,545)</b>	(12,837)
(Loss) profit for the period attributable to owners of the Company		<b>(35,013)</b>	53,679
<i>Other comprehensive income</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		–	184
Other comprehensive income for the period		–	184
Total comprehensive (expense) income for the period attributable to owners of the Company		<b>(35,013)</b>	53,863
(Loss) earnings per share			
– Basic	8	<b>HK(0.52) cent</b>	HK0.80 cent

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		31 March 2022 (unaudited) HK\$'000	30 September 2021 (audited) HK\$'000
<b>Non-current assets</b>			
Property and equipment		2,586	2,306
Right-of-use assets		4,046	9,296
Intangible assets	10	–	–
Interest in an associate		–	–
Amount due from an associate		3,548	3,638
Other assets		7,727	10,126
Loans and advances	11	648,392	665,372
		<b>666,299</b>	<b>690,738</b>
<b>Current assets</b>			
Accounts receivable	12	1,172,372	1,391,469
Loans and advances	11	1,953,692	1,845,640
Other debtors, deposits and prepayments		14,650	9,107
Tax recoverable		15,935	1,386
Pledged bank deposits – general accounts		160,000	160,000
Bank balances and cash – general accounts		883,823	864,062
Bank balances and cash – segregated accounts		1,770,216	1,834,598
		<b>5,970,688</b>	<b>6,106,262</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		31 March 2022 (unaudited) HK\$'000	30 September 2021 (audited) HK\$'000
<b>Current liabilities</b>			
Accounts payable	13	1,965,476	1,993,462
Other creditors and accrued charges		111,624	55,381
Tax liabilities		10,278	13,857
Lease liabilities		9,910	10,492
Short-term bank borrowings		460,000	370,000
Bonds issued		265,070	499,080
		<b>2,822,358</b>	2,942,272
<b>Net current assets</b>		<b>3,148,330</b>	3,163,990
<b>Total assets less current liabilities</b>		<b>3,814,629</b>	3,854,728
<b>Non-current liabilities</b>			
Lease liabilities		–	5,086
<b>Net assets</b>		<b>3,814,629</b>	3,849,642
<b>Capital and reserves</b>			
Share capital	14	67,408	67,408
Reserves		3,747,221	3,782,234
<b>Total equity</b>		<b>3,814,629</b>	3,849,642

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Special reserve	Capital contribution reserve	Translation reserve	Retained profits	Total
	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000	HK'000
At 1 October 2021 (audited)	67,408	3,199,289	9,950	2,004	(70)	571,061	3,849,642
Loss for the period	-	-	-	-	-	(35,013)	(35,013)
<b>At 31 March 2022 (unaudited)</b>	<b>67,408</b>	<b>3,199,289</b>	<b>9,950</b>	<b>2,004</b>	<b>(70)</b>	<b>536,048</b>	<b>3,814,629</b>
At 1 October 2020 (audited)	67,408	3,199,289	9,950	2,004	(193)	1,147,155	4,425,613
Profit for the period	-	-	-	-	-	53,679	53,679
Other comprehensive income for the period	-	-	-	-	184	-	184
At 31 March 2021 (unaudited)	67,408	3,199,289	9,950	2,004	(9)	1,200,834	4,479,476

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Six months ended 31 March</b>	
	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>
Net cash generated from operating activities	<b>173,532</b>	2,876,659
Net cash used in investing activities	<b>(1,507)</b>	(161)
Net cash used in financing activities	<b>(152,264)</b>	(2,403,917)
Net increase in cash and cash equivalents	<b>19,761</b>	472,581
Cash and cash equivalents at the beginning of the period	<b>864,062</b>	692,032
Cash and cash equivalents at the end of the period	<b>883,823</b>	1,164,613
Analysis of the balances of cash and cash equivalents		
Bank balances and cash – general accounts	<b>883,823</b>	1,164,613



# 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 2022 (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 2021, 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 2021.

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***

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Application of Amendments to HKFRSs *(Continued)*

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</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 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## 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

During the six months ended 31 March 2022, the Group has reallocated certain corporate expenses in order to better reflect the activities of all operating segments. Comparative figures in prior period have been restated to conform to the current period's presentation.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 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)	–
	359,608	35,961	1,478	4,010	(156,247)	244,810

Inter-segment sales are charged at prevailing market rates.

<b>RESULTS</b>					
Segment results	(12,268)	(3,376)	1,302	(297)	(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					(90)
Loss before tax					(27,468)
Income tax expense					(7,545)
Loss for the period					(35,013)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## 3. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

For the six months ended 31 March 2021

	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	–	53,497	4,956	3,365	–	61,818
Interest income	283,179	1,589	–	–	–	284,768
Inter-segment sales	167,902	–	–	–	(167,902)	–
	451,081	55,086	4,956	3,365	(167,902)	346,586

Inter-segment sales are charged at prevailing market rates.

### RESULTS

Segment results	63,238	14,028	541	953		78,760
Unallocated other income and gains or losses						49
Unallocated corporate expenses						
– staff costs (including directors' remuneration but excluding staff commission expenses)						(750)
– service charge to related companies						(6,501)
– others						(5,075)
Share of profit of an associate						33
Profit before tax						66,516
Income tax expense						(12,837)
Profit for the period						53,679

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. REVENUE

	<b>Six months ended 31 March</b>	
	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>
Commission and fee income <i>(Note)</i> :		
Commission and fee income on dealing in securities	<b>26,224</b>	46,672
Commission and fee income on dealing in futures and options contracts	<b>5,258</b>	3,791
Commission and fee income from insurance brokerage and wealth management	<b>2,362</b>	3,034
Corporate finance advisory services fee income	<b>4,010</b>	3,365
Placing and underwriting commission	<b>1,478</b>	4,956
	<b>39,332</b>	61,818
Interest income:		
Interest income from margin and initial public offer financing	<b>64,065</b>	124,819
Interest income from loans and advances	<b>139,296</b>	158,360
Interest income from bank deposits	<b>2,116</b>	1,581
Others	<b>1</b>	8
	<b>205,478</b>	284,768
	<b>244,810</b>	346,586

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. IMPAIRMENT ALLOWANCES, NET OF REVERSAL

	Six months ended 31 March	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Net impairment allowances on:		
Accounts receivable	(56,054)	65,841
Loans and advances	217,863	74,215
	<b>161,809</b>	140,056

## 6. (LOSS) PROFIT BEFORE TAX

	Six months ended 31 March	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
(Loss) profit before tax has been arrived at after charging:		
Other expenses:		
Auditor's remuneration	1,243	978
Legal and professional fee	3,120	7,272
Advertising and promotion expenses	1,187	826
Information technology services and communication expenses	14,482	9,466
Depreciation of property and equipment	1,376	1,356
Depreciation of right-of-use assets	5,250	5,543
General and administrative expenses	9,464	8,279
Rates and building management fee	1,269	1,296
Settlement expenses	1,305	1,892
Miscellaneous expenses	4,955	4,121
	<b>43,651</b>	41,029

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX EXPENSE

	<b>Six months ended 31 March</b>	
	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>
Current period:		
Hong Kong Profits Tax	7,533	12,406
PRC Enterprise Income Tax	12	29
	<b>7,545</b>	12,435
Deferred tax charge	–	402
	<b>7,545</b>	12,837

Under the two-tiered profits tax rates regime, 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. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended 31 March</b>	
	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>
<b>(Loss) earnings</b>		
(Loss) earnings for the purpose of basic (loss) earnings per share	<b>(35,013)</b>	53,679



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 8. (LOSS) EARNINGS PER SHARE *(Continued)*

	<b>Six months ended 31 March</b>	
	<b>2022</b> <b>(unaudited)</b> <b>'000</b>	<b>2021</b> <b>(unaudited)</b> <b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>6,740,846</b>	6,740,846

No diluted (loss)/earnings per share for the six months ended 31 March 2022 and 31 March 2021 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 2022 and 30 September 2021.

## 10. INTANGIBLE ASSETS

	HK\$'000
<b>COST</b>	
At 1 October 2020, 30 September 2021 and <b>31 March 2022</b>	9,802
<b>AMORTISATION AND IMPAIRMENT</b>	
At 1 October 2020, 30 September 2021 and <b>31 March 2022</b>	9,802
<b>CARRYING VALUES</b>	
<b>At 31 March 2022</b>	–
At 30 September 2021	–

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. LOANS AND ADVANCES

	As at	
	31 March 2022 (unaudited) HK\$'000	30 September 2021 (audited) HK\$'000
Fixed-rate loans receivable	3,578,740	3,256,884
Variable-rate loans receivable	267,656	280,577
	<b>3,846,396</b>	3,537,461
Less: provision for impairment	(1,244,312)	(1,026,449)
	<b>2,602,084</b>	2,511,012
Analysed as:		
Current	1,953,692	1,845,640
Non-current	648,392	665,372
	<b>2,602,084</b>	2,511,012

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. LOANS AND ADVANCES *(Continued)*

*Note:* As at 31 March 2022, credit-impaired loans and advances of gross carrying amount of approximately HK\$230 million (30 September 2021: HK\$228 million), on which provision for impairment of approximately HK\$62 million (30 September 2021: HK\$62 million) was made, are secured by properties. Also included in the provision for impairment is an amount of approximately HK\$507 million (30 September 2021: HK\$370 million) made on credit-impaired loans and advances of gross carrying amount of approximately HK\$747 million (30 September 2021: HK\$662 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 of the gross carrying amount totalling approximately HK\$574 million (30 September 2021: HK\$573 million), on which provision for impairment of approximately HK\$487 million (30 September 2021: HK\$467 million) was made as at 31 March 2022. As at the reporting date of the Interim Financial Statements, the legal proceedings are still in progress.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. LOANS AND ADVANCES *(Continued)*

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 2022 (unaudited) HK\$'000	30 September 2021 (audited) HK\$'000
Fixed-rate loans receivable:		
Within one year	1,604,955	1,380,314
In more than one year but no more than five years	128,521	122,689
Over five years	459,644	270,429
	<b>2,193,120</b>	1,773,432
Past due	335,160	457,003
	<b>2,528,280</b>	2,230,435

	As at	
	31 March 2022 (unaudited) HK\$'000	30 September 2021 (audited) HK\$'000
Variable-rate loans receivable:		
Within one year	3,615	14,617
In more than one year but no more than five years	15,060	48,455
Over five years	45,167	209,404
	<b>63,842</b>	272,476
Past due	9,962	8,101
	<b>73,804</b>	280,577

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. LOANS AND ADVANCES *(Continued)*

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

	<b>As at</b>	
	<b>31 March 2022 (unaudited)</b>	30 September 2021 (audited)
Effective interest rates:		
Fixed-rate loans receivable	<b>0.42% per month to 3.83% per month</b>	0.5% per month to 3.83% per month
Variable-rate loans receivable	<b>Prime rate – 2.75% per annum to prime rate per annum</b>	Prime rate – 2.75% per annum to prime rate per annum

As at 31 March 2022, 206 (30 September 2021: 165) secured loans with the aggregate gross amount of approximately HK\$1,408,471,000 (30 September 2021: HK\$1,322,268,000) 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 30 years (30 September 2021: 1 to 30 years). As at 31 March 2022, there are 24 secured loans (30 September 2021: 28) with the aggregate gross amount of approximately HK\$782,675,000 (30 September 2021: HK\$773,871,000), the borrowers of which hold Hong Kong listed marketable securities under the securities account in one of the Group entities. The Group has the rights on all these securities to repay the outstanding loans in the event that the borrowers fail to pay the amount due on due date. The remaining gross balance of the loans receivable amounting to approximately HK\$1,139,613,000 (30 September 2021: HK\$1,441,322,000) were provided to independent third parties of the Group, of which the loan amount of approximately HK\$814,725,000 (30 September 2021: HK\$688,413,000) 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 30 years (30 September 2021: 1 to 30 years) from the respective loans' date of advance.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. LOANS AND ADVANCES *(Continued)*

As at 31 March 2022 and 30 September 2021, each of the fixed-rate and variable-rate secured loans receivable represented less than 15% of the gross loans and advances balance.

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

## 12. ACCOUNTS RECEIVABLE

	As at	
	31 March 2022 (unaudited) HK\$'000	30 September 2021 (audited) HK\$'000
Accounts receivable from the business of dealing in securities:		
Clearing houses, brokers and cash clients	142,190	102,325
Secured margin loans	3,281,645	3,594,507
IPO margin loans	–	8,900
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses, brokers and margin clients	72,811	70,276
Accounts receivable from the business of corporate finance	2,777	1,558
	<b>3,499,423</b>	3,777,566
Less: provision for impairment	<b>(2,327,051)</b>	(2,386,097)
	<b>1,172,372</b>	1,391,469

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. ACCOUNTS RECEIVABLE *(Continued)*

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 2022 and 30 September 2021, no individual account represented more than 15% of the gross accounts receivable balance.

No ageing analysis of secured margin loans and IPO margin loans is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

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

	<b>As at</b>	
	<b>31 March 2022 (unaudited) HK\$'000</b>	30 September 2021 (audited) HK\$'000
Past due:		
0–30 days	711	1,405
31–60 days	290	452
61–90 days	216	45
Over 90 days	1,701	518
Accounts receivable which were past due	2,918	2,420
Accounts receivable which were not past due	214,860	171,739
	<b>217,778</b>	<b>174,159</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. ACCOUNTS RECEIVABLE *(Continued)*

*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\$1,301 million (30 September 2021: HK\$1,297 million) for recovery, on which provision for impairment of HK\$1,126 million (30 September 2021: HK\$1,187 million) was made as at 31 March 2022. As at the reporting date of the Interim Financial Statements, the legal proceedings are still in progress.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 13. ACCOUNTS PAYABLE

	<b>As at</b>	
	<b>31 March</b>	30 September
	<b>2022</b>	2021
	<b>(unaudited)</b>	(audited)
	<b>HK\$'000</b>	HK\$'000
Accounts payable from the business of dealing in securities:		
Clearing house and broker	<b>19,968</b>	18,915
Margin and cash clients	<b>1,711,989</b>	1,812,086
Accounts payable from the business of dealing in futures contracts:		
Margin clients	<b>233,519</b>	162,461
	<b>1,965,476</b>	1,993,462

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

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

Included in accounts payable, amounts of approximately HK\$1,770,216,000 and HK\$1,834,598,000 as at 31 March 2022 and 30 September 2021 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

## 14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2021 and <b>31 March 2022</b>	500,000,000	5,000,000
Issued and fully paid:		
At 1 October 2021	6,740,846	67,408
<b>At 31 March 2022</b>	6,740,846	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

## 16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the Interim Financial Statements, the Group had the following significant transactions and balances with related parties:

	<b>Six months ended 31 March</b>	
	<b>2022</b> <b>(unaudited)</b> <b>HK\$'000</b>	<b>2021</b> <b>(unaudited)</b> <b>HK\$'000</b>
(i) Corporate finance advisory services fee income from related companies	<b>1,310</b>	1,020
(ii) Sharing of information technology services and administrative expenses paid and payable to related companies	<b>9,191</b>	6,502
(iii) Commission and brokerage income from		
– a related company	–	13
– directors of the Company	–	1
(iv) Interest income from directors of the Company	–	52
(v) Printing, advertising and promotion expenses to related companies	<b>1,019</b>	519
(vi) Accounts payable to margin and cash clients arising from business of dealing in securities by		
– an associate	<b>11,515</b>	11,518
– directors of the Company	<b>2,159</b>	805
(vii) Rental and other deposits paid to related companies	<b>3,249</b>	3,464
(viii) Interest expense from lease payable to related companies	<b>188</b>	298
(ix) Lease liabilities payable to related companies	<b>9,556</b>	16,277

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Fees	750	750
Salaries and other emoluments	3,679	2,500
	4,429	3,250

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2022, the following Directors or chief executives of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and 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 adopted by the Company ("ECG Securities Code"):

### LONG POSITION INTERESTS IN THE COMPANY

#### *Ordinary shares of HK\$0.01 each of the Company ("Shares")*

<b>Name of Director</b>	<b>Capacity/ Nature of Interests</b>	<b>Number of Shares interested</b>	<b>% of issued voting Shares</b>
Ms. Daisy Yeung	Eligible beneficiary of a private discretionary trust	2,879,521,438 (Note)	42.72%
Ms. Daisy Yeung	Beneficial owner	18,000,000	0.26%
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, a wholly-owned subsidiary of Albert Yeung Capital Holdings Limited ("AY Capital Holdings"). AY Capital Holdings was in turn held by CDM Trust & Board Services AG ("CDM Trust") in trust for a private discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Ms. Daisy Yeung had deemed interest in these Shares by virtue of being one of the eligible beneficiaries of the trust.

Save as disclosed above, as at 31 March 2022, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executives of the Company, as at 31 March 2022, the following persons or corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO ("DI Register") were as follows:

### LONG POSITION IN THE SHARES

<b>Name</b>	<b>Capacity/Nature of interests</b>	<b>Number of Shares interested</b>	<b>% of issued voting Shares</b>
AY Capital Holdings	Interest in a controlled corporation	2,879,521,438 (Note)	42.72%
CDM Trust	Trustee of a private discretionary trust	2,879,521,438 (Note)	42.72%
Dr. Albert Yeung	Founder of a private discretionary trust	2,879,521,438 (Note)	42.72%
Ms. Luk Siu Man, Semon	Interest of spouse	2,879,521,438 (Note)	42.72%
China Huarong Asset Management Co., Ltd.	Interest in a controlled corporation	551,522,000	8.18%
華融華僑資產管理股份有限公司	Interest in a controlled corporation	551,522,000	8.18%
Taiping Assets Management (HK) Company Limited	Investment manager	612,900,000	9.09%
Taiping Trustees Limited	Trustee	612,900,000	9.09%

*Note:*

These Shares were the same Shares of which Ms. Daisy Yeung had deemed interest as set out under the section of "Directors' and Chief Executives' Interests in Securities" above.

Save as disclosed above, as at 31 March 2022, the Directors or chief executives of the Company 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 any Shares or underlying Shares as recorded in the DI Register.

# CORPORATE GOVERNANCE 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. No option was granted under the Share Option Scheme since its adoption and up to 31 March 2022.

## 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 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) had also been appointed as the Managing Director 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 believed that the current structure can properly address the potential issue on power concentration.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed in the announcement of the Company dated 25 February 2022 regarding, inter alia, the change of Independent Non-Executive Directors and members of the board committees, the Company is not aware of any 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 2020/2021 Annual Report.

## REVIEW OF INTERIM REPORT

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

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

Hong Kong, 27 May 2022

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

*Executive Directors:*

Ms. Daisy Yeung  
Ms. Choi Suk Hing, Louisa  
Ms. Pearl Chan

*Independent Non-Executive Directors:*

Mr. Poon Yan Wai  
Ms. Wan Choi Ha  
Mr. Wong Tak Ming, Gary



## CORPORATE GOVERNANCE AND OTHER INFORMATION

This interim report (in both English and Chinese versions) is available to any shareholder of the Company either in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorCapital.com>). In order to protect the environment, the Company highly recommends 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's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com).