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

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

**ANNUAL RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

FINANCIAL SUMMARY	For the year ended	
	30 September	
<i>HK\$'000</i>	2019	2018
Total revenue	1,082,854	1,314,270
Financing	940,016	1,085,879
Brokerage	102,020	133,844
Placing & Underwriting	34,453	75,920
Corporate Finance	6,365	18,627
Net (loss)/profit		
Per reported	(258,706)	549,195
Adjusted ¹	630,578¹	754,773 ¹
Basic (loss)/earnings per share	HK(3.84) cents	HK8.15 cents

¹ Excluding aggregate impairment allowances on margin loans and, loans and advances, net of reversal, totalling approximately HK\$889.3 million (2018: HK\$205.6 million)

* for identification purpose only

The board of directors (the “Board” or the “Directors”) of Emperor Capital Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”), which is extracted from the audited consolidated financial statements, for the year ended 30 September 2019 (the “Year”) together with comparative figures for the corresponding year in 2018 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	4		
Commission and fee income		118,184	215,628
Interest income		964,670	1,098,642
		1,082,854	1,314,270
Other operating income		6,884	9,946
Impairment allowances, net of reversal	5	(889,284)	(205,578)
Staff costs		(98,999)	(121,642)
Commission expenses		(44,683)	(63,684)
Other expenses		(108,850)	(117,126)
Finance costs	6	(176,261)	(153,978)
Share of loss of an associate		(1,880)	(2,160)
(Loss) profit before taxation	7	(230,219)	660,048
Taxation	8	(28,487)	(110,853)
(Loss) profit for the year		(258,706)	549,195
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		(258,706)	549,195
(Loss) earnings per share			
Basic	10	HK(3.84) cents	HK8.15 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Property and equipment		9,306	7,387
Intangible assets		–	–
Interest in an associate		–	–
Amount due from an associate		3,435	5,315
Other assets		8,871	9,320
Loans and advances	<i>12</i>	419,757	279,297
Financial assets at fair value through other comprehensive income		–	–
Available-for-sale investment		–	–
Deferred tax assets		5,618	–
		<u>446,987</u>	<u>301,319</u>
Current assets			
Accounts receivable	<i>11</i>	3,428,457	5,524,233
Loans and advances	<i>12</i>	2,651,785	2,230,649
Other debtors, deposits and prepayments		10,403	30,125
Tax recoverable		27,338	–
Pledged bank deposits – general accounts		160,000	160,000
Bank balances and cash – segregated accounts		1,416,696	1,642,300
Bank balances and cash – general accounts		1,745,508	883,041
		<u>9,440,187</u>	<u>10,470,348</u>
Current liabilities			
Accounts payable	<i>13</i>	1,564,292	1,835,634
Other creditors and accrued charges		127,879	122,454
Tax liabilities		34,150	136,443
Short-term bank borrowings		231,173	460,225
Bonds issued		626,904	969,859
		<u>2,584,398</u>	<u>3,524,615</u>
Net current assets		<u>6,855,789</u>	<u>6,945,733</u>
Total assets less current liabilities		<u>7,302,776</u>	<u>7,247,052</u>
Non-current liabilities			
Bonds issued		2,186,640	1,815,181
Net assets		<u>5,116,136</u>	<u>5,431,871</u>
Capital and reserves			
Share capital	<i>14</i>	67,408	67,408
Reserves		5,048,728	5,364,463
Total equity		<u>5,116,136</u>	<u>5,431,871</u>

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND INTERPRETATIONS

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time in the current year which are relevant to the Group:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and measurement of share-based Payment Transactions
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, the application of the other amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 “Financial Instruments” (“HKFRS 9”) and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) expected credit losses (“ECL”) for financial assets and other items (for example contract assets (if any)); and (3) general hedge accounting.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND INTERPRETATIONS

(Continued)

HKFRS 9 “Financial Instruments” (Continued)

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 October 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 October 2018. The difference between carrying amounts as at 30 September 2018 and the carrying amounts as at 1 October 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement” (“HKAS 39”).

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 October 2018:

	Loans and advances <i>HK\$'000</i>	Accounts receivable <i>HK\$'000</i>	Deferred tax assets <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>
Closing balance at 30 September 2018				
— HKAS 39	2,509,946	5,524,233	—	2,153,247
Effect arising from initial application of HKFRS 9:				
Remeasurement				
Impairment allowances under ECL model	(5,184)	(11,381)	2,677	(13,888)
Opening balance at 1 October 2018				
— HKFRS 9	<u>2,504,762</u>	<u>5,512,852</u>	<u>2,677</u>	<u>2,139,359</u>

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND INTERPRETATIONS
(Continued)

HKFRS 9 “Financial Instruments” (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

Except for the above adjustments arising from ECL under HKFRS 9 as of 1 October 2018, there is no reclassification adjustment under HKFRS 9 except that the Group elected to present in other comprehensive income (“OCI”) for the fair value changes of an equity investment of HK\$ Nil previously classified as available-for-sale (“AFS”) equity investment. This investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$ Nil were reclassified from AFS investments to equity instruments at fair value through other comprehensive income (“FVTOCI”).

Notes:

(a) *Impairment under ECL model*

The following table reconciles the impairment allowances measured in accordance with HKAS 39 (under incurred loss model) as at 30 September 2018 to the new impairment allowances measured with HKFRS 9 (under ECL model) at 1 October 2018:

	Impairment allowances under HKAS 39 HK\$’000	Additional impairment allowances under remeasurement HK\$’000	Impairment allowances under HKFRS 9 HK\$’000
Loans and advances	33,634	5,184	38,818
Accounts receivable from secured margin clients arising from the business of dealing in securities	206,416	11,381	217,797
Total	240,050	16,565	256,615

Such amount represents the impairment under ECL model upon application of HKFRS 9.

Loss allowances for financial assets that are not the result of transactions within the scope of HKFRS 15, are measured on 12-month ECL (“12m ECL”) basis (“Stage 1”) as there had been no significant increase in credit risk since initial recognition, except for those loans and advances and accounts receivable from secured margin clients which are measured on lifetime ECL basis as those credit risk had increased significantly (“Stage 2”) or assessed to be credit-impaired (“Stage 3”) since initial recognition.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND INTERPRETATIONS (Continued)

HKFRS 9 “Financial Instruments” (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

Notes: (Continued)

(a) Impairment under ECL model (Continued)

As at 1 October 2018, the additional credit allowance of HK\$16,565,000 has been recognised against the retained profits. The additional impairment allowance is charged against the respective asset. Deferred tax assets of HK\$2,677,000 have been recognised for the additional loss allowance.

Based on the assessment performed on the date of initial application of HKFRS 9, the directors of the Company considered that the additional impairment allowances in relation to other long term assets, contract assets, other debtors and deposits, accounts receivable (except for accounts receivable from secured margin clients arising from the business of dealing in securities), amount due from an associate, bank balances and cash and pledged bank deposits are insignificant to the financial performance and position of the Group and hence have not been recorded due to being immaterial.

HKFRS 15 “Revenue from contracts with customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 October 2018. Any difference at the date initial application is recognised in the opening retained profits and comparative information has not been restated. The application of HKFRS 15 on 1 October 2018 has no material impact on the Group’s financial performance and positions at the initial application, and accordingly, there is no adjustment on the opening consolidated statement of financial position and consolidated statement of changes in equity.

The Group recognises revenue from the following major sources:

- Commission income on dealing in securities, futures and option contracts;
- Commission income on underwriting and placing and insurance brokerage and wealth management;
- Corporate financial advisory service fee; and
- Interest income from a financial asset (under HKFRS 9 as detailed previously)

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND INTERPRETATIONS

(Continued)

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

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective, which may be relevant to the Group:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁵
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting and replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND INTERPRETATIONS

(Continued)

HKFRS 16 “Leases” *(Continued)*

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows and operating cash flows respectively by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 September 2019, the Group has non-cancellable operating lease commitments of approximately HK\$18,371,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$3,620,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) — Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profit without restating comparative information.

3. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

For the year ended 30 September 2019

	Financing <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
Segment revenue — external customers						
Commission and fee income	—	77,366	34,453	6,365	—	118,184
Interest income	940,016	24,654	—	—	—	964,670
Inter-segment sales	305,391	—	20,000	3,505	(328,896)	—
	<u>1,245,407</u>	<u>102,020</u>	<u>54,453</u>	<u>9,870</u>	<u>(328,896)</u>	<u>1,082,854</u>

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Inter-segment sales are charged at prevailing market rates.

	Financing <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
RESULTS					
Segment results	<u>(189,435)</u>	<u>45,263</u>	<u>10,040</u>	<u>(3,965)</u>	<u>(138,097)</u>
Unallocated other operating income					230
Unallocated corporate expenses					
— Staff costs (including directors' remuneration but excluding staff commission expenses)					(53,142)
— Management fee to a related company					(263)
— Service charge to related companies					(15,921)
— Others					(21,146)
Share of loss of an associate					<u>(1,880)</u>
Loss before taxation					(230,219)
Taxation					<u>(28,487)</u>
Loss for the year					<u><u>(258,706)</u></u>

For the year ended 30 September 2018

	Financing <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
Segment revenue — external customers						
Commission and fee income	—	121,081	75,920	18,627	—	215,628
Interest income	1,085,879	12,763	—	—	—	1,098,642
Inter-segment sales	205,580	—	23,998	—	(229,578)	—
	<u>1,291,459</u>	<u>133,844</u>	<u>99,918</u>	<u>18,627</u>	<u>(229,578)</u>	<u>1,314,270</u>

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Inter-segment sales are charged at prevailing market rates.

	Financing <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
RESULTS					
Segment results	<u>664,794</u>	<u>64,391</u>	<u>37,796</u>	<u>3,820</u>	<u>770,801</u>
Unallocated other operating income					11
Unallocated corporate expenses					
— Staff costs (including directors' remuneration but excluding staff commission expenses)					(70,467)
— Management fee to a related company					(301)
— Service charge to related companies					(16,697)
— Others					(21,139)
Share of loss of an associate					<u>(2,160)</u>
Profit before taxation					660,048
Taxation					<u>(110,853)</u>
Profit for the year					<u>549,195</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies used in consolidated financial statements of the Group. Segment results represents the profit earned by each segment without allocation of central administration costs (including directors' remuneration and central administrative staff costs but excluding staff commission expenses), unallocated other operating income, management fee to a related company, service charge to related companies and share of loss of an associate. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment. No analysis of segment asset and segment liability is presented as the chief operating decision maker does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

3. SEGMENT INFORMATION (Continued)

Other segment information

	Financing <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Placing and underwriting <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 30 September 2019					
Additions of property and equipment	167	4,512	—	17	4,696
Depreciation of property and equipment	1,159	1,609	—	3	2,771
Impairment allowances on accounts receivable, net of reversal	511,918	—	—	—	511,918
Impairment allowances on loans and advances, net of reversal	377,366	—	—	—	377,366
Interest income	940,016	24,654	—	—	964,670
Finance costs	176,261	—	—	—	176,261
For the year ended 30 September 2018					
Additions of property and equipment	3,068	1,073	—	5	4,146
Depreciation of property and equipment	594	1,277	—	1	1,872
Impairment allowances on accounts receivable	203,416	—	—	—	203,416
Impairment allowances on loans and advances, net of reversal	2,162	—	—	—	2,162
Interest income	1,085,879	12,763	—	—	1,098,642
Finance costs	153,978	—	—	—	153,978

Geographical information

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

	Revenue	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong	1,075,106	1,299,234
United States	7,738	15,026
Others	10	10
	<u>1,082,854</u>	<u>1,314,270</u>

Information about major customer

For the years ended 30 September 2019 and 30 September 2018, there was no single customer who contributed 10% or more of the Group's revenue.

4. REVENUE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue (<i>notes (i) and (vii)</i>)		
Commission and fee income (<i>note (ii)</i>):		
Commission and fees income on dealing in securities (<i>note (iii)</i>)	58,753	93,745
Commission and fees income on dealing in futures and options contracts (<i>note (iii)</i>)	12,318	19,177
Commission from insurance brokerage and wealth management (<i>note (iii)</i>)	6,295	8,159
Corporate finance advisory services fee income (<i>note (iv)</i>)	6,365	18,627
Placing and underwriting commission (<i>note (v)</i>)	34,453	75,920
	<u>118,184</u>	<u>215,628</u>
Interest income:		
Interest income from margin and initial public offer financing (“IPO”) (<i>note (vi)</i>)	541,606	799,440
Interest income from loans and advances (<i>note (vi)</i>)	398,410	286,439
Interest income from bank deposits (<i>note (iii)</i>)	24,476	12,684
Others (<i>note (iii)</i>)	178	79
	<u>964,670</u>	<u>1,098,642</u>
	<u><u>1,082,854</u></u>	<u><u>1,314,270</u></u>

Notes:

(i) To better reflect the major revenue sources of the Group and its proportion to the total revenue, the Group has decided to present revenue items into two major categories: “Commission and fee income” and “Interest income” for the purpose of preparing the consolidated financial statements for the year ended 30 September 2019. Accordingly, comparative information has been re-arranged to conform to the current year’s presentation.

(ii) The commission and fee income is the only revenue arising under the scope of HKFRS 15, while interest income is under the scope of HKFRS 9.

Included in revenue, revenue arising from contract with customers recognised at a point in time and over time were HK\$111,819,000 and HK\$6,365,000, respectively.

All services provided to customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Amounts are reported under brokerage segment as set out in Note 3.

(iv) Amounts are reported under corporate finance segment as set out in Note 3.

4. REVENUE (Continued)

Notes: (Continued)

- (v) Amounts are reported under placing and underwriting segment as set out in Note 3.
- (vi) Amounts are reported under financing segment as set out in Note 3.
- (vii) Except for the amounts of commission and fee income on dealing in futures and options contracts of HK\$7,738,000 (2018: HK\$15,026,000) and HK\$6,000 (2018: HK\$5,000) respectively which are incurred from United States products trading and other overseas products trading respectively, and interest income from bank deposits of HK\$4,000 (2018: HK\$5,000) which are under other overseas locations, all other revenues from external customers are under Hong Kong operation as set out in Note 3.

5. IMPAIRMENT ALLOWANCES, NET OF REVERSAL

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Impairment allowances on:		
Accounts receivable	521,768	203,416
Loans and advances	379,594	2,196
Reversal of impairment allowances on:		
Accounts receivable	(9,850)	—
Loans and advances	(2,228)	(34)
	<u>889,284</u>	<u>205,578</u>

6. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on:		
Bank overdrafts and loans	10,553	31,176
Bonds issued	165,688	122,783
Others	20	19
	<u>176,261</u>	<u>153,978</u>

7. (LOSS) PROFIT BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Included in other expenses:		
Auditor's remuneration	2,425	2,200
Depreciation of property and equipment	2,771	1,872
Net exchange loss	810	51
Operating lease rentals in respect of		
— rented premises	16,856	16,453
— equipment	14,945	11,916
	<u> </u>	<u> </u>

8. TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current year:		
Hong Kong Profits Tax	28,806	110,931
PRC Enterprise Income Tax	122	52
Canada Income Tax	2,500	—
Overprovision in prior year:		
Hong Kong	—	(130)
Deferred tax:		
Current year	(2,941)	—
	<u> </u>	<u> </u>
	<u>28,487</u>	<u>110,853</u>

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

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Recognised as distribution:		
Interim dividend paid: Nil (2018: HK\$0.0221 per share)	—	148,973
Final dividend paid in respect of 2018: HK\$0.0064 per share (2018: HK\$0.0152 per share in respect of 2017)	43,141	102,461
	<u> </u>	<u> </u>
	<u>43,141</u>	<u>251,434</u>

The Directors did not recommend any payment of a final dividend for the year ended 30 September 2019 (2018: HK0.64 cent per share, approximately HK\$43,141,000 in aggregate).

10. (LOSS) EARNINGS PER SHARE

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	<u>(258,706)</u>	<u>549,195</u>
	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>6,740,846</u>	<u>6,740,846</u>
Basic (loss) earnings per share	<u>HK(3.84) cents</u>	<u>HK8.15 cents</u>

No diluted (loss) earnings per share for the years ended 30 September 2019 and 30 September 2018 were presented as there were no potential ordinary shares outstanding during the years.

11. ACCOUNTS RECEIVABLE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Accounts receivable from the business of dealing in securities:		
Clearing houses, dealers, brokers and cash clients	68,686	98,292
Secured margin loans	4,003,638	5,499,963
Accounts receivable from the business of dealing in futures contracts:		
Clearing houses and brokers	85,133	131,819
Accounts receivable from the business of corporate finance	<u>715</u>	<u>575</u>
	4,158,172	5,730,649
Less: Impairment allowances	<u>(729,715)</u>	<u>(206,416)</u>
	<u>3,428,457</u>	<u>5,524,233</u>

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

11. ACCOUNTS RECEIVABLE (Continued)

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 30 September 2019, accounts receivable from foreign brokers denominated in Australian dollar, Renminbi, Singapore dollar and United States dollar were approximately HK\$207,000 (2018: HK\$232,000), HK\$720,000 (2018: HK\$722,000), HK\$Nil (2018: HK\$146,000) and HK\$55,200,000 (2018: HK\$86,692,000) respectively.

As at 30 September 2019 and 30 September 2018, no individual account represented more than 10% of the total balance of accounts receivable.

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

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

	2019 <i>HK\$'000</i>
Past due:	
0–30 days	395
31–60 days	62
61–90 days	103
Over 90 days	347
	<hr/>
Accounts receivable which were past due	907
Accounts receivable which were not past due	153,627
	<hr/>
	154,534
	<hr/> <hr/>
	2018
	<i>HK\$'000</i>
Past due:	
0–30 days	403
31–60 days	105
61–90 days	309
Over 90 days	285
	<hr/>
Accounts receivable which were past due but not impaired	1,102
Accounts receivable which were neither past due nor impaired	229,584
	<hr/>
	230,686
	<hr/> <hr/>

12. LOANS AND ADVANCES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Fixed-rate loans receivable	3,269,090	2,524,430
Variable-rate loans receivable	<u>218,636</u>	<u>19,150</u>
	3,487,726	2,543,580
Less: Impairment allowances	<u>(416,184)</u>	<u>(33,634)</u>
	<u><u>3,071,542</u></u>	<u><u>2,509,946</u></u>
Analysed as:		
Current	2,651,785	2,230,649
Non-current	<u>419,757</u>	<u>279,297</u>
	<u><u>3,071,542</u></u>	<u><u>2,509,946</u></u>

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

	2019 <i>HK\$'000</i>
Fixed-rate loans receivable:	
Within one year	2,507,222
In more than one year but no more than five years	78,822
Over five years	<u>131,540</u>
	2,717,584
Past due	<u>135,322</u>
	<u><u>2,852,906</u></u>
Variable-rate loans receivable:	
Within one year	9,241
In more than one year but no more than five years	32,932
Over five years	<u>176,463</u>
	<u><u>218,636</u></u>

12. LOANS AND ADVANCES (Continued)

	2018 <i>HK\$'000</i>
Fixed-rate loans receivable:	
Within one year	2,034,038
In more than one year but no more than five years	90,384
Over five years	<u>180,267</u>
	2,304,689
Past due but not impaired	<u>186,107</u>
	<u><u>2,490,796</u></u>
Variable-rate loans receivable:	
Within one year	10,504
In more than one year but no more than five years	1,875
Over five years	<u>6,771</u>
	<u><u>19,150</u></u>

Note: As at 30 September 2018, included in the fixed-rate loans receivable were balances of approximately HK\$186,107,000 which had been past due but not impaired. Taking into account the creditworthiness of the borrowers, collateral value and executable subsequent settlement arrangements, the executive directors of the Company considered that no allowance for impairment was necessary as at 30 September 2018.

12. LOANS AND ADVANCES (Continued)

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

	2019	2018
Effective interest rates:		
Fixed-rate loans receivable	0.5% per month to 3.83% per month	0.19% per month to 3.83% per month
Variable-rate loans receivable	Prime rate -2.75% per annum to Prime rate per annum	Prime rate per annum to Prime rate +1% per annum

As at 30 September 2019, 156 (2018: 119) secured loans with the aggregate amount of approximately HK\$1,157,508,000 (2018: HK\$785,358,000) 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 (2018: 1 to 30 years). The remaining balance of the loans receivable amounting to approximately HK\$1,914,034,000 (2018: HK\$1,724,588,000) were provided to independent third parties of the Group, of which the loan amount of approximately HK\$948,774,000 (2018: HK\$886,388,000) 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 (2018: 1 to 30 years) from the respective loans' date of advance.

As at 30 September 2019 and 30 September 2018, each of the fixed-rate and variable-rate secured loans receivable represented less than 10% of the gross loans and advances balance.

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

13. ACCOUNTS PAYABLE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Accounts payable from the business of dealing in securities:		
Clearing houses and brokers	8,189	802
Margin and cash clients	1,390,735	1,591,776
Accounts payable from the business of dealing in futures contracts:		
Margin clients	165,368	243,056
	<u>1,564,292</u>	<u>1,835,634</u>

The settlement terms of accounts payable, except for margin clients, 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.

13. ACCOUNTS PAYABLE (Continued)

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\$1,416,696,000 and HK\$1,642,300,000 as at 30 September 2019 and 30 September 2018 respectively were payable to clients and other institutions in respect of the segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these accounts payable with the deposits placed.

As at 30 September 2019, accounts payable denominated in Australian dollar, Japanese Yen, United States dollar, Singapore dollar and Renminbi were approximately HK\$74,000 (2018: HK\$84,000), HK\$11,000 (2018: HK\$10,000), HK\$227,800,000 (2018: HK\$261,401,000), HK\$45,000 (2018: HK\$Nil) and HK\$23,168,000 (2018: HK\$19,012,000) respectively.

14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2018 and 30 September 2019	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1 October 2018	<u>6,740,846</u>	<u>67,408</u>
At 30 September 2019	<u>6,740,846</u>	<u>67,408</u>

15. FAIR VALUE MEASUREMENT ON FINANCIAL INSTRUMENTS

The executive directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective reporting period ends approximate their corresponding fair values.

MANAGEMENT DISCUSSION & ANALYSIS

Established in 1993, the Group is a renowned Hong Kong based financial institution providing a wide range of financial services including (i) 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 successfully transformed into an interest income based financial institution and diversified its income streams. The core strength of the Group lies in its robust business model, with diverse businesses to withstand increasingly complex market conditions. The Group currently operates 4 branches in Hong Kong, and 3 liaison offices in mainland China.

MARKET REVIEW

The Year was challenging. US-China trade war disputes made it harder to assess the global economic outlook, which in turn adversely affected the general business environment and investor sentiment. With additional uncertainties surrounding Brexit and currency crises in emerging markets, the development of the global economy was hindered.

A weaker Renminbi and intensifying control of outbound capital flows reduced appetites for outbound investment of mainland investors. Especially since June 2019, the persistent local protests and relentless social unrest campaigns resulted in unfavourable investment sentiment in the local property market and other sectors, weighing on the Hong Kong and mainland China economies, and further deterring investors. With reduced clarity regarding both regional and global outlooks, the Hong Kong financial market became very volatile. During the Year, the Hang Seng Index dropped by more than 6%, and closed at 26,092 on 30 September 2019.

FINANCIAL REVIEW

Overall Review

During the Year, against the backdrop of the unfavourable market situation, the Group's revenue decreased to HK\$1,082.9 million (2018: HK\$1,314.3 million). The loss for the year attributable to owners of the Company was HK\$258.7 million (2018: profit of HK\$549.2 million), which was mainly due to the downward adjustment in revenue across all business segments, and the recognition of impairment allowances for margin loans as well as loans and advances, net of reversal ("Impairment Allowances"). The Impairment Allowances of approximately HK\$889.3 million were mainly made on certain clients, after reviewing their accounts portfolio and financial positions. Excluding the Impairment Allowances, the Group's adjusted profit decreased by 16.5% to HK\$630.6 million (2018: HK\$754.8 million). Basic loss per share was HK3.84 cents (2018: basic earnings per share of HK8.15 cents).

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 30 September 2019, the Group's current assets and current liabilities were HK\$9,440.2 million (as at 30 September 2018: HK\$10,470.3 million) and HK\$2,584.4 million (as at 30 September 2018: HK\$3,524.6 million), respectively. As at 30 September 2019, aggregate of bank balances, cash and pledged bank deposits of the Group amounted to HK\$1,905.5 million (as at 30 September 2018: HK\$1,043.0 million), which were mainly denominated in Hong Kong dollar ("HK\$").

During the Year, the Group entered into a placing agreement for placing of bonds with an aggregate amount of up to HK\$500.0 million on or before 31 January 2019, which was subsequently extended to 30 April 2019. The bonds are 3-year unsecured bonds denominated in HK\$, bearing interest at 5.25% per annum payable annually in arrears. Before 30 April 2019, an aggregate principal amount of HK\$500.0 million of bonds were fully placed and issued in 5 tranches.

During the Year, the Group has entered into another placing agreement for placing of bonds with an aggregate principal amount of up to HK\$500.0 million on or before 30 September 2019, which are 3-year unsecured bonds denominated in HK\$, bearing interest at 5.25% per annum payable annually in arrears. Before 30 September 2019, an aggregate principal amount of HK\$500.0 million of bonds were fully placed and issued in 4 tranches.

The net proceeds from the above 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 repayment of loans and borrowings.

As at 30 September 2019, the total carrying amount of the Company's outstanding bonds was approximately HK\$2,813.5 million (as at 30 September 2018: HK\$2,785.0 million). Principal amounts of HK\$ bonds and United States dollar ("US\$") bonds were HK\$2,802.2 million and US\$3.3 million (equivalent to approximately HK\$25.6 million) respectively. With maturity dates falling within 2019 and 2022, the HK\$ bonds carry coupon rates ranging between 5.0% and 5.25% per annum, whilst the US\$ bonds carry coupon rates between 4.5% and 4.75% per annum.

As at 30 September 2019, short-term bank borrowings of the Group decreased to HK\$231.2 million (as at 30 September 2018: HK\$460.2 million). 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\$3,044.7 million (as at 30 September 2018: HK\$3,245.3 million), with a gearing ratio of 59.5% (as at 30 September 2018: 59.7%; calculated as a percentage of total borrowings over total equity of the Group). The Group did not have any material foreign exchange exposure as at 30 September 2019.

With the Group's sufficient bank balances and cash, its available unutilised banking facilities of HK\$2,722.8 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 30 September 2019, bank deposit of the Group with aggregate carrying amount of HK\$160.0 million (as at 30 September 2018: HK\$160.0 million) was pledged to a bank as security for banking facilities.

BUSINESS REVIEW

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.

Fluctuations in the local stock and property markets have influenced the demand for the Group's loans and financing services as well as its performance. During the Year, the segment's revenue decreased by 13.4% to HK\$940.0 million (2018: HK\$1,085.9 million), accounting for 86.8% (2018: 82.6%) of the Group's total revenue.

With the volatile global financial markets and unfavourable business environment during the Year, the Group exerted considerable efforts to reinforce its risk management and strengthen its capital management. The Group has implemented stricter scrutiny of loan approval procedures, and adjusted the interest charge and loan-to-value ratio as appropriate. Legal proceedings have been initiated in response to the significant amount of Impairment Allowances during the Year.

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. As at 30 September 2019, the Group operated 4 branches in Hong Kong, covering key commercial and popular residential areas with high pedestrian flow. The Group also runs 3 liaison offices, in Beijing, Shanghai and Guangzhou. In addition to the branches, the Group offers web-based and mobile trading platforms which enable real-time transaction and investment portfolio monitoring. During the Year, revenue from brokerage services decreased to HK\$102.0 million (2018: HK\$133.8 million), mainly attributable to the sluggish investment sentiment. The segment accounted for 9.4% (2018: 10.2%) of total revenue.

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.

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 Year, the Group participated in a number of primary and secondary market financing projects. Revenue from the placing and underwriting segment was HK\$34.5 million (2018: HK\$75.9 million), accounting for 3.2% (2018: 5.8%) of total revenue.

During the Year, the Group acted as the Lead Manager and Sole Bookrunner in the IPO of Metropolis Capital Holdings Limited (Stock Code: 8621) which was listed on the GEM of the Stock Exchange in December 2018. The Group also acted as the Joint Lead Manager and Underwriter in the IPO of Design Capital Limited (Stock Code: 1545) which was listed on the Main Board of the Stock Exchange in April 2019.

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 Year. Revenue from the corporate finance segment was HK\$6.4 million (2018: HK\$18.6 million), accounting for 0.6% (2018: 1.4%) of total revenue.

During the Year, the Group acted as the Sole Sponsor in the reverse takeover and public offer of Da Yu Financial Holdings Limited (Stock Code: 1073; formerly known as China Agrotech Holdings Limited), which resumed its listing and trading of shares on the Main Board of the Stock Exchange in July 2019.

OUTLOOK

Overall foreign direct investment in China rose by 2.9% in the first three quarters of 2019, compared to the same period last year. Two thirds of the overall investment was from Hong Kong, with investment via Hong Kong even increasing by 8.1%, showing Hong Kong remains the key gateway for investment into China. By capitalising on its unique competitive advantages of the HK\$ being pegged to the US\$ plus free capital mobility, Hong Kong continues to be a key financial hub in China. With the development of the Greater Bay Area, Hong Kong will fully leverage its strengths as an international financial centre, and further enhance its role and support the economic development of the region. The Group views Hong Kong's position will remain resilient in the long-term, regardless of the currently challenging external environment.

The local government's policy address included several relief measures to solve the city's housing problems, by raising the mortgage cap for first-time buyers from October 2019. Coupled with the Hong Kong Monetary Authority subsequently proposing a base lending rate cut by 25 basis points, this measure will stimulate property transactions. In view of the growing demand for property mortgages, the Group will deploy more resources for seizing this market potential. Meanwhile, the Group will adopt a very prudent approach, and further strengthen its credit control measures to minimise potential risks posed to the Group.

With its integrated business model and diversification strategies, the Group can meet customers' demands amidst the volatile economic environment. The Group is well poised to seize development opportunities, whilst endeavouring to maintain steady development of its businesses.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had 80 (2018: 98) account executives and 162 (2018: 191) employees. Total staff costs (including directors' remuneration) were approximately HK\$99.0 million (2018: HK\$121.6 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 26 January 2017, particulars of which will be set out in the section headed "Share Options" of the annual report of the Company.

FINAL DIVIDEND

The Board did not recommend any payment of a final dividend for the year ended 30 September 2019 (2018: HK0.64 cent per share).

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 September 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee, which comprises the three independent non-executive directors of the Company, had reviewed the Group's audited consolidated financial statements for the year ended 30 September 2019 in conjunction with the Group's auditors, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 30 September 2019 and results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied throughout the Year 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 (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 of authority on the Board and believes the current structure (having strong independent elements in the Board, delegation of authorities to the management, supervision by the Board and Board committees) can properly address the potential issue on power concentration. All Directors, who bring different experience and expertise to the Company, are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. 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 its own code of conduct regarding securities transactions (“ECG Securities Code”) on no less exacting terms than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 of the Listing Rules. 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 and ECG Securities Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.emperorcapiatal.com>). The annual report will be despatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 12 December 2019

As at the date hereof, the Board comprises:

Executive Directors:

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

Independent Non-Executive Directors:

Mr. Chu Kar Wing
Mr. Poon Yan Wai
Ms. Wan Choi Ha