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英皇集團（國際）有限公司*
Emperor International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

CONNECTED TRANSACTIONS

The boards of directors of EIHL and ECG announce that on 17 October 2011, Emperor Finance entered into the Agreements as purchaser with each of Brightwing, Circle World and Emperor Management as vendors, in relation to the sale and purchase of the Mortgage Loans. Pursuant to the Agreements, the consideration for the sale and purchase of the Mortgage Loans shall be equal to the carrying value (including the accrued interests) of the Mortgage Loans as at the Completion Date. For reference purpose, if based on the unaudited statements of financial position of the Vendors as at 30 September 2011, the Consideration would be approximately HK\$22.42 million.

Circle World and Emperor Management are indirect subsidiaries of EIHL and Brightwing is an indirect associate of EIHL. Emperor Finance is an indirect wholly-owned subsidiary of ECG. EIHL and ECG are indirectly owned as to 73.79% and 60.13% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and ECG. As such, Emperor Finance is a connected person of EIHL, whereas Brightwing, Circle World and Emperor Management are connected persons of ECG under Chapter 14A of the Listing Rules. Accordingly, the Agreements constitute connected transactions for ECG whilst the Agreements (except the one between Brightwing and Emperor Finance) constitute connected transactions for EIHL under the Listing Rules.

As the applicable percentage ratios with reference to the Transactions (as the case may be) for both EIHL and ECG exceed 0.1% but are less than 5%, the Transactions (as the case may be) are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 but are exempted from the independent shareholders' approval requirement pursuant to Rule 14A.32(1) of the Listing Rules.

The boards of directors of EIHL and ECG announce that on 17 October 2011, Emperor Finance entered into the Agreements as purchaser with each of Brightwing, Circle World and Emperor Management as vendors, in relation to the sale and purchase of the Mortgage Loans.

* *for identification purposes only*

THE AGREEMENTS DATED 17 OCTOBER 2011

Parties

Vendors: Circle World and Emperor Management, indirect subsidiaries of EIHL and Brightwing, an indirect associate of EIHL, all are principally engaged in the provision of financing services

Purchaser: Emperor Finance, a company indirectly wholly-owned by ECG and principally engaged in the provision of money lending services

The Mortgage Loans under the Agreements

Pursuant to the Agreements, the Vendors have agreed to sell and the Purchaser has agreed to purchase the Mortgage Loans (together with rights and interests in all Mortgages, securities and guarantees (if any)) and all interests and claims and rights and other sums due or to become due in respect of the Mortgage Loans at a consideration equivalent to the carrying value (including the accrued interests) of the Mortgage Loans as at the Completion Date. According to the unaudited financial statements of the Vendors as at 30 September 2011, the aggregate carrying value (including the accrued interests) of the Mortgage Loans was approximately HK\$22.42 million.

Details of the Mortgage Loans for each of the Vendors are set out below:

	Balance as at 30 September 2011 <i>HK\$'000</i>	Carrying value as at 30 September 2011 <i>HK\$'000</i>
Brightwing	2,008	954
Circle World	764	764
Emperor Management	20,697	20,697
	<hr/>	<hr/>
	23,469	22,415
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The interest income generated from the Mortgage Loans for the year ended 31 March 2010 and 2011, and for the six months ended 30 September 2011 are as follows:

	For the year ended 31 March 2010 HK\$ (audited)	For the year ended 31 March 2011 HK\$ (audited)	For the six months ended 30 September 2011 HK\$ (unaudited)
Brightwing	146,187	95,226	30,785
Circle World	95,589	91,368	26,672
Emperor Management (<i>Note</i>)	–	–	85,889

Note: All the Mortgage Loans of Emperor Management were granted subsequent to its financial year ended 31 March 2011.

Consideration

The consideration for the sale and purchase of the Mortgage Loans shall be equal to the carrying value (including the accrued interests) of Mortgage Loans as at the Completion Date. The Consideration shall be paid by the Purchaser to the Vendors on Completion.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser with reference to the carrying value (including the accrued interests) of the Mortgage Loans in the books of the Vendors as at the Completion Date.

For reference purpose, if based on the unaudited statements of financial position of the Vendors as at 30 September 2011, the Consideration would be approximately HK\$22.42 million.

Completion

Completion shall take place immediately upon satisfaction of the conditions set out in the section headed "Conditions Precedent" below but in any event not be later than 31 January 2012 or such other date as agreed between the parties to the Agreements.

Conditions Precedent

Completion of the sale and purchase of the Mortgage Loans is conditional upon the fulfillment of the following:

- (1) completion and execution of all necessary documents by the Purchaser and the Vendors in relation to the transfer of Mortgages and assignment of Mortgage Loans from the Vendors to the Purchaser; and
- (2) all necessary consents and approvals being obtained by third parties (including banks, financial institutions, governmental or official authorities) for consummation of the Transactions in relation to the Agreements.

REASONS AND BENEFITS FOR THE TRANSACTIONS

The principal business activity of EIHL is investment holding and its subsidiaries are principally engaged in property development, lease of properties and hotel and hotel related operations. The Mortgage Loans were granted to the Borrowers as second mortgage loans secured by the properties developed and sold to them by companies under EIHL. The board of directors of EIHL considers that the Transactions allow EIHL to re-allocate its financial resources and management efforts in focusing on its core property development and investment business capturing the promising prospects of the property market. Leveraging on the financing arm of ECG in providing second mortgage financing services to its customers, EIHL can continue to provide an one-stop service without commitment of additional financing resources of EIHL.

The principal business activity of ECG is investment holding 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) provision of margin and IPO financings as well as loans and advances to its clients, and (iii) corporate finance advisory and wealth management services. With the well established base of margin financing as the foundation of the financing business, ECG takes a good chance to accelerate the expansion of its money lending business with a ready established mortgage loan portfolio which generate a stable income. Subsequent to the completion of the Transactions, ECG is able to capture the direct referral of valued customers from EIHL and build up the client base at the beginning stage, hence assisting ECG to further explore new clients. Meanwhile, EIHL and ECG can enjoy the group synergies by leveraging the separate business lines and sharing the client base of each other.

The directors of both EIHL and ECG (including the respective independent non-executive directors) consider that the terms and conditions of the Agreements, which have been negotiated on an arm's length basis and on normal commercial terms, are fair and reasonable and in the respective interests of EIHL and ECG and their respective shareholders as a whole. Ms. Luk Siu Man, Semon, a non-executive director and the Chairperson of EIHL, and Ms. Daisy Yeung, the Managing Director of ECG, who had to and did abstain from voting at the respective board meetings in view of their material interests in the Transactions by virtue of being the spouse of Dr. Albert Yeung and one of the eligible beneficiaries of the AY Trust respectively.

FINANCIAL EFFECT OF THE TRANSACTIONS

Given the Consideration of the sale of the Mortgage Loans is determined at the carrying value (including the accrued interests) in the books of the Vendors, it is expected that EIHL will not record any gain or loss as a result of the Transactions.

The Transactions will be funded by the internal resources of ECG.

LISTING RULES IMPLICATIONS

Circle World and Emperor Management are indirect subsidiaries of EIHL and Brightwing is an indirect associate of EIHL. Emperor Finance is an indirect wholly-owned subsidiary of ECG. EIHL and ECG are indirectly owned as to 73.79% and 60.13% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and ECG. As such, Emperor Finance is a connected person of EIHL, whereas Brightwing, Circle World and Emperor Management are connected persons of ECG under Chapter 14A of the Listing Rules. Accordingly, the Agreements constitute connected transactions for ECG whilst the Agreements (except the one between Brightwing and Emperor Finance) constitute connected transactions for EIHL under the Listing Rules.

As the applicable percentage ratios with reference to the Transactions (as the case may be) for both EIHL and ECG exceed 0.1% but are less than 5%, the Transactions (as the case may be) are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 but are exempted from the independent shareholders' approval requirement pursuant to Rule 14A.32(1) of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

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

“Agreements”	the three agreements in relation to the sale and purchase of the Mortgage Loans entered into between each of the Vendors and Emperor Finance respectively on 17 October 2011
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung
“Borrowers”	the borrowers/mortgagors named under the Agreements
“Brightwing”	Brightwing Development Limited, a company incorporated in Hong Kong and an indirect associate of EIHL
“Circle World”	Circle World Limited, a company incorporated in the Hong Kong and an indirect subsidiary of EIHL
“Completion”	completion of the sale and purchase of the Mortgage Loans in accordance with the terms of the Agreements

“Completion Date”	the date on which the conditions set out in the section headed “Conditions Precedent” in this announcement are being satisfied but in any event not be later than 31 January 2012 or such other date as agreed between the parties to the Agreements
“Consideration”	the consideration for the sale and purchase of the Mortgage Loans
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“ECG”	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“EIHL”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Emperor Finance” or “Purchaser”	Emperor Finance Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of ECG, being the purchaser under the Agreements
“Emperor Management”	Emperor Financial Management Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage Loans”	all principal, interest and all other amounts from time to time payable by the relevant Borrowers to the Vendors and all other liabilities or obligations owing for the time being and from time to time by the relevant Borrowers pursuant to, under or in connection with, and secured by the relevant Mortgages on the relevant mortgaged properties including where applicable and without limitation, all costs, charges and expenses incurred in connection with the preservation, enforcement or exercise or intended or attempted exercise of any right, power or remedy under the relevant Mortgages, being subject of the transfer under the Agreements

“Mortgages”	the second equitable mortgages and/or second mortgages over the mortgaged properties executed or given by the Borrowers in favour of the Vendors as security for the Mortgage Loans as set out in the Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Agreements
“Vendors”	Brightwing, Circle World and Emperor Management
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the board
Emperor International Holdings Limited
Luk Siu Man, Semon
Chairperson

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

Hong Kong, 17 October 2011

As at the date hereof, the board of directors of EIHL comprised:

<i>Non-executive Director:</i>	Ms. Luk Siu Man, Semon (<i>Chairperson</i>)
<i>Executive Directors:</i>	Mr. Wong Chi Fai (<i>Managing Director</i>) Ms. Fan Man Seung, Vanessa (<i>Managing Director</i>) Mr. Cheung Ping Keung
<i>Independent Non-executive Directors:</i>	Mr. Chan Man Hon, Eric Mr. Liu Hing Hung Mr. Law Ka Ming, Michael

As at the date hereof, the board of directors of ECG comprised:

<i>Executive Directors:</i>	Ms. Daisy Yeung (<i>Managing Director</i>) Ms. Choi Suk Hing, Louisa Ms. Pearl Chan
<i>Independent Non-Executive Directors:</i>	Mr. Kwok Chi Sun, Vincent Mr. Cheng Wing Keung, Raymond Mr. Chu Kar Wing