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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)

CONTINUING CONNECTED TRANSACTIONS

PROVISION OF FINANCIAL SERVICES

The term of the Previous Financial Services Agreement dated 4 March 2008 will expire on 31 March 2010. Pursuant to the Previous Financial Services Agreement, The Group provides financial services to the Yeung Family and the Emperor Group in accordance with the terms and conditions thereof. In order for the Group to continue to provide such financial services to the Yeung Family and the Emperor Group, the Company entered into (i) the Yeung Financial Services Agreement; and (ii) the Emperor Group Financial Services Agreement with the relevant parties on 26 March 2010.

The Yeung Family and the Emperor Group are connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Yeung Financial Services Agreement and the Emperor Group Financial Services Agreement constitute continuing connected transactions of the Company.

The applicable percentage ratios calculated with reference to both Yeung Proposed Annual Caps and Emperor Group Proposed Annual Caps exceed 2.5%, and the annual amounts exceeds HK\$10 million. Accordingly, the Yeung Financial Services Agreement, Emperor Group Financial Services Agreement, Yeung Proposed Annual Caps and the Emperor Group Proposed Annual Caps are subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

A circular containing, amongst others, the details of the Yeung Financial Services Agreement, the Emperor Proposed Group Financial Services Agreement, the Yeung Proposed Annual Caps and the Emperor Group Annual Caps, a letter of advice from the independent financial adviser, a letter of recommendation from the Independent Board Committee, together with a notice convening the SGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

BACKGROUND

The term of the Previous Financial Services Agreements dated 4 March 2008 will expire on 31 March 2010. Pursuant to the Previous Financial Services Agreements, The Group provides financial services to the Yeung Family and the Emperor Group in accordance with the terms and conditions thereof. In order for the Group to continue to provide such financial services to the Yeung Family and the Emperor Group, the Company entered into (i) the Yeung Financial Services Agreement; and (ii) the Emperor Group Financial Services Agreement with the relevant parties on 26 March 2010.

THE YEUNG FINANCIAL SERVICES AGREEMENT

Pursuant to the Yeung Financial Services Agreement dated 26 March 2010 entered into between the Company and Ms. Daisy Yeung, the Group has agreed to (i) provide financial services including brokerage services for securities, futures and options trading; (ii) provide margin loans to the Yeung Family; and (iii) provide IPO loans to the Yeung Family from time to time on normal commercial terms and at rates no more favourable than those available to other Independent Third Parties commencing from 1 April 2010 up to 30 September 2012. Items (i), (ii) and (iii) are collectively referred to as the “Yeung Financial Services”. Detailed rates and payment terms will be specified in the individual contracts governing the particular transactions. Under the Yeung Financial Services Agreement, the Group has also agreed to pay commission and fee to the Yeung Family for their acting as placees for the securities underwritten or placed by the Group on normal commercial terms and at rates no more favourable to the Yeung Family than rates charged by other Independent Third Parties. Detailed rates and payment terms will be specified in the individual contracts governing the particular transactions.

In determining the annual caps under the Yeung Financial Services Agreement, the Directors have categorized the transactions under the Yeung Financial Services Agreement into four types:

- (i) commission, brokerage and interest income to be received from the Yeung Family for the Group's provision of the Yeung Financial Services;
- (ii) margin loans to be provided to the Yeung Family;
- (iii) IPO loans to be provided to the Yeung Family; and
- (iv) commission and fee to be paid to the Yeung Family for their acting as places for securities underwritten or placed by the Group.

Yeung Previous Annual Caps

Set out below are the Yeung Previous Annual Caps obtained for the Yeung Financial Services Agreement:

	Yeung Previous Annual Caps		
	For the financial year		
	ending 31 March		
	2008	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin IPO financings from the Yeung Family	5,000	7,200	10,500
(ii) Maximum margin loan amount to the Yeung Family	32,600	34,200	35,900
(iii) Maximum IPO loan amount to the Yeung Family	209,200	209,200	209,200
(iv) Commission and fee payment to the Yeung Family	180	210	220
	<hr/>	<hr/>	<hr/>
Total	<u>246,980</u>	<u>250,810</u>	<u>255,820</u>

Historical transactions amounts

Set out below are the historical transaction amounts between the Yeung Family and the Group for the two years ended 31 March 2009 and the six months ended 30 September 2009:

	For the year ended		For the six
	31 March		months ended
	2008	2009	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin IPO financings from the Yeung Family	3,203	1,476	1,094
(ii) Maximum margin loan amount to the Yeung Family	13,313	33,920	9,363
(iii) Maximum IPO loan amount to the Yeung Family	36,781	32,309	207,638
(iv) Commission and fee payment to the Yeung Family	nil	nil	108

Yeung Proposed Annual Caps

Set out below are the Yeung Proposed Annual Caps for The Yeung Financial Services Agreement:

	Yeung Proposed Annual Caps For the financial year ending 30 September		
	2010	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note)</i>		
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin IPO financings from the Yeung Family	10,500	10,500	10,500
(ii) Maximum margin loan amount to the Yeung Family	40,000	40,000	40,000
(iii) Maximum IPO loan amount to the Yeung Family	250,000	250,000	250,000
(iv) Commission and fee payment to the Yeung Family	500	500	500
Total	<u>301,000</u>	<u>301,000</u>	<u>301,000</u>

Note: The financial year end of the Company has been changed from 31 March to 30 September, details of which are stated in the announcement of the Company dated 25 March 2009. The above cap amount includes the amount paid/received by the Group during 1 October 2009 to 31 March 2010 pursuant to the Previous Financial Services Agreements.

In determining the Yeung Proposed Annual Caps for the transactions contemplated under the Yeung Financial Services Agreement, the following principal factors have been taken into consideration:

(i) *Commission and interest income from the Yeung Family*

- the monthly growth rate of the Group’s commission and brokerage income from dealings in securities, futures and options and interest income from margin and IPO financings from 1 October 2008 to 28 February 2010;
- the expected interest income from IPO financing to be advanced to the Yeung Family for the three financial years ending 30 September 2012.

(ii) *Maximum margin loan amounts to the Yeung Family*

- the monthly growth rate of the Group’s interests income from margin and IPO loans from 1 October 2008 to 28 February 2010; and
- the highest amount of margin loans advanced to the Yeung Family for the six months period from 1 April 2009 to 30 September 2009 and the two years ended 31 March 2009.

(iii) *IPO financing to the Yeung Family*

- the monthly growth rate of the Group’s interests income from margin and IPO loans from 1 October 2008 to 28 February 2010; and
- the highest of the historical maximum amount of IPO loan advanced to the Yeung Family for the two years ended 31 March 2009 and the six months ended 30 September 2009.

(iv) *Commission and fee payment payable to the Yeung Family*

- the amount of commission and fee paid to the Yeung Family by the Group for them acting as placees of the securities underwritten by the Group during the period from 1 October 2009 to 28 February 2010;
- the amount of Group’s placing and underwriting expenses with reference for the period from 1 October 2009 to 28 February 2010;

- the increasing opportunities for the Group being the placing agent, underwriter or sub-underwriter for securities in view of the recent market sentiment; and
- the increasing placing opportunities which the Yeung Family will be interested to participate.

EMPEROR GROUP FINANCIAL SERVICES AGREEMENT

Pursuant to the Emperor Group Financial Services Agreement dated 26 March 2010 entered into between the Company and EIHL, the Group has agreed to (i) provide financial services including brokerage services for securities, futures and options trading and act as placing agent, underwriter or sub-underwriter for the listed members of the Emperor Group; (ii) provide margin loans to the Emperor Group; and (iii) provide IPO loan to the Emperor Group from time to time on normal commercial terms and at rates no more favourable than those available to other Independent Third Parties commencing from 1 April 2010 up to 30 September 2012. Items (i), (ii) and (iii) are collectively referred to as the “Emperor Group Financial Services”. Detailed rates and payment terms will be specified in the individual contracts governing the particular transactions.

In determining the annual caps under the Emperor Group Financial Services Agreement, the Directors have categorized the transactions under the Emperor Group Financial Services Agreement into three types:

- (i) commission, brokerage and interest income to be received from the Emperor Group for the Group’s provision of the Emperor Group Financial Services;
- (ii) margin loans to be provided to the Emperor Group; and
- (iii) IPO loans to be provided to the Emperor Group.

Emperor Group Previous Annual Caps

Set out below are the Emperor Group Previous Annual Caps obtained for the Emperor Group Financial Services Agreement:

	Emperor Group Previous Annual Caps For the financial year ending 31 March		
	2008	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin IPO financings from the Emperor Group	4,100	4,100	4,100
(ii) Maximum margin loan amount to the Emperor Group	1,600	1,600	1,600
(iii) Maximum IPO loan amount to the Emperor Group	2,500	2,500	2,500
Total	<u>8,200</u>	<u>8,200</u>	<u>8,200</u>

Historical transactions amounts

Set out below are the historical transaction amounts between the Emperor Group and the Group for the two years ended 31 March 2009 and the six months ended 30 September 2009:

	For the year ended 31 March		For the six months ended
	2008	2009	30 September 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin IPO financings from the Emperor Group	141	nil	2
(ii) Maximum margin loan amount to the Emperor Group	nil	nil	nil
(iii) Maximum IPO loan amount to the Emperor Group	nil	nil	nil

Emperor Group Proposed Annual Caps

Set out below are the Emperor Group Proposed Annual Caps for the Emperor Group Financial Services Agreement:

	Emperor Group Proposed Annual Caps For the financial year ending 30 September		
	2010	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note)</i>		
(i) Commission and brokerage on dealing in securities, futures and options trading and interest income from margin IPO financings from the Emperor Group	8,000	9,000	10,000
(ii) Maximum margin loan amount to the Emperor Group	1,600	1,600	1,600
(iii) Maximum IPO loan amount to the Emperor Group	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Total	<u><u>12,100</u></u>	<u><u>13,100</u></u>	<u><u>14,100</u></u>

Note: The financial year end of the Company has been changed from 31 March to 30 September, details of which are stated in the announcement of the Company dated 25 March 2009. The above cap amount includes the amount paid/received by the Group during 1 October 2009 to 31 March 2010 pursuant to the Previous Financial Services Agreements.

In determining the Emperor Group Proposed Annual Caps for the transactions contemplated under the Emperor Group Financial Services Agreement, the following principal factors have been taken into consideration:

(i) *Commission and interest income from the Emperor Group*

- the Group has been acting as placing agents for the listed companies of the Emperor Group and the amount of commission income for placing, underwriting and sub-underwriting services to be provided to the Emperor Group is expected to increase as it is anticipated that there will be an increase in number of fund raising exercise to be carried out by the listed members of the Emperor Group and there will be increase in the amount of fund raised in light of the recent market sentiments;
- the amount of the Group's commission income for placing, underwriting and sub-underwriting services to be provided to the Emperor Group for the period from 1 October 2008 to 28 February 2010;
- the expected interest income from IPO loans with reference to the expected amount of IPO loans to be advanced to the Emperor Group for each of the three years ending 30 September 2012.

(ii) *Maximum margin loans amounts to the Emperor Group*

- the annual amount for the year ending 31 March 2010 under the Previous Annual Caps obtained under the Emperor Group Financial Services Agreement for will remain applicable, and it is expected that the same amount will be sufficient for the two years ending 30 September 2012 as the trading activities of the Emperor Group have been stable throughout the years.

(iii) *IPO financing to the Emperor Group*

- the annual amount for the year ending 31 March 2010 under the Previous Annual Caps obtained under the Emperor Group Financial Services Agreement will remain applicable and it is expected that the same amount will be sufficient for each of the three years ending 30 September 2012 as the trading activities of the Emperor Group have been stable throughout the years.

REASONS FOR THE PROPOSED FINANCIAL SERVICES AGREEMENTS

The Company is an investment company and its subsidiaries are principally engaged in the provision of financial services in Hong Kong, including (i) brokerage services for securities, futures and options, (ii) providing margin and IPO financings as well as loans and advances to its clients, and (iii) corporate finance advisory and wealth management services.

The Directors consider that under the recovery of the economy and securities market after the financial tsunami, the entering into of the Yeung Financial Services Agreement and the Emperor Group Financial Services Agreement allow the flexibility of the Group to continue to provide the financial services to the Yeung Family and the Emperor Group which is in line with the dedication of the Group in expanding its business. The Directors consider that the Yeung Financial Services Agreement and the Emperor Group Financial Services Agreement are on normal commercial terms, in the ordinary course of business of the Group, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Ms. Daisy Yeung is the managing director of the Company and other members of the Yeung Family are defined as her associates under the Listing Rules. As such, the transactions contemplated under the Yeung Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratios calculated with reference to the Yeung Proposed Annual Caps exceed 2.5%, and the annual amount exceeds HK\$10 million. Accordingly, the Yeung Financial Services Agreement and the Yeung Proposed Annual Caps are subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The Company is owned as to approximately 46.20% indirectly by the Albert Yeung Discretionary Trust, a discretionary trust of which Dr. Yeung Sau Shing, Albert is a founder. Dr. Yeung is a member of the Yeung Family and he is deemed to be a controlling shareholder of the Company. Dr. Yeung is also deemed as a controlling shareholder of EIHL. As such, the Emperor Group is defined as connected person under 14A of the Listing Rules. EIHL is an investment holding company and its subsidiaries are principally engaged in property investment and development as well as hotel operation.

The applicable percentage ratios calculated with reference to the Emperor Group Proposed Annual Caps exceed 2.5%, and the annual amount exceeds HK\$10 million. Accordingly, the Emperor Group Financial Services Agreement and the Emperor Group Proposed Annual Caps are subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

A circular containing, amongst others, the details of the Yeung Financial Services Agreement, the Emperor Proposed Group Financial Services Agreement, the Yeung Proposed Annual Caps and the Emperor Group Annual Caps, a letter of advice from the independent financial adviser, a letter of recommendation from the Independent Board Committee, together with a notice convening the SGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“associate”	has the meaning ascribed thereto under the Listing Rules
“Agreements”	the Yeung Financial Services Agreement and the Emperor Group Financial Agreement
“Company”	Emperor Capital Group Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EIHL”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda, the shares of which are listed on the Stock Exchange under stock code 163
“Emperor Group”	EIHL, its subsidiaries and associates
“Emperor Group Financial Services Agreement”	an agreement dated 26 March 2010 entered into between the Company and EIHL in relation to the financial services to be provided by the Group to the Emperor Group
“Emperor Group Previous Annual Caps”	the previously obtained annual caps of the transactions contemplated under the previous Emperor Group Financial Services Agreement for the three years ending 31 March 2010
“Emperor Group Proposed Annual Caps”	The annual caps for the transactions contemplated under the Emperor Group Financial Services Agreement for each of the three years ending 30 September 2012

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People Republic of China
“Independent Shareholders”	Shareholders other than Ms. Daisy Yeung and her associates
“Independent Third Parties”	independent third parties who are not connected persons of the Company as defined in the Listing Rules and are independent of the Company and the connected persons of the Company
“IPO”	initial public offering
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Previous Financial Services Agreements”	the agreement dated 4 March 2008 entered into between the Company and EIHL to extend and revise the terms of the Emperor Group Financial Services Agreement and agreement dated 2 April 2007 entered into between the Company and Ms. Daisy Yeung in relation to the financial services to be provided by the Group to the Yeung Family
“SGM”	the special general meeting of the Company to be convened to consider and approve, if thought fit, the Yeung Financial Services Agreement, the Yeung Proposed Annual Caps, the Emperor Group Financial Services Agreement and the Emperor Group Proposed Annual Caps
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yeung Family”	Ms. Daisy Yeung, the managing director of the Company, and her associates
“Yeung Financial Services Agreement”	an agreement dated 26 March 2010 entered into between the Company and Ms. Daisy Yeung in relation to the financial services to be provided by the Group to the Yeung Family
“Yeung Previous Annual Caps”	the previously obtained annual caps of the transactions contemplated under the previous Yeung Financial Services Agreement for the three years ending 31 March 2010
“Yeung Proposed Annual Caps”	the annual caps for the transactions contemplated under the Yeung Financial Services Agreement for each of the three years ending 30 September 2012
“HK\$”	Hong Kong dollars

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

Hong Kong, 26 March 2010

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

<i>Executive Directors:</i>	Ms. Daisy Yeung (<i>Managing Director</i>) Mr. Chan Pak Lam, Tom Ms. Choi Suk Hing, Louisa
<i>Independent Non-executive Directors:</i>	Mr. Fung Chi Kin Mr. Kwok Chi Sun, Vincent Mr. Cheng Wing Keung, Raymond

* *for identification purposes only*