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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)

SHARE SUBSCRIPTION UNDER GENERAL MANDATE

On 18 May 2016 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 380,000,000 Subscription Shares at the Subscription Price of HK\$0.66 per Subscription Share.

The Subscriber is a company incorporated under the laws of the British Virgin Islands, whose principal business is investment holding and is a wholly-owned subsidiary of China Huarong International Holdings Limited, which in turn is an indirect subsidiary of China Huarong Asset Management Co., Ltd., a listed company on the Main Board of the Stock Exchange (stock code: 2799) and one of the largest financial asset management companies in China.

The Subscription Shares represent approximately 6.61% of the existing issued Shares of 5,747,945,724 Shares as at the date of this announcement and approximately 6.20% of the issued Shares of 6,127,945,724 Shares as enlarged by the issue of the Subscription Shares (assuming no issue or repurchase of Shares other than the issue of the Subscription Shares). The Subscription Shares to be subscribed under the Subscription Agreement will be issued under the General Mandate.

The Subscription Price represents (i) a discount of approximately 1.49% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on 18 May 2016, being the date of this announcement and the date of the Subscription Agreement; and (ii) a discount of approximately 0.6% to the average closing price of approximately HK\$0.664 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement.

* *for identification purposes only*

The estimated aggregate gross and net proceeds of the Subscription will be approximately HK\$250.8 million, and are intended to be used for expansion of the money lending businesses of the Group, which include commercial and personal lending as well as margin and IPO financing, and repayment of outstanding loans.

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement and therefore, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 18 May 2016 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 380,000,000 Subscription Shares at the Subscription Price of HK\$0.66 per Subscription Share.

Set out below is a summary of the principal terms of the Subscription Agreement:

THE SUBSCRIPTION AGREEMENT

Date : 18 May 2016 (after trading hours)

Parties : (a) The Company
(b) The Subscriber

The Subscriber is a company incorporated under the laws of the British Virgin Islands, whose principal business is investment holding and is a wholly-owned subsidiary of China Huarong International Holdings Limited, which in turn is an indirect subsidiary of China Huarong Asset Management Co., Ltd., a listed company on the Main Board of the Stock Exchange (stock code: 2799) and one of the largest financial asset management companies in China. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and the ultimate beneficial owners of its substantial shareholders are Independent Third Parties, and the Subscriber and its associates in aggregate holds 229,914,000 Shares (representing approximately 4% of the existing issued Shares of the Company) as at the date of this announcement.

It is expected that the Subscriber will not become a substantial Shareholder of the Company immediately after the Subscription.

Number of Subscription Shares

The Subscription Shares represent approximately 6.61% of the existing issued Shares of 5,747,945,724 Shares as at the date of this announcement and approximately 6.20% of the issued Shares of 6,127,945,724 Shares as enlarged by the issue of the Subscription Shares (assuming no issue or repurchase of Shares other than the issue of the Subscription Shares). The Subscription Shares to be subscribed under the Subscription Agreement will be issued under the General Mandate. The aggregate nominal value of the Subscription Shares is HK\$3,800,000.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares then in issue.

Subscription Price

The Subscription Price for the Subscription Shares is HK\$0.66 per Subscription Share and represents:–

- (i) a discount of approximately 1.49% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on 18 May 2016, being the date of this announcement and the date of the Subscription Agreement; and
- (ii) a discount of approximately 0.6% to the average closing price of approximately HK\$0.664 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in the Subscription Shares;
- (ii) the Company having obtained all necessary approvals from the Shareholders and/or the Stock Exchange in accordance with the Listing Rules and other applicable laws; and
- (iii) the warranties as stated in the Subscription Agreement remaining true, accurate and not misleading in all respects.

If any of the above conditions is not fulfilled on or before 15 June 2016 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise apart from any antecedent breaches of any provisions hereof.

Completion of the Subscription

Completion of the Subscription Agreement shall take place within 10 Business Days after the Subscriber's receipt of the notice from the Company confirming the fulfilment of the conditions as set out in the Subscription Agreement or such other date as the Company and the Subscriber may agree.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Subscription Shares.

General Mandate to issue the Subscription Shares

Under the General Mandate, the Company is authorized to issue up to 1,149,589,144 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The Subscription Shares will be issued under the General Mandate and is not subject to approval of the Shareholders.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription are set out below:

	As at the date of this announcement		Immediately upon completion of the Subscription	
	Number of Shares	%	Number of Shares	%
Emperor Capital Holdings (<i>Note 1</i>)	2,545,309,360	44.28	2,545,309,360	41.54
Ms. Daisy Yeung (<i>Note 2</i>)	18,000,000	0.31	18,000,000	0.29
Mr. Chan Shek Wah (<i>Note 2</i>)	20,457,000	0.36	20,457,000	0.33
Ms. Choi Suk Hing, Louisa (<i>Note 2</i>)	4,680,000	0.08	4,680,000	0.08
Ms. Pearl Chan (<i>Note 2</i>)	2,925,000	0.05	2,925,000	0.05
Public Shareholders	3,156,574,364	50.92	3,156,574,364	47.76
The Subscriber	229,914,000	4.00	609,914,000	9.95
Total	<u>5,747,945,724</u>	<u>100.00</u>	<u>6,127,945,724</u>	<u>100.00</u>

Notes:

- Such Shares are beneficially held by Emperor Capital Holdings, which is indirectly owned by AY Trust of which Ms. Daisy Yeung is one of the eligible beneficiaries and has deemed interest in such Shares
- Ms. Daisy Yeung, Mr. Chan Shek Wah, Ms. Choi Suk Hing, Louisa and Ms. Pearl Chan are Directors.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Set out below are the equity fund raising activities of the Company during the past 12 months immediately preceding date of this announcement:

Date of announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds (approximately)
26 March 2015	Rights issue on the basis of one rights share for every two Shares at the subscription price of HK\$0.5 per rights share which was completed in June 2015	HK\$651.2 million	Expansion of the existing businesses of the Company especially for the money lending business and asset management business; repayment of outstanding loans; general working capital and to finance any future business opportunities to be identified by the Company	Use as intended
26 March 2015	Placing of 1,300,000,000 new Shares at the placing price of HK\$0.5 per placing share which was completed in June 2015	HK\$630.3 million	Expansion of the existing businesses of the Company especially for the money lending business and asset management business; repayment of outstanding loans; general working capital and to finance any future business opportunities to be identified by the Company	Use as intended
7 July 2015	Subscription of 222,000,000 new Shares and placing of 278,000,000 new Shares at the price of HK\$0.88 per Share which were completed in July 2015	HK\$432.6 million	Expansion of the existing businesses of the Company especially for the money lending business and repayment of outstanding loans	Use as intended

Save as disclosed herein, the Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION

The principal business activity of the Company is investment holding and its subsidiaries are principally engaged in the provision of financial services in Hong Kong, 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 group company of the Subscriber is one of the largest financial asset management companies in China. The Board considers that the Subscription not only strengthens the shareholders’ portfolio of the Company, but also provides further funding to support the Company’s continuous development and business growth.

In view of net proceeds of approximately HK\$250.8 million will be raised from the Subscription, the Directors also consider that the Subscription Agreement will serve to facilitate the Company to continue its expansion plan of the money lending business and strengthen the financial position of the Group. Hence, the Board considers that fund raising through the Subscription is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and net proceeds of the Subscription will be HK\$250.8 million, and are intended to be used for expansion of the money lending businesses of the Group, which include commercial and personal lending as well as margin and IPO financing, and repayment of outstanding loans.

WARNING OF THE RISKS OF DEALING IN THE SECURITIES OF THE COMPANY

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement and therefore, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert, of which Ms. Daisy Yeung (the Managing Director of the Company) is one of the eligible beneficiaries
“Board”	the board of Directors

“Business Day(s)”	any day (excluding Saturdays and Sundays and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Company”	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	Director(s) of the Company
“Emperor Capital Holdings”	Emperor Capital Group Holdings Limited, being the controlling shareholder of the Company and a company indirectly owned by the AY Trust
“General Mandate”	the general mandate granted to the Board pursuant to the resolution passed by the Shareholders at the annual general meeting of the Company held on 28 January 2016 to allot, issue and deal with up to 20% of the then issued shares of the Company (being 5,747,945,724 Shares) as at the date of passing such resolution, which is equivalent to 1,149,589,144 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of and not connected with the Company and connected person(s) of the Company
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Bonanaz Network Limited, an Independent Third Party and a company incorporated in the British Virgin Islands
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on 18 May 2016 (after trading hours) in respect of the Subscription
“Subscription Price”	HK\$0.66 per Subscription Share
“Subscription Shares”	the 380,000,000 new Shares to be allotted and issued by the Company to the Subscriber or its nominees pursuant to the terms and conditions of the Subscription Agreement
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers
“%”	per cent

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

Hong Kong, 18 May 2016

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

Executive Directors:

Ms. Daisy Yeung
Mr. Chan Shek Wah
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan

Independent Non-Executive Directors:

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