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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Emperor Capital Group Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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英皇資本集團有限公司
Emperor Capital Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 717)

**(I) CONTINUING CONNECTED TRANSACTIONS
PROVISION OF FINANCIAL SERVICES
AND
(II) NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out from pages 7 to 32 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out from pages 33 to 34 of this circular. A letter from Pelican, the Independent Financial Adviser, containing its advice to the Independent Board Committee and Independent Shareholders is set out from pages 35 to 78 of this circular.

A notice convening the AGM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 27 February 2024 at 10:30 a.m. is set out from pages AGM-1 to AGM-6 of this circular.

Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s Hong Kong Branch Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM (by Sunday, 25 February 2024, before 10:30 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) should you subsequently so wish and in such event the form of proxy previously submitted shall be deemed to be revoked.

31 January 2024

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Tuesday, 27 February 2024 at 10:30 a.m. to consider and approve (if thought fit), <i>inter alia</i> , the 2024 Yeung FSA, Yeung Proposed Annual Caps, 2024 Emperor Group FSA and Emperor Group Proposed Annual Caps
“Announcement”	the announcement of the Company dated 1 December 2023 in relation to the 2024 FSA
“Annual Caps”	the Emperor Group Proposed Annual Caps and the Yeung Proposed Annual Caps
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Director(s)”	the board of directors of the Company
“close associate”	has the meaning ascribed thereto under the Listing Rules
“Company”	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“Emperor Culture”	Emperor Culture Group Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in entertainment, media and cultural development businesses, which mainly include cinema operation and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 491)
“Emperor Culture Group”	Emperor Culture and its subsidiaries from time to time

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“Emperor E Hotel”	Emperor Entertainment Hotel Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in provision of hospitality and entertainment services in Hong Kong and Macau and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 296)
“Emperor E Hotel Group”	Emperor E Hotel and its subsidiaries from time to time
“Emperor Group Previous Annual Caps”	the previously obtained annual caps of the transactions contemplated under the 2021 Emperor Group FSA for each of the three financial years ended/ending 30 September 2024
“Emperor Group Proposed Annual Caps”	the annual caps for the proposed transactions contemplated under the 2024 Emperor Group FSA for each of the three financial years ending 30 September 2027
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in property investments, property development and hospitality in Greater China and overseas and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 163)
“Emperor International Group”	Emperor International and its subsidiaries from time to time
“Emperor W&J”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the subsidiaries of which are principally engaged in the sales of European-made internationally renowned watches, together with fine jewellery products and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 887)
“Emperor W&J Group”	Emperor W&J and its subsidiaries from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People Republic of China
“Independent Board Committee”	the independent committee of the Board was formed to advise the Independent Shareholders in respect of the 2024 Yeung FSA, the Yeung Proposed Annual Caps, the 2024 Emperor Group FSA and the Emperor Group Proposed Annual Caps
“Independent Shareholders”	shareholders who do not have material interests in the transactions contemplated under the 2024 Yeung FSA or the 2024 Emperor Group FSA, as the case may be
“Independent Third Party(ies)”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“IPO”	initial public offering
“Latest Practicable Date”	25 January 2024, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Listed Members of Emperor Group”	Emperor International Group, Emperor E Hotel Group, Emperor W&J Group, Emperor Culture Group, New Media Lab Group and Ulferts Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Circular”	circular of the Company to the Shareholders dated even date of this circular in relation to (1) notice of AGM and (2) proposals for (A) re-election and election of directors; and (B) general mandates to issue new Shares and buy back Shares

DEFINITIONS

“MLA Circular”	circular of the Company to the Shareholders dated even date of this circular in relation to (I) renewal of continuing connected transactions – 2024 master leasing agreement and (II) notice of AGM setting out details, <i>inter alia</i> , of resolution no. 7 of the AGM
“New Media Lab”	New Media Lab Limited, a company incorporated in the Cayman Islands with limited liability, the subsidiaries of which are principally engaged in provision of one-stop integrated advertising solutions to advertisers through digital media platforms and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 1284)
“New Media Lab Group”	New Media Lab and its subsidiaries from time to time
“Pelican” or “Independent Financial Adviser”	Pelican Financial Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Yeung FSA, the Yeung Proposed Annual Caps, the 2024 Emperor Group FSA and the Emperor Group Proposed Annual Caps
“Period”	two years ended 30 September 2023
“Prime Rate”	prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Takeovers Code”	the Code on Takeovers and Mergers as amended from time to time issued by the Securities and Futures Commission of Hong Kong

DEFINITIONS

“Ulferts”	Ulferts International Limited, a company incorporated in Hong Kong with limited liability, the subsidiaries of which are principally engaged in retailing of high quality home furniture mainly imported from Europe and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 1711)
“Ulferts Group”	Ulferts and its subsidiaries from time to time
“Yeung Family”	Ms. Daisy Yeung, the chairperson and executive Director of the Company, and her associates, but excluding the Listed Members of Emperor Group
“Yeung Previous Annual Caps”	the previously obtained annual caps of the transactions contemplated under the 2021 Yeung FSA for each of the three financial years ended/ending 30 September 2024
“Yeung Proposed Annual Caps”	the annual caps for the proposed transactions contemplated under the 2024 Yeung FSA for each of the three financial years ending 30 September 2027
“2021 Emperor Group FSA”	an agreement dated 22 June 2021 entered into between the Company, Emperor International, Emperor E Hotel, Emperor W&J, Emperor Culture and Ulferts in relation to the provision of financial services by the Group to the Listed Members of Emperor Group (excluding New Media Lab Group)
“2021 FSA”	2021 Yeung FSA and 2021 Emperor Group FSA
“2021 Yeung FSA”	an agreement dated 22 June 2021 entered into between the Company and Ms. Daisy Yeung in relation to the provision of financial services between the Group and the Yeung Family
“2024 Emperor Group FSA”	a new agreement dated 1 December 2023 entered into between the Company, Emperor International, Emperor E Hotel, Emperor W&J, Emperor Culture, New Media Lab and Ulferts in relation to the provision of financial services by the Group to the Listed Members of Emperor Group
“2024 FSA”	2024 Yeung FSA and 2024 Emperor Group FSA

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“2024 Yeung FSA”	a new agreement dated 1 December 2023 entered into between the Company and Ms. Daisy Yeung in relation to the provision of financial services between the Group and the Yeung Family
“%”	per cent.

LETTER FROM THE BOARD



英皇資本集團有限公司 Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

Executive Directors:

Ms. Daisy Yeung

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Wan Choi Ha

Mr. Wong Tak Ming, Gary

Mr. Yu King Tin

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

24th Floor

Emperor Group Centre

288 Hennessey Road

Wanchai

Hong Kong

31 January 2024

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS PROVISION OF FINANCIAL SERVICES

INTRODUCTION

Reference is made to the Announcement whereby, the Board announced that the Company entered into (i) the 2024 Yeung FSA; and (ii) the 2024 Emperor Group FSA with the relevant parties.

The term of each of the 2021 Yeung FSA and 2021 Emperor Group FSA both dated 22 June 2021 in relation to the provision of financial services will expire on 30 September 2024. In order to continue such similar financial services commencing from 1 October 2024 to 30 September 2027, the Company entered into (i) the 2024 Yeung FSA; and (ii) the 2024 Emperor Group FSA with the relevant parties on 1 December 2023.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) the details of the 2024 FSA and the Annual Caps; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the 2024 FSA and the Annual Caps; (iii) a letter of advice from Pelican containing its advice to the Independent Board Committee and the Independent Shareholders with regard to the 2024 FSA and the Annual Caps; and (iv) a notice of AGM at which ordinary resolutions will be proposed to seek the Independent Shareholders' approval for the 2024 FSA and the Annual Caps.

2024 YEUNG FSA

Pursuant to the 2024 Yeung FSA, the Group has agreed to (a) provide to the members of the Yeung Family with (i) brokerage services for securities, futures and options trading; (ii) wealth management and asset management services; (iii) financing services including margin loan facilities, IPO loans and term loans; and (iv) financial advisory services; (b) pay commission and fee to the Yeung Family, including (i) the commission and fee for their acting as underwriters or sub-underwriters for the securities of the Company or for the securities underwritten or placed by the Group, and (ii) referral fee for introducing clients to the Group relating to the Group's businesses, commencing from 1 October 2024 up to 30 September 2027.

For item (a)(i), the rates to be charged by the Group to the clients will be determined with reference to the then prevailing market price and practice of the general securities brokerage firms in the relevant market (i.e. the normal market commission and brokerage fees on dealing in securities in Hong Kong range from approximately 0.03% to 0.25% of the transaction amount) and after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition. The commission rates and fees to be charged to the members of the Yeung Family will be determined based on the same pricing methodology as stated above. The commission and brokerage fee will be charged upon successful execution of the transaction and directly deduct from clients' securities account.

For item (a)(ii), fees including management and performance fees will be charged by the Group at a percentage of the asset value and/or the appreciation of asset value with reference to the then prevailing market price and practice of the wealth and asset managers in the market (i.e. the basic management fee in the market is currently charged at approximately 2.5% or below of the asset value per annum, whereas performance fee varies widely from nil up to approximately 20% of the appreciation of asset value or on the amount of return upon meeting certain benchmark or target. In the event that the predetermined performance benchmarks are not reached, no performance fee will be levied. The amount of performance fee highly depends on the percentage of the basic management fee, the lower the basic management fee, the higher will be the performance fee and vice versa). The fee structure may vary widely and the range may widen in accordance with the investment objective, type of investment securities (e.g. equities, bonds, or convertibles), the geographical region where assets are invested, the asset size to be managed, the market risk, the risk acceptance level of clients and the investment opportunities in the financial market from time to time. The management and performance fees to be charged to

LETTER FROM THE BOARD

the members of the Yeung Family will be determined based on the same pricing methodology as stated above. The management fee and performance fee are charged by the Company on a regular basis the designated settlement date as stipulated in the investment management agreement entered into with each client.

For item (a)(iii), the interest rates to be charged by the Group to the clients will be determined with reference to the then prevailing market price and practice of the money lending corporations in the market (i.e. the current market interest rate for securities margin financing in Hong Kong ranges from approximately Prime Rate to Prime Rate plus 5% per annum of the margin loan amount normally, whereas the interest rate for margin financing involving acquisition of a substantial interest in a listed company in Hong Kong and/or making a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code, the interest rate ranges from 1% to 3% per month; for the IPO loan, the current market interest rate is approximately Prime Rate or above of the IPO loan amount and varies from case to case on each IPO; for the term loan, the current market interest rate ranges from approximately 9% to 39% per annum of the term loan amount normally. The rates may vary widely and the range may widen in accordance with the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of the clients and the prevailing market condition. The interest rates to be charged to the members of the Yeung Family will be determined based on the same pricing methodology as stated above. Interest on margin financing is calculated on a rolling basis and accrues daily, based on the outstanding balance of the margin financing, and shall be settled on a regular basis or upon request by the Group. Interest on the IPO financing will be automatically deducted from the client's securities account upon submitting the IPO application.

For item (a)(iv), the advisory fees to be charged by the Group to the clients will be determined with reference to the then prevailing market price and practice of other financial advisers providing similar services in the market as well as considering the size and type of transaction, the manpower to be allocated and the business relationship with the clients. Based on the above, the advisory fees vary a lot which usually range from HK\$100,000 to HK\$5,000,000 based on the scale, difficulty and complexity of and time required for the transaction. The advisory fee of certain fund raising transactions would be charged by percentage of the total fund raised, as a result the advisory fee may be significant compared to those with fixed fee. The Group will adopt the same pricing methodology in determining the advisory fees to be charged to the members of Yeung Family in providing the financial advisory services. The financial advisory fee is typically settled upon reaching specific milestones or stages as outlined in the definitive financial advisory mandate. These milestones may include the initial engagement, reaching certain work stages, and the successful completion of the services provided.

For item (b)(i), the commission and fee payable to the underwriters and sub-underwriters will be determined with reference to the then prevailing market price and practice of market participants in the market and after considering the underwriting risks, the market price, liquidity and the nature of relevant securities, the market capitalization of the issuers, the size of the

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underwriting amount and the prevailing market condition. The commission and fee payable to sub-placing agents and sub-underwriters vary depending on the size of the issue, risk, volatility and attractiveness of the transactions. For sub-placing, the commission and fee payable usually range from 0.5% to 3%. For sub-underwriting, the fee payable to sub-underwriters usually range from 0.5% to 3% depending on the commission rate charged to clients by the Group. Since the commission and fee payable to sub-placing agents and sub-underwriters are calculated based on the amount of issue size and the desired amount they undertake to subscribe or underwrite, so the actual amount of commission and fee payable to them may vary significantly. The commission and fee to be payable to the members of Yeung Family will be determined based on the same pricing methodology as stated above. The underwriting fee and sub-underwriting fee are typically settled upon completion of underwriting transaction which is usually deducted from the gross proceeds to be paid to the issuers by the underwriters or sub-underwriters.

For item (b)(ii), the amount of referral fees payable to any person who introduces business to the Group will depend on the type of the Group's services required by the referred clients and after taking into account the respective commercial considerations in relation to that type of services, such as the scale and size of the transactions, the relationship with the client, the credit risk exposure, creditworthiness and financial standing of the clients. The referral fees will be a percentage of the transaction or a lump sum, and the amount will depend on the then prevailing market price and practice of market participants in the market and will be adjusted upwards or downwards as from case to case based on the relevant commercial considerations. The referral fees to be payable to the members of Yeung Family will be determined based on the same methodology as stated above. The referral fee will be paid to the referrers upon reaching specific milestones or stages of the transaction referred by them and successful receipt of the fees associated with the transaction.

Detailed rates and terms (including the payment of commission and fee to/from the Yeung Family) will be specified in the individual contract(s) governing each transaction, assessed based on the type of services to be provided, and the considerations are normally settled by cash; and will be on normal commercial terms taking reference of the market price and practice, and in any event, such rates and terms shall be no less favourable to the Group than those available to Independent Third Party.

The provision of the services between the Yeung Family and the Group under the 2024 Yeung FSA is within the ordinary course of business of the Group.

In determining the annual caps under the 2024 Yeung FSA, the Directors have categorised the transactions thereunder as follows:

- (i) commission, brokerage, fees and interest income to be received from the Yeung Family;
- (ii) margin loans to be provided to the Yeung Family;

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- (iii) IPO loans to be provided to the Yeung Family;
- (iv) term loans to be provided to the Yeung Family, such as tax loan, mortgage loan or loan for business or personal needs;
- (v) financial advisory services to be provided to the Yeung Family (including general corporate financial advice such as corporate governance issues, shareholders' dealings in shares, corporate investment and advice on Listing Rules or Takeovers Code); and
- (vi) commission and fee to be paid to the Yeung Family for their acting as underwriters or sub-underwriters for the securities or bonds to be issued (if any) by the Company or for the securities and bonds underwritten or placed by the Group, and/or referral fee for introducing clients to the Group relating to the Group's businesses.

Yeung Previous Annual Caps

Set out below are the Yeung Previous Annual Caps obtained for the 2021 Yeung FSA:

	For the financial year ended/ending		
	30 September		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage, fees and interest income from the Yeung Family	91,000	91,000	91,000
(ii) Maximum margin loan amount to the Yeung Family	700,000	700,000	700,000
(iii) Maximum IPO loan amount to the Yeung Family	250,000	250,000	250,000
(iv) Maximum term loan amount to the Yeung Family	280,000	280,000	280,000
(v) Financial advisory fee from the Yeung Family	15,000	15,000	15,000
(vi) Commission and fee to the Yeung Family for their services being provided to the Group	36,000	36,000	36,000
Total	1,372,000	1,372,000	1,372,000

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Historical transactions amount under the 2021 Yeung FSA

Set out below are the historical transaction amounts under the 2021 Yeung FSA between the Yeung Family and the Group for the Period:

	For the financial year ended	
	30 September	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage, fees and interest income from the Yeung Family	4,482	3,258
(ii) Maximum margin loan amount to the Yeung Family*	58,660	30,597
(iii) Maximum IPO loan amount to the Yeung Family*	–	–
(iv) Maximum term loan amount to the Yeung Family*	–	–
(v) Financial advisory fee from the Yeung Family	1,150	1,190
(vi) Commission and fee to the Yeung Family for their services being provided to the Group	–	–
Total	64,292	35,045

* The maximum amount granted during the relevant financial year.

All the Yeung Previous Annual Caps under the 2021 Yeung FSA are not exceeded as at the Latest Practicable Date and it is expected that the transaction amounts made up to 30 September 2024 will not exceed such caps. The Group has proper internal control procedures to closely monitor the utilisation of the annual caps.

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Yeung Proposed Annual Caps

Set out below are the Yeung Proposed Annual Caps for the 2024 Yeung FSA:

	For the financial year ending		
	30 September		
	2025	2026	2027
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage, fees and interest income from the Yeung Family	150,000	150,000	150,000
(ii) Maximum margin loan amount to the Yeung Family	500,000	500,000	500,000
(iii) Maximum IPO loan amount to the Yeung Family	200,000	200,000	200,000
(iv) Maximum term loan amount to the Yeung Family	250,000	250,000	250,000
(v) Financial advisory fee from the Yeung Family	15,000	15,000	15,000
(vi) Commission and fee to the Yeung Family for their services being provided to the Group	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>1,145,000</u>	<u>1,145,000</u>	<u>1,145,000</u>

In determining the Yeung Proposed Annual Caps for the transactions contemplated under the 2024 Yeung FSA, the following principal factors have been taken into consideration:

(i) Commission, brokerage, fees and interest income from the Yeung Family

- the Yeung Proposed Annual Caps under this category shall include (i) commission and brokerage fees on dealing in securities, futures and options contracts; (ii) commission income from asset management, insurance brokerage and wealth management; and (iii) interest income from financing;
- the expected interest income to be generated assuming the proposed maximum amount of margin loans, term loans and IPO loans will be advanced to the Yeung Family for the three financial years ending 30 September 2027; and
- the Yeung Proposed Annual Caps are calculated based on the following market rates:
 - (a) the normal market commission and brokerage fees on dealing in securities in Hong Kong range from approximately 0.03% to 0.25% of the transaction amount;
 - (b) management and performance fee from wealth and asset management will be charged at a percentage of the asset value and/or the appreciation of asset value with reference to the then prevailing market price and practice of the wealth and asset managers in the market;

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- (c) the market interest rate for securities margin financing in Hong Kong ranges from approximately Prime Rate to Prime Rate plus 5% per annum of the margin loan amount normally, whereas the interest rate for margin financing involving acquisition of a substantial interest in a listed company in Hong Kong and/or making a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code, the interest rate ranges from 1% to 3% per month; for the IPO loan, the current market interest rate is approximately Prime Rate or above of the IPO loan amount and varies from case to case on each IPO; for the term loan, the current market interest rate ranges from approximately 9% to 39% per annum of the term loan amount normally;
- (d) the expected commission, brokerage, fees and interest income to be generated from brokerage services for securities, futures and options trading with reference to the historical trading records. It also takes into account the anticipated increase in trading activities of members of the Yeung Family. The optimistic view of the Hong Kong securities market is primarily driven by the potential decrease in the federal interest rate of the United States of America, which could stimulate investment activity in Hong Kong. Additionally, the increasing flow of funds from Southeast Asia and the Middle East into the Hong Kong market is expected to contribute to higher trading volumes and brokerage income for the Group. The Hong Kong government's initiatives to enhance the city's status as an international financial center, such as developing the fintech ecosystem and attracting talent, further support the positive outlook. This annual cap was the sum of expected revenue to be generated from the aforementioned financial services to be provided by the Group, with reference to the average of historical commission, brokerage, fees and interest income of approximately HK\$4.3 million with top five customers of the Group with similar portfolio for the year ended 30 September 2023. It is estimated that no fewer than ten members of the Yeung Family could engage in trading activities and require financing similar to the largest customers of the Group, especially under favourable market conditions. Should members of the Yeung Family utilize the loan facilities offered by the Group, the resulting interest income be significant; and
- (e) the respective annual cap was estimated on the basis that the members of Yeung Family may contribute (i) HK\$5 million of commission, brokerage and fees from brokerage services, futures and options trading; (ii) no less than HK\$100 million of interest income to be generated from margin loan if general offer and/or privatisation are conducted; and (iii) the remaining amount as buffer in the event that Yeung Family trades more frequently and has higher demand of loan facilities hence more interest income to be generated.

LETTER FROM THE BOARD

(ii) Maximum margin loan amount to the Yeung Family

- the need of such cap for the Group to stay competitive. If the cap is not sufficient and the Group is required to obtain approval from the Independent Shareholders before granting of the loans, the Group will not be able to meet the time constraints of the investment decisions of its clients in a timely manner as the threshold of de minimis transactions would not be sufficient to facilitate the needs;
- past investment decisions and capital needs of the members of the Yeung Family;
- the expected future funding needs of the Yeung Family for capturing potential business opportunities, which includes the need for funding investments in listed shares in Hong Kong or overseas (including margin loan financing for investment projects which involve making general offers under the Takeovers Code) for the three financial years ending 30 September 2027; and
- the securities portfolio of the members of Yeung Family are significant in monetary value. For example, as at the Latest Practicable Date, the five-year average market capitalisation of the Listed Members of Emperor Group amounted to approximately HK\$8 billion. The proposed annual cap for maximum margin loan amount to Yeung Family represents approximately 6.0% of the aforementioned five-year average market capitalisation of the Listed Members of Emperor Group. As the Group offers margin financing on the shares of Listed Members of Emperor Group, the members of Yeung Family could pledge part of their securities to obtain quick financing to purchase other securities on market and/or make a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code. The proposed annual cap for margin loan would be sufficient in the event that members of the Yeung Family consolidate control and/or conduct transactions under the Takeovers Code in Listed Members of Emperor Group and other listed companies.

(iii) Maximum IPO financing to the Yeung Family

- it is expected that the IPO market will rebound in the forthcoming years, the macroeconomic conditions may improve including the potential decrease of federal interest rate and the ease of geopolitical tension and increased number of secondary listings of Chinese firms may help IPO market maintain hot streak;
- the demand for IPO loans and potential IPO trading activities from members of the Yeung Family is expected to increase for the three financial years ending 30 September 2027. Historically, the maximum amount granted to them has been fully utilised under the respective annual caps. It is anticipated that the annual caps would be utilized once the IPO market rebounds;

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- based on historical records, no less than ten members of the Yeung Family actively applied for IPO loan with facility amount usually ranging from HK\$3 million to HK\$80 million. Independent Third Parties during the Period was granted a maximum amount of HK\$14.9 million when submitting IPO application. In determining the annual cap, the Group has considered the number of members of the Yeung Family and assuming an average of HK\$15 million of loan facility to be granted to no less than ten members of the Yeung Family with a buffer of HK\$50 million, in the event that they apply high amount of loan facility when there is particularly favoured IPO; and
- despite there was no utilization of any IPO loan financing, given the factors above, the demand of IPO loan and potential IPO trading activities from the members of the Yeung Family will remain active for the three financial years ending 30 September 2027.

(iv) Maximum term loan amount to the Yeung Family

- despite there was no utilization of term loan amount during the Period, maintaining the existing cap amount will allow flexibility;
- the estimated funding needs of the Yeung Family for capturing potential business opportunities, which includes acquisition of properties or other assets or investment in private companies for the three financial years ending 30 September 2027. With reference to the historical transactions conducted by the Yeung Family in previous years, the members of Yeung Family may have sudden funding need that the Group would capture such business opportunity; and
- since a significant portion of the revenue generated by the Group is interest income from mortgage loans, taking into account the considerable holdings of Yeung Family in real estate assets, historical transactions and quick financing would be crucial in securing advantageous deals with vendors, so it represents a significant opportunity for the Group to capture the business opportunities arisen from such needs. During the current trough of property market in Hong Kong, members of the Yeung Members might expand their portfolio by acquiring additional real estate assets at lower prices. The Yeung Family would be able to secure mortgage loan facilities with the Group with justifiable loan-to-value ratio and no favourable than those offered to Independent Third Parties. The annual cap was determined taking into account (i) the value of the real estate assets owned by them; (ii) historical property transactions conducted by them; and (iii) potential funding needs if they require quick financing to complete such transactions. As part of the revenue of the Group is generated from mortgage loans, it would be in the interest of the Company and its shareholders if the Group can capture such business opportunities to provide loan facility to customers with strong financial background and good quality of assets.

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(v) *Financial advisory fee from the Yeung Family*

- the Group has been providing corporate financial advisory services to members of the Yeung Family in relation to their investment projects, including general financial advice on corporate governance issues, shareholders' dealings in shares, acquisition of listed securities, advice on Listing Rules or Takeovers Code, and acting as sponsor for the listing of some of the corporate members of the Yeung Family;
- the financial advisory fee would be received if the potential investment projects of the members of the Yeung Family were materialized or completed during the Period;
- it is expected that the members of the Yeung Family will continue to engage the Group as financial advisor in their investment projects or corporate exercises in the three financial years ending 30 September 2027, particularly in complicated transactions such as general offers and IPOs; and
- the determination of the annual cap under this category is with reference to the historical transactions conducted or considered by the members of the Yeung Family, and the scale, complexity and difficulty of time required for advising on the transactions, if materialised. It is expected that financial advisory fee in the market will increase in the three financial years ending 30 September 2027.

(vi) *Commission and fee to the Yeung Family for their services being provided to the Group*

- the Yeung Proposed Annual Caps under this category shall include commissions and fees payable to the Yeung Family (i) for their acting as underwriters or sub-underwriters for the securities or bonds to be issued (if any) by the Company; (ii) for their acting as underwriters or sub-underwriters for the securities and bonds of other listed companies underwritten or placed (if any) by the Group; and (iii) for introducing clients to the Group relating to the Group's businesses;
- the Group has been active in participating fund raising activities during the Period. It is expected that the Group will remain active in future fund raising activities for itself and as underwriters or sub-underwriters for other companies listed on the Stock Exchange which are Independent Third Parties ("**Other Listed Companies**") and the members of the Yeung Family are expected to participate in the future fund raising activities of the Company (if any) or Other Listed Companies of which the Group is acting as underwriters or sub-underwriters during the three financial years ending 30 September 2027; and

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- the commission and fee to the Yeung Family are estimated based on (i) the aggregate transaction amounts of fund raising activities that the Group has engaged during the Period; (ii) the Group's commission expenses for the same period; and (iii) the market rate and the historical rate of referral fee given to Independent Third Parties. Furthermore, the commission and fee payable to sub-placing agents and sub-underwriters vary in accordance to the attractiveness of such transactions. For placing, the commission and fee payable to sub-placing agents is usually around 0.5% to 3% depending the commission rate charged to clients by the Group. For sub-underwriting, the underwriting fee payable to sub-underwriters is usually around 0.5% to 3%. Since the commission and fee payable to underwriters and sub-underwriters is based on the amount of shares they wish to subscribe, the actual amount of commission and fee payable to them may be significant.

The utilization of the above caps in the future will depend on the then market condition and the investment decisions and preference of each individual member of the Yeung Family. As there is no clear and regular investment pattern that can be derived with reference to the historical amounts, the Directors consider that the above caps may or may not be fully utilized in each of the financial years.

2024 EMPEROR GROUP FSA

Pursuant to the 2024 Emperor Group FSA, the Group has agreed to provide to the Listed Members of Emperor Group with (i) brokerage services for securities, futures and options trading; (ii) wealth management and asset management services; (iii) placing and underwriting services; (iv) financing services including margin loan facilities, IPO financing and term loans; and (v) financial advisory services, commencing from 1 October 2024 up to 30 September 2027. Detailed rates and terms will be specified in the individual contract(s) governing each transaction, assessed based on the type of services to be provided and the considerations are normally settled by cash; and will be on normal commercial terms taking reference of the market price and practice, and in any event, such rates and terms shall be no less favourable to the Group than those available to Independent Third Party.

For item (i), the rates to be charged by the Group to the clients will be determined with reference to the then prevailing market price and practice of the major securities brokerage firms in the relevant market (i.e. the normal market commission and brokerage fees on dealing in securities in Hong Kong range from approximately 0.1% to 0.25% of the transaction amount) and after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition. The commission rates and fees to be charged to the Listed Members of Emperor Group will be determined based on the same pricing methodology as stated above. The commission and brokerage fee will be charged upon successful execution of the transaction and directly deduct from clients' securities account.

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For item (ii), fees including management and performance fees will be charged by the Group at a percentage of the asset value and/or the appreciation of asset value with reference to the then prevailing market price and practice of the wealth and asset managers in the market (i.e. the basic management fee in the market is currently charged at approximately 2.5% or below of the asset value per annum, whereas performance fee varies widely from nil up to approximately 20% of the appreciation of asset value or on the amount of return upon meeting certain benchmark or target. In the event that the predetermined performance benchmarks are not reached, no performance fee will be levied. The amount of performance fee highly depends on the percentage of the basic management fee, the lower the basic management fee, the higher will be the performance fee and vice versa). The fee structure may vary widely and the range may widen in accordance with the investment objective, type of investment (e.g. equity, bond, or mix assets), the geographical region where assets are invested, the asset size to be managed, the market risk, the risk acceptance level of clients and the investment opportunities in the financial market from time to time. The management and performance fees to be charged to the Listed Members of Emperor Group will be determined based on the same pricing methodology as stated above. The management fee and performance fee are charged by the Company on a regular basis on the designated settlement date as stipulated in the investment management agreement entered into with each client.

For item (iii), the commission and fee to be charged to the clients will be determined with reference to the then prevailing market price and practice of market participants in the relevant market and after considering the underwriting risks, the market price, liquidity and the nature of relevant securities, the market capitalization of the issuers, the size of the underwriting amount and the prevailing market condition. The underwriting fee, sub-underwriting fee and placing commission are typically settled upon completion of underwriting transaction which is usually deducted from the gross proceeds to be paid to the issuers. The Group conducts thorough market research of underwriting commission rates of prevailing market samples on a regular basis. This research informs the determination of the underwriting commission rate, taking into account various factors such as the recent closing prices of the underlying shares, the prevailing market conditions, and the funding needs of the issuers. As a result, the underwriting commission rates charged to Listed Members of the Emperor Group will be within the range offered by other market participants, ensuring that they are no more favourable than those offered to Independent Third Parties.

For item (iv), the interest rates to be charged by the Group to the clients will be determined with reference to the then prevailing market price and practice of the money lending corporations in the market (i.e. the current market interest rate for securities margin financing in Hong Kong ranges from approximately Prime Rate minus 0.5% to Prime Rate plus 5% per annum of the margin loan amount normally, whereas the interest rate for margin financing involving acquisition of a substantial interest in a listed company in Hong Kong and/or making a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code, the interest rate ranges from 1% to 3% per month. For the IPO loan, the current market interest rate is approximately 2% per annum or below of the IPO loan amount and varies from case to case on

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each IPO. For the term loan, the current market interest rate ranges from approximately 9% to 39% per annum of the term loan amount). The rates may vary widely and the range may widen in accordance with the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of the clients and the prevailing market condition. The interest rates to be charged to the Listed Members of Emperor Group will be determined based on the same pricing methodology as stated above. The Group conducts thorough market research of commission rates and interest rates of prevailing market samples on a regular basis. This research informs the determination of the commission rates and interest rates, taking into various factors such as rates offered by market peers, the prime rates and federal rates. The commission rates and interest rates will be within the range offered by other market participants, ensuring that they are no more favourable than those offered to Independent Third Parties.

For item (v), the advisory fees to be charged by the Group will be determined with reference to the then prevailing market price and practice of other financial advisers providing similar services in the market as well as considering the size and type of the transaction, the manpower to be allocated and the business relationship with the clients. Based on the above, the advisory fees vary a lot which usually range from HK\$100,000 to HK\$5,000,000 based on the scale and difficulty of, time and manpower required for the transaction. The advisory fee of certain fund raising transactions would be charged by percentage of the total fund raised, as a result the advisory fee may be significant compared to those with fixed fee. The Group will adopt the same pricing methodology in determining the advisory fees to be charged to the Listed Members of Emperor Group in providing the financial advisory services. The financial advisory fee is typically settled upon reaching specific milestones or stages as outlined in the definitive financial advisory mandate. These milestones may include the initial engagement, reaching certain work stages, and the successful completion of the services provided.

Detailed rates and terms will be specified in the individual contracts of each transaction based on the type of services and the considerations are normally settled by cash. The rates and terms will be on normal commercial terms with reference to the market price and practice, and in any event no more favourable than those available to Independent Third Parties.

The provision of the services under the 2024 Emperor Group FSA to Listed Members of Emperor Group is in the ordinary course of business of the Group.

In determining the annual caps under the 2024 Emperor Group FSA, the Directors have categorized the transactions thereunder as follows:

- (i) commission, brokerage, fees and interest income to be received from the Listed Members of Emperor Group including placing and underwriting commission from acting as placing agent, underwriter or sub-underwriter;
- (ii) margin loans to be provided to the Listed Members of Emperor Group;
- (iii) IPO loans to be provided to the Listed Members of Emperor Group;

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- (iv) term loans to be provided to the Listed Members of Emperor Group; and
- (v) financial advisory services to be provided to the Listed Members of Emperor Group (including general corporate financial services such as advice on Listing Rules or Takeovers Code on corporate exercises).

Emperor Group Previous Annual Caps

Set out below are the Emperor Group Previous Annual Caps obtained for the 2021 Emperor Group FSA:

	For the financial year ended/ending		
	30 September		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
(i) Commission, brokerage and fees and interest income from the Listed Members of Emperor Group	200,000	200,000	200,000
(ii) Maximum margin loan amount to the Listed Members of Emperor Group	700,000	700,000	700,000
(iii) Maximum IPO loan amount to the Listed Members of Emperor Group	70,000	70,000	70,000
(iv) Maximum term loan amount to the Listed Members of Emperor Group	280,000	280,000	280,000
(v) Financial advisory fee from the Listed Members of Emperor Group	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Total	<u>1,265,000</u>	<u>1,265,000</u>	<u>1,265,000</u>

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Historical transaction amounts under the 2021 Emperor Group FSA

Set out below are the historical transaction amounts under the 2021 Emperor Group FSA between the Listed Members of Emperor Group (excluding New Media Lab Group) and the Group for the Period:

	For the financial year ended	
	30 September	
	2022	2023
	HK\$'000	HK\$'000
(i) Commission, brokerage and fees and interest income from the Listed Members of Emperor Group	7	–
(ii) Maximum margin loan amount to the Listed Members of Emperor Group	–	–
(iii) Maximum IPO loan amount to the Listed Members of Emperor Group	–	–
(iv) Maximum term loan amount to the Listed Members of Emperor Group	–	–
(v) Financial advisory fee from the Listed Members of Emperor Group	<u>2,700</u>	<u>3,445</u>
Total	<u>2,707</u>	<u>3,445</u>

During the Period, no margin loan, IPO loan or term loan was granted to any Listed Members of Emperor Group. All the Emperor Group Previous Annual Caps under the 2021 Emperor Group FSA are not exceeded as at the Latest Practicable Date and it is expected that the transaction amounts made up to 30 September 2024 will not exceed such caps.

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Emperor Group Proposed Annual Caps

Set out below are the Emperor Group Proposed Annual Caps for the 2024 Emperor Group FSA:

		For the financial year ending 30 September		
		2025	2026	2027
		HK\$'000	HK\$'000	HK\$'000
(i)	Commission, brokerage and fees and interest income from the Listed Members of Emperor Group	150,000	150,000	150,000
(ii)	Maximum margin loan amount to the Listed Members of Emperor Group	500,000	500,000	500,000
(iii)	Maximum IPO loan amount to the Listed Members of Emperor Group	70,000	70,000	70,000
(iv)	Maximum term loan amount to the Listed Members of Emperor Group	200,000	200,000	200,000
(v)	Financial advisory fee from the Listed Members of Emperor Group	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total		<u>930,000</u>	<u>930,000</u>	<u>930,000</u>

In determining the Emperor Group Proposed Annual Caps for the transactions contemplated under the 2024 Emperor Group FSA, the following principal factors have been taken into consideration:

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

- the Emperor Group Proposed Annual Caps under this category shall include (i) commission and brokerage fees on dealing in securities, futures and options contracts; (ii) commission income from asset management, insurance brokerage and wealth management; (iii) commission from acting as placing agent, underwriter or sub-underwriter for the securities of the Listed Members of Emperor Group; and (iv) interest income from financing;
- as each of Listed Members of Emperor Group are entitled to issue and allot up to 20% of their issued share capital under the general mandates, the increase in market capitalisation of the Listed Members of Emperor Group will directly reflect the increase in the size of possible immediate fund raising capacity of the Listed Members of the Emperor Group (in which no shareholder approval in special general meeting is required). The commission from acting as placing agent, underwriter or sub-underwriter of the Listed Members of Emperor Group will substantially increase if

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they utilize their maximum capacity of issuing shares under the general mandates. Assuming that each of the Listed Members of Emperor Group utilises the general mandate granted by their respective shareholders to issue 10% of new shares by way of placing at 10% discount to closing prices, the commission to be received would be approximately HK\$17 million as the Group charges normally 1% to 5% to act as placing agent. Even though the historical level of placing and underwriting activities from the Listed Members of Emperor Group was on a decreasing trend, the Directors are optimistic about the market condition in Hong Kong in the near future and expect that the fund raising activities arising from business expansion of Listed Members of the Emperor Group would increase in the forthcoming years after considering the improving global economic condition;

- the Group has been acting as placing agents/underwriters for the Listed Members of Emperor Group and the amount of commission income for placing, underwriting and sub-underwriting services for the three financial years ending 30 September 2027 is calculated based on (i) the assumed amount of fund to be raised by the Listed Members of Emperor Group; and (ii) normal commission rate to be charged with reference to the market. In addition, each of the Listed Members of Emperor Group may conduct fund raising activity other than placing of shares. For example, if Emperor International conduct rights issue on the basis of one rights share for every two shares held at the discount rate of 20% of its closing price as at the Latest Practicable Date, and the Group charges a usual rate of 5% of gross proceeds as underwriting fee to act as underwriter which would be approximately HK\$30 million;
- Listed Members of Emperor Group may issue additional debt securities from time to time. The Group would charge a commission rate at a range of 0.5% to 3% for acting as placing agent for debt securities;
- the expected interest income to be generated assuming the proposed maximum amount of margin loans and term loans will be advanced to the Listed Members of Emperor Group for the three financial years ending 30 September 2027; and

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- taking into account the commission and brokerage fee of approximately HK\$20 million to be generated if each of Listed Members of Emperor Group deals in securities which amount to 1% of their market capitalisation for half of the trading days for each of the three financial years ending 30 September 2027 (e.g. approximately 245 to 250 trading days per year); the Emperor Group Proposed Annual Caps are calculated based on the following market rates:
 - (a) the normal market commission and brokerage fees on dealing in securities in Hong Kong range from approximately 0.03% to 0.25% of the transaction amount;
 - (b) management and performance fee from wealth and asset management will be charged at a percentage of the asset value and/or the appreciation of asset value with reference to the then prevailing market price and practice of the wealth and asset managers in the market; and
 - (c) the market interest rate for securities margin financing in Hong Kong ranges from approximately Prime Rate to Prime Rate plus 5% per annum of the margin loan amount normally, whereas the interest rate for margin financing involving acquisition of a substantial interest in a listed company in Hong Kong and/or making a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code, the interest rate ranges from 1% to 3% per month; for the IPO loan, the current market interest rate is approximately Prime Rate or above of the IPO loan amount and varies from case to case on each IPO; for the term loan, the current market interest rate ranges from approximately 9% to 39% per annum of the term loan amount normally.

(ii) *Maximum margin loan amount to the Listed Members of Emperor Group*

- the need for such cap amount for the Group to stay competitive. If the cap is not sufficient and the Group is required to obtain approval from the Independent Shareholders before granting of the loans, the Group will not be able to meet the timing constraints of the investment decisions of its clients in a timely manner as the threshold of de minimis transactions would not be sufficient to facilitate the needs;
- the expected future funding needs of the Listed Members of Emperor Group for business expansion and capturing potential business opportunities, which includes the need for funding investments in other listed shares in Hong Kong or overseas (including margin loan financing for investment projects which involve making general offers under the Takeovers Code) for the three financial years ending 30 September 2027. If any Listed Members of Emperor Group were to undergo restructuring, reorganisation, or propose privatisation in another Listed Member of Emperor Group, the existing annual caps would adequately meet their requirements;

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- taking into consideration that the Listed Members of Emperor Group would utilise margin loan as treasury and investment activity; and each of them applies for no more than fifteen-hundredth of their market capitalisation for each of the securities they invest in. The proposed annual cap represents approximately one-tenth of their aggregate market capitalisations as at the Latest Practicable Date; and
- despite there was no utilization of any margin loan during the Period, maintaining the existing cap amount will allow flexibility if certain corporate exercise arise for the Listed Members of Emperor Group.

(iii) IPO financing to the Listed Members of Emperor Group

- it is expected that the IPO market will rebound in the forthcoming years, and the demand of IPO loan and potential IPO trading activities from the Listed Members of Emperor Group will resume for the three financial years ending 30 September 2027;
- in the wake of heightened federal rates causing a slowdown in the IPO market, the annual caps has been moderately decreased and there would be anticipated rebound in the IPO market. The Group will continuously promote its money lending business and actively seek for potential customers, including Listed Members of Emperor Group; and
- the estimated cap amount will be sufficient for the financial year ending 30 September 2027 for the Listed Members of Emperor Group.

(iv) Maximum term loan amount to the Listed Members of Emperor Group

- the expected funding needs of the Listed Members of Emperor Group for business expansion and capturing potential business opportunities, which includes the need for funding investments in private companies, properties or other assets for the three financial years ending 30 September 2027;
- preparatory line to facilitate business development if the need for financing arises as business expansions and diversifications of the Listed Members of Emperor Group are active and progressive; and
- historical transactions conducted by Listed Members of Emperor Group were taken into consideration. It is noted that during the Period there were an acquisition transaction and disposal transactions conducted by them which amounted to HK\$325 million and approximately HK\$4,800 million respectively. There is an indication that the Listed Members of Emperor Group may have needs for their business expansion and fulfilling financial covenants. Should they require external financing, the proposed respective annual cap should be significantly utilised.

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(v) *Financial advisory fee from the Listed Members of Emperor Group*

- the Group has been providing corporate financial advisory services to the Listed Members of Emperor Group, including providing advices on Listing Rules and/or Takeovers Code on various fund raising activities and corporate exercises during the Period;
- the financial advisory fee would be received if the potential investment projects of the Listed Members of Emperor Group were materialized or completed during the Period;
- it is expected that the Listed Members of Emperor Group will continue to engage the Group as financial advisor on project basis, particularly in complex transactions such as very substantial acquisitions, general offers and IPOs as well as annual retainer basis for the three financial years ending 30 September 2027. The Group has structured its fee schedule to mirror prevailing market rates and practices with reference to the scale and manpower required to undergo the engagement and advisory work. To ensure ongoing fairness and reasonableness, the supervisory committee within the relevant department undertakes periodic reviews of the terms under the 2024 Emperor Group FSA; and
- the historical amount of advisory fee received from the Listed Members of Emperor Group, taking into account that there is an increase in annual retainer fee during the Period and other potential projects in which the Listed Members of Emperor Group may require the financial advisory services provided by the Group.

Furthermore, the Emperor Group Proposed Annual Caps were determined upon arm's length negotiation between the Company and Listed Members of Emperor Group based on (i) the demand of the Listed Members of Emperor Group; (ii) the optimistic expectation of the capital market; (iii) the Emperor Group Previous Annual Caps under the 2021 Emperor Group FSA; (iv) the historical amounts under the 2021 Emperor Group FSA; (v) the existing financial resources and capacity to provide financial services after taking into account the past transaction records, potential financial activities, credit assessment, financial strength, past payment records and quality of collateral securities of the Listed Members of Emperor Group; and (vi) the benefit for capturing the financial activities of the Listed Members of Emperor Group for the Group to generate revenue in the usual and ordinary course of the business of the Group.

The utilization of the above caps in the future will depend on the then market condition and the investment decisions and strategy of each of the Listed Members of Emperor Group. As there is no clear and regular investment pattern that can be derived with reference to the historical amounts, the Directors consider that the above caps may or may not be fully utilized in each of the financial years ending 30 September 2027.

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INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

The Group has established adequate internal control policies to regularly monitor the utilisation rates of the financial services provided by the Group to the Yeung Family and Listed Members of Emperor Group to ensure compliance with the disclosure requirements of the Listing Rules. The Group has credit and risk management policies which set out the procedures and guidelines for credit facility application. The relevant business unit of the Group will periodically observe the market conditions and monitor the prevailing market prices including the pricings of contemporaneous transactions with Independent Third Parties in respect of similar transactions in the same or nearby area in the ordinary course of business of the Group. Furthermore, the relevant department will conduct regular random checks to review and assess whether the transactions contemplated under the 2024 FSA are conducted on normal commercial terms in accordance with the terms set out in the 2024 FSA and whether relevant terms are no less favourable than those offered to Independent Third Parties; and at the same time monitor the applicable thresholds of the financial services and their applicable thresholds that the respective annual cap will not be exceeded. If the utilisation of annual caps reaches 70% threshold, the relevant business unit (including but not limited to securities dealing department, loan department and credit and risk control department) will need to obtain clearance from the Directors and corporate finance department before entering into new transactions. To aid in compliance with the Listing Rules, the credit and risk control department and/or finance department will provide notification and reminder from time to time. The Directors consider that adequate procedures have been in place to ensure the financial services to be provided by the Group to the Yeung Family and Listed Members of Emperor Group will be under normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

To ensure compliance with the terms and conditions of the 2024 FSA and adherence to the Listing Rules, the Company has implemented a comprehensive review process. The audit committee of the Company conducts an annual review of the transactions contemplated under the 2024 FSA to verify that the transaction amounts are within the Yeung Proposed Annual Caps and Emperor Group Proposed Annual Caps and comply with the terms and pricing basis of the agreements. The external auditors of the Company also performs an annual review of the transactions entered into under the 2024 FSA to ensure that the transaction amounts are within Yeung Proposed Annual Caps and Emperor Group Proposed Annual Caps and that the transactions are in accordance with the terms set out in the agreements. Lastly, the independent non-executive Directors conduct an annual review of the status of the transactions contemplated under the 2024 FSA to ascertain that the Company has adhered to its internal approval process and compiled the relevant requirements under the Listing Rules.

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REASONS AND BENEFITS FOR ENTERING INTO THE 2024 FSA

The Company is an investment holding company. The Group is principally engaged in the provision of financial services including (i) commercial and personal lending as well as margin and IPO financing; (ii) brokerage services, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services.

The Directors considered that the entering into of the 2024 FSA allows flexibility of the Group to continue to provide the financial services to the Yeung Family and the Listed Members of Emperor Group. The Yeung Proposed Annual Caps and Emperor Group Proposed Annual Caps allow the Group to participate in corporate exercises and/or investment opportunities of its clients in a timely manner which is beneficial to the Group's revenue and such increase is in line with the development of the Group's businesses during these few years. The Directors (including independent non-executive Directors who have separately provided their views in the Letter from the Independent Board Committee of this circular after considering the opinion of the Independent Financial Adviser) considered that the 2024 Yeung FSA and 2024 Emperor Group FSA are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Acknowledging the current global financial landscape, where high federal rates have prompted a shift of capital towards debt equities and treasury bonds, the Directors are closely monitoring these macroeconomic factors. The underutilization of the Yeung Previous Annual Caps and the Emperor Group Previous Annual Caps was in part, a reflection of these broader trends. However, the Directors estimate that the normalization or reduction of the federal rates will lead to a rejuvenation of the equity markets, including that of Hong Kong. This, when takes place, is expected to incentivize investment back towards equities, making the maintenance or increment of the proposed annual caps for the three financial years ended/ending 30 September 2024 strategic for the Group's forward-looking expansion.

The Directors recognise that the Hong Kong equity market, while currently experiencing the effects of global monetary tightening, is poised for recovery once the federal rates stabilise or decrease. This expected change in the interest rate environment is likely to enhance the attractiveness of equities, including the potential return of foreign-listed Chinese firms and the resurgence of China concept stocks to the Hong Kong market. Such a pivot would bode well for the Group, as it is positioned to benefit from increased activity and global fund allocation to the region.

In light of the market conditions, the Company has thoughtfully considered the future funding needs of the Yeung Family and Listed Members of Emperor Group. Although no margin loans have been extended to the Listed Members of Emperor Group during the Period, the optimistic outlook for a more buoyant equity market underpins the expectation of heightened financial needs for business expansion and investment opportunity capture in the forthcoming years. The determination of the margin loan caps has taken into account the potential for increased demand for such financial services.

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Therefore, with a considered view of the global economic indicators and the cyclical nature of interest rates, the Directors (including the independent non-executive Directors, after considering the Independent Financial Adviser's assessment) are of the opinion that the 2024 Yeung FSA and 2024 Emperor Group FSA are structured on normal commercial terms and within the regular scope of the Group's business practices. They are adjudged to be fair, reasonable, and in the collective interest of the Company and its Shareholders. These agreements are seen as essential to strategically positioning the Group to leverage the rebound in the equity markets following the anticipated easing of federal rates.

LISTING RULES IMPLICATIONS

Ms. Daisy Yeung is the chairperson and executive Director of the Company. As such, the transactions contemplated under the 2024 Yeung FSA constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Yeung Proposed Annual Caps exceed 5% and the annual amount exceeds HK\$10 million, the 2024 Yeung FSA and the Yeung Proposed Annual Caps are subject to announcement, the Independent Shareholders' approval, annual review and reporting requirements under the Listing Rules.

As at the Latest Practicable Date, the Company and the counter-parties of the 2024 Emperor Group FSA, namely Emperor International, Emperor E Hotel, Emperor W&J, Emperor Culture, New Media Lab and Ulferts, are all indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung who is the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, each of such counter-parties is a deemed connected person of the Company and accordingly, the transactions contemplated under the 2024 Emperor Group FSA constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Emperor Group Proposed Annual Caps exceed 5% and the annual amount exceeds HK\$10 million, the 2024 Emperor Group FSA and Emperor Group Proposed Annual Caps are subject to announcement, the Independent Shareholders' approval, annual review and reporting requirements under the Listing Rules.

Ms. Daisy Yeung did abstain from voting on the relevant Board resolution(s) of the Company in relation to the 2024 FSA and the Annual Caps as (i) she is a counterparty to the 2024 Yeung FSA; and (ii) in view of her deemed interest in the 2024 Emperor Group FSA by virtue of being one of the eligible beneficiaries of the respective private discretionary trusts which control the counterparties to the said agreement.

Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

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INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising Ms. Wan Choi Ha, Mr. Wong Tak Ming, Gary and Mr. Yu King Tin (all of whom are independent non-executive Directors) to advise the Independent Shareholders as to (i) whether the terms of the 2024 FSA and the Annual Caps are fair and reasonable; (ii) whether the transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the proposed resolutions regarding the 2024 FSA and the Annual Caps. Pelican has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

AGM

A notice convening the AGM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 27 February 2024 at 10:30 a.m. is set out from pages AGM-1 to AGM-6 of this circular. Ordinary resolutions to be proposed at the AGM *inter alia*, (1) re-election and election of Directors; (2) general mandates to issue the new Shares and buy back Shares; (3) approving the 2024 FSA and the Annual Caps; and (4) approving the 2024 MLA and the Aggregate Tenancy Annual Caps (as defined in the MLA Circular).

As at the Latest Practicable Date, Ms. Daisy Yeung and her associates together are entitled to control over the voting rights in respect of 2,897,521,438 Shares, representing approximately 42.98% of the total issued Shares of the Company. Ms. Daisy Yeung and her respective associates (including Emperor Capital Group Holdings Limited) will abstain from voting on the resolutions no. 6 in respect of the 2024 FSA and the Annual Caps at the AGM. Please refer to details in relation to resolution nos. 2 to 5 in relation to the above items (1) to (2) in the Mandate Circular and resolution no. 7 in relation to the above item (4) in the MLA Circular.

In compliance with the Listing Rules, all the resolutions to be proposed at the AGM will be voted by way of poll and the results of the AGM will be published after the conclusion of the AGM.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting (as the case may be) should you subsequently so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

LETTER FROM THE BOARD

In order to qualify for the right to attend and vote at the AGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before 4:30 p.m. on Wednesday, 21 February 2024.

No refreshments or drinks will be served and no corporate gifts will be distributed.

The Company would like to encourage Shareholders to exercise their rights to vote at the AGM by appointing the Chairperson of the AGM as their proxy to represent them by returning their forms of proxy by the time specified herein. Physical attendance at the AGM by Shareholders is not necessary for the purpose of exercising their voting rights.

RECOMMENDATION

Your attention is drawn to (1) the letter from the Independent Board Committee set out from pages 33 to 34 of this circular which contains its recommendation to the Independent Shareholders; and (2) the letter of the advice from Pelican set out from pages 35 to 78 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders with regard to the 2024 FSA, the Annual Caps. and the principal factors and reasons it has taken into account in arriving at its recommendation. Having considered the reasons set out herein, the Board is of the view that the terms of the 2024 FSA and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Independent Shareholders to vote in favour of all relevant resolutions to be proposed at the AGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

By order of the Board
Emperor Capital Group Limited
Daisy Yeung
Chairperson

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



英皇資本集團有限公司
Emperor Capital Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 717)

31 January 2024

To the Independent Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
PROVISION OF FINANCIAL SERVICES**

We refer to the circular of the Company to the Shareholders dated 31 January 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We, Independent Board Committee, have been appointed by the Board to advise you on the terms of the 2024 FSA and the Annual Caps. Pelican has been appointed to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out from pages 35 to 78 of the Circular. Your attention is also drawn to the “Letter from the Board” and the “Letter from Pelican” in the Circular and the additional information set out in the Appendix thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the advice given by Pelican, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that (i) the entering into the 2024 FSA is in ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the 2024 FSA are on normal commercial terms whilst the Annual Caps are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the relevant ordinary resolution to be proposed at the AGM to approve the 2024 FSA and the Annual Caps.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Wan Choi Ha

Wong Tak Ming, Gary
Independent Non-executive Directors

Yu King Tin

LETTER FROM PELICAN



PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

31 January 2024

*To the Independent Board Committee and the Independent Shareholders of
Emperor Capital Group Limited*

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTIONS PROVISION OF FINANCIAL SERVICES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024 FSA, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 31 January 2024 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As set out in the Letter from the Board, on 1 December 2023, the Company entered into the 2024 FSA (including 2024 Yeung FSA and the 2024 Emperor Group FSA) with the relevant parties to succeed the 2021 FSA (including 2021 Yeung FSA and 2021 Emperor Group FSA) upon its expiry on 30 September 2024. Pursuant to the 2021 FSA, the Group provides various financial services to the Yeung Family and the Listed Members of Emperor Group (excluding New Media Lab Group) in accordance with the terms and conditions thereof for the period from 1 October 2021 to 30 September 2024 (the “**Period**”). In order for the Group to continue such similar financial services commencing from 1 October 2024 to 30 September 2027, the Company entered into the 2024 Yeung FSA and the 2024 Emperor Group FSA with the relevant parties.

LETTER FROM PELICAN

LISTING RULES IMPLICATIONS

Ms. Daisy Yeung is the chairperson and executive director of the Company. As such, the transactions contemplated under the 2024 Yeung FSA constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Yeung Proposed Annual Caps exceed 5% and the annual amount exceeds HK\$10 million, the 2024 Yeung FSA and the Yeung Proposed Annual Caps are subject to announcement, the Independent Shareholders' approval, annual review and reporting requirements under the Listing Rules.

As at the Latest Practicable Date, the Company and the counter-parties of the 2024 Emperor Group FSA, namely Emperor International, Emperor E Hotel, Emperor W&J, Emperor Culture, New Media Lab and Ulferts, are all indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung who is the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, each of such counter-parties is a deemed connected person of the Company and accordingly, the transactions contemplated under the 2024 Emperor Group FSA constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Emperor Group Proposed Annual Caps exceed 5% and the annual amount exceeds HK\$10 million, the 2024 Emperor Group FSA and Emperor Group Proposed Annual Caps are subject to announcement, the Independent Shareholders' approval, annual review and reporting requirements under the Listing Rules.

Ms. Daisy Yeung did abstain from voting on the relevant Board resolution(s) of the Company in relation to the 2024 FSA and the Annual Caps as (i) she is a counterparty to the 2024 Yeung FSA; and (ii) in view of her deemed interest in the 2024 Emperor Group FSA by virtue of being one of the eligible beneficiaries of the respective private discretionary trusts which control the counterparties to the said agreement.

Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

LETTER FROM PELICAN

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wan Choi Ha, Mr. Wong Tak Ming, Gary and Mr. Yu King Tin, has been established to advise the Independent Shareholders as to (i) whether the terms of the 2024 FSA and the Annual Caps are fair and reasonable; (ii) whether the transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the proposed resolutions regarding the 2024 FSA and the Annual Caps. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

We are not connected with the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from normal professional fees payable to us in connection with this appointment of us as Independent Financial Adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates. As at the Latest Practicable Date, there were no relationships or interests between us and the Group, Yeung Family and Emperor Group or any of their respective substantial shareholders, directors or chief executives, or their respective associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Accordingly, we consider that we are eligible to give independent advice on the terms of the 2024 FSA, the Annual Caps and the transactions contemplated thereunder.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the 2024 FSA and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; (ii) whether the transactions contemplated under the 2024 FSA are on normal commercial terms or better and entered into in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote on the relevant resolution(s) in respect of the 2024 FSA at the AGM.

LETTER FROM PELICAN

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, (i) the annual results of the Company for the year ended 30 September 2023 (the “**2023 Annual Results**”); (ii) the annual report for the year ended 30 September 2022 (the “**2022 Annual Report**”); (iii) the 2024 FSA; (iv) the calculation basis of the Annual Caps and assumptions considered by the Group; and (v) the internal control measures governing continuing connected transactions. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs or the prospects of the Group.

LETTER FROM PELICAN

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the terms of the 2024 FSA and the Annual Caps, we have considered the following principal factors and reasons:

1. Background and reasons for and benefits of entering into the 2024 FSA

1.1. Information of the Group

The Company is Hong Kong based investment holding company principally engaged in the provision of financial services including (i) commercial and personal lending as well as margin and IPO financing; (ii) brokerage services, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services.

Set out below is an extract of the consolidated financial information of the Group for the two years ended 30 September 2022 and 2023 (“FY2022” and “FY2023”, respectively) as extracted from the 2023 Annual Results:

Table 1: Consolidated financial information of the Group

	FY2023	FY2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	441,046	512,824
Impairment allowances on financial assets, net of reversal	(403,638)	(590,095)
Staff costs	(71,982)	(72,912)
Commission and fee expenses	(30,848)	(36,488)
Profit/(Loss) before tax	(160,795)	(290,581)
Profit/(Loss) for the year/period attributable to owners of the Company	(160,638)	(299,234)

FY2023 vs FY2022

The Group’s revenue decreased by approximately 14% from approximately HK\$512.8 million for FY2022 to approximately HK\$441.0 million for FY2023. Such decrease was mainly due to the downtrend of the Hong Kong capital market and the Group continued to adhere to its cautious approach to strengthening the overall credit risk management and control mechanism.

LETTER FROM PELICAN

The Group continued to record loss with loss attributable to owners of the Company amounted to approximately HK\$160.6 million, which was primarily due to (i) the decrease in revenue as mentioned in the above; and (ii) net impairment allowances on financial assets which were made in respect of certain margin clients and borrowers in commercial, mortgage and personal loans based on an assessment of the cash flows expected to be recoverable from the borrowers and the underlying collateral for each of the margin borrowers on an individual basis.

1.2. Information of the Yeung Family

The Yeung Family refers to Ms. Daisy Yeung, the chairperson and executive director of the Company and her associates, but excluding the Listed Members of Emperor Group.

1.3. Information of the Listed Members of Emperor Group

The Listed Members of Emperor Group refer to (i) Emperor International Group, (ii) Emperor E Hotel Group, (iii) Emperor W&J Group, (iv) Emperor Culture Group, (v) New Media Lab Group, and (vi) Ulferts Group, which are all listed on the Stock Exchange and indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung who is the deemed substantial shareholder of the Company.

1.4. Reasons for and benefits of entering into the 2024 FSA

As stated in the Letter from the Board, the Directors considered that the entering into of the 2024 FSA allows flexibility of the Group to continue to provide the financial services to the Yeung Family and the Listed Members of Emperor Group. The Yeung Proposed Annual Caps and the Emperor Group Proposed Annual Caps allow the Group to participate in corporate exercise and/or investment opportunities of its clients in a timely manner which is beneficial to the Group's revenue and such increase is in line with the development of the Group's business during these few years.

As we discussed with the Company, despite the low utilisation rate of the Yeung Previous Annual Caps and the Emperor Group Previous Annual Caps, the Directors hold a cautiously optimistic view of a recovery in the Hong Kong capital market. With federal interest rates currently at the peak of approximately 5.25% to 5.5%, the Federal Open Market Committee's hints at halting rate increases have set market expectations toward a likely decrease in federal interest rates starting next year. Such adjustments are widely expected to offer a tailwind to market recovery. Such shift is expected to incentivize investment back towards equities, making the maintenance or increment of the proposed annual caps for the three financial years ending 30 September 2024 strategic for the Group's forward-looking expansion.

LETTER FROM PELICAN

The Directors recognise that the Hong Kong equity market, while currently experiencing the effects of global monetary tightening, is poised for recovery once the federal rates stabilise or decrease. This expected change in the interest rate environment is likely to enhance the attractiveness of equities, including the potential return of foreign-listed Chinese firms and the resurgence of China concept stocks to the Hong Kong market. Such a pivot would bode well for the Group, as it is positioned to benefit from increased activity and global fund allocation to the region.

In additional, with the ease of geopolitical tension, reduced stamp duty rate on stock transaction and increased number of listings of Chinese firms may help the secondary and IPO markets regain hot streak in Hong Kong. Moreover, the mainland Chinese and Hong Kong capital markets are currently facing a period of undervaluation. This phase of the market cycle often presents strategic opportunities for shrewd investors and companies. On one hand, the lower valuations could be viewed as favorable conditions for making targeted acquisitions or investments. This offers the potential for considerable upside as the market stabilizes and converges to reflect true asset values. On the other hand, such market conditions may also be advantageous to internal corporate restructuring strategies which may lay the foundation for enhanced operational efficiencies and improved long-term growth prospects. In this regard, we agree with the Board that the actual utilization rate is subject to the then market conditions, investment strategies and opportunities that appeared in the market, and accordingly, the historical low utilisation rates should not be a principal factor in determining the Annual Caps.

We understand that the Company had estimated the future funding needs of the Yeung Family and the Listed Members of Emperor Group when determining the Annual Caps. Considering the uncertainties of market conditions through to the end of the financial year 2027, the Company has adopted a conservative outlook, the Company has adjusted accordingly the proposed annual caps for the 2024 FSA for the three financial years ending 30 September 2027 for the Group to capture the financial activities of the Yeung Family and the Listed Members of Emperor Group and achieve its proposed business expansion. Our assessments of the fairness and reasonableness of the Yeung Proposed Annual Caps and the Emperor Group Proposed Annual Caps are further discussed in the below sections headed “Assessment of the Yeung Proposed Annual Caps” and “Assessment of the Emperor Group Proposed Annual Caps” of this letter.

LETTER FROM PELICAN

In addition to the above, we have discussed with the Company and confirmed the following: (i) the Yeung Family and the Listed Members of Emperor Group have a proven track record in transacting with the Group; (ii) the payment of commission and fee to/from the Yeung Family and the Listed Members of Emperor Group will remain no less favourable to the Group than those available to/from Independent Third Parties; and (iii) the Yeung Family and the Listed Members of Emperor Group have maintained good payment records with the Group. Having considered these factors, we are of the view that the transactions contemplated under the 2024 FSA will provide an efficient and effective means for the Group to carry out certain of its financial activities. Accordingly, we concur with the Directors that the 2024 FSA is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the 2024 Yeung FSA

The following table summarizes the major terms of the 2024 Yeung FSA:

Date:	1 December 2023
Effective period:	1 October 2024 to 30 September 2027
Parties:	The Company; and Ms. Daisy Yeung
Nature of transactions contemplated thereunder:	The Group has agreed to (a) provide to the members of the Yeung Family with (i) brokerage services for securities, futures and options trading; (ii) wealth management and asset management services; (iii) financing services including margin loan facilities, IPO loans and term loans; and (iv) financial advisory services; (b) pay commission and fee to the Yeung Family, including the commission and fee for their acting as underwriters or sub-underwriters for the securities of the Company or for the securities underwritten or placed by the Group, and (ii) referral fee for introducing clients to the Group relating to the Group's businesses, commencing from 1 October 2024 up to 30 September 2027.

LETTER FROM PELICAN

Detailed rates and terms (including the commission payables to/and fee receivables from the Yeung Family) will be specified in the individual contract(s) governing each transaction, assessed based on the type of services to be provided, and the considerations are normally settled by cash; and will be on normal commercial terms taking reference of the market price and practice, and in any event, such rates and terms shall be no less favourable to the Group than those available to Independent Third Party.

2.1. Assessment of the principal terms of the 2024 Yeung FSA

In assessing the principal terms of the 2024 Yeung FSA, we have reviewed engagement letters/transaction statements for the aforesaid financial services entered into between the Group and the Yeung Family under the 2024 Yeung FSA, and compared them with engagement letters/transaction statements for similar services entered into between the Group and Independent Third Parties during the same period (details of which are further discussed below). In general, we noted that similar terms and clauses, including but not limited to those related to (i) the brokerage commission rates; (ii) margin financing interest rates; (iii) default interest rates; (iv) guarantors; (v) IPO loan interest rates; (vi) sub-underwriting commission; (vii) sub-underwriting undertaking; and (viii) advisory fees, were contained in these engagement letters/transaction statements, and that the principal terms under the aforesaid engagement letters/transaction statements which were offered by the Group to the Yeung Family were comparable to those offered by the Group to Independent Third Parties.

Meanwhile, in assessing the pricing basis for fees payable or receivable by the Group under the 2024 Yeung FSA, we have conducted the below review.

Fees payable by the Yeung Family to the Group

(i) Brokerage services for securities, futures and options trading

As stated in the Letter from the Board, the rates to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practices of other major securities broking firms in the relevant market (i.e. the normal market commission and brokerage fees on dealing in securities in Hong Kong range from approximately 0.03% to 0.25% of the transaction amount), after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition. The commission rates and fees to be charged to the members of the Yeung Family will be determined based on the same pricing methodology as stated above. The commission and brokerage fee will be charged upon successful completion of the transaction and directly deduct from clients' securities account.

LETTER FROM PELICAN

In assessing the fairness and reasonableness of the pricing basis for such brokerage services, we have obtained and reviewed 6 engagement letters/transaction statements for the Group's provision of such services to the Yeung Family under the 2021 Yeung FSA, and compared them with 6 engagement letters/transaction statements for the Group's provision of similar services to Independent Third Parties during the same period from 2021 to 2023. From our review, we noted that the brokerage rates charged by the Group to the Yeung Family ranged between 0.08% to 0.25%, as compared with the range from 0.03% to 0.25% charged to Independent Third Parties, which were no less favourable to the Group than those available to Independent Third Parties.

(ii) Wealth management and asset management services

As stated in the Letter from the Board, the fees to be charged by the Group under this category to its clients shall include management and performance fees, which will be charged at a percentage of the asset value and/or the appreciation of asset value with reference to the then prevailing market price and practices of other wealth and asset managers in the market (i.e. the basic management fee in the market is currently approximately 2.5% or below of the asset value per annum, whereas performance fee varies widely from nil up to approximately 20% of the appreciation of asset value or on the amount of return upon meeting certain benchmark or target. In the event that the predetermined performance benchmarks are not reached, no performance fee will be levied. The amount of performance fee highly depends on the percentage of the basic management fee, the lower the basic management fee, the higher the performance fee will be and vice versa). The fee structure may vary widely and the range may widen in accordance with the investment objective, type of investment (e.g. equity, bond, or mix assets), the geographical region where assets are invested, the asset size to be managed, the market risk, the risk acceptance level of clients and the investment opportunities in the financial market from time to time. The management and performance fees to be charged to the members of the Yeung Family will be determined based on the same pricing methodology as stated above. The management fee and performance fee are charged by the Company on a regular basis the designated settlement date as stipulated in the investment management agreement entered into with each client.

From our discussions with the Company, we understand that the Company neither provided wealth management and asset management services to the Yeung Family nor Independent Third Parties during the Period. In this regard, as discussed in the below section headed "Internal control procedures and corporate governance measures" of this letter, as part of the Group's internal control procedures, the credit and risk control department of the Group will compare the terms under the 2024 FSA with those made available to Independent Third Parties for similar financial services to ensure that the terms offered by the

LETTER FROM PELICAN

Group to the Yeung Family will be no less favourable to the Group than those available to Independent Third Parties. In addition, the senior management (director grade or above) of the relevant/responsible department for the respective business activity of the Group (“**Senior Management**”) will consistently assess market conditions and the strategies employed by peer wealth and asset management organizations. The Senior Management is responsible for continuously monitoring the prevailing market rates for management and performance fees. It also compares these rates with the fees charged for similar transactions in the same vicinity by examining the market sentiment through the market research division to ensure that the fees charged under the 2024 FSA are fair and competitive for the Group. Given the implementation of these internal control procedures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Yeung Family were on normal commercial terms or better to the Group, we consider the relevant pricing basis for this category as fair and reasonable.

(iii) Financing services including margin loans, IPO loans and term loans

As stated in the Letter from the Board, the interest rates to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practices of other money lending corporations in the market (i.e. the current market interest rate for securities margin financing in Hong Kong ranges from approximately Prime Rate to Prime Rate plus 5% per annum of the margin loan amount normally, whereas the interest rate for margin financing involving an acquisition of a substantial interest in a listed company in Hong Kong and/or a general offer to acquire the issued shares of a listed company in Hong Kong under the Takeovers Code, ranges from 1% to 3% per month. For IPO loans, the current market interest rate is approximately Prime Rate or above of the IPO loan amount and varies from case to case on each IPO. For term loans, the current market interest rate ranges from approximately 9% to 39% per annum of the amount of the term loan). The rates may vary widely and the range may widen in accordance with the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of the clients and the prevailing market condition. The interest rates to be charged to the members of the Yeung Family will be determined based on the same pricing methodology as stated above. Interest on margin financing is calculated on a rolling basis and accrues daily, based on the outstanding balance of the margin financing, and shall be settled on a regular basis or upon request by the Group. Interest on the IPO financing will be automatically deducted from the client’s securities account upon submitting the IPO application.

LETTER FROM PELICAN

From our discussions with the Company, we understand that the Company did not provide IPO loans and term loans to the Yeung Family. In this regard, the Senior Management will consistently evaluate market conditions and observe the prevailing market rate to identify potential business opportunities. It also assesses the rates in relation to the fees imposed on market comparable transactions to ensure that the fees charged are fair and competitive for the Group. With the implementation of the “internal control procedures and corporate governance measure” mentioned in the below section, the Group ensures the prices and terms for transactions entered into between the Group and the Yeung Family were on normal commercial terms or better to the Group, therefore we consider the relevant pricing basis for this category as fair and reasonable.

In assessing the fairness and reasonableness of the pricing basis for margin loan services, we have, on a random selection basis, obtained and reviewed 6 engagement letters/transaction statements for the Group’s provision of such services to the Yeung Family under the 2021 Yeung FSA, and, on a random selection basis, compared them with 6 engagement letters/transaction statements for the Group’s provision of similar services to Independent Third Parties during the same period from 2021 to 2023. From our review, we confirmed that the interest rates charged by the Group to the Yeung Family for margin loans were no less favourable to the Group than those available to Independent Third Parties.

(iv) Financial advisory services

As stated in the Letter from the Board, the advisory fees to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practices of other financial advisers providing similar services in the market, as well as the size and type of transaction, the manpower to be allocated and the business relationship with the clients. Based on the above, the advisory fees vary a lot but usually range from HK\$100,000 to HK\$5,000,000 based on the scale and complexity of, time and manpower required for the transaction. The advisory fee of certain funding raising transactions would be charged by percentage of the total fund raised, as a result the advisory fee may be significant compared to those with fixed fee. The Group will adopt the same pricing methodology in determining the advisory fees to be charged to the members of Yeung Family in providing the financial advisory services. The financial advisory fee is typically settled upon reaching specific milestones or stages as outlined in the definitive financial advisory mandate. These milestones may include the initial engagement, reaching certain work stages, and the successful completion of the services provided.

LETTER FROM PELICAN

In assessing the fairness and reasonableness of the pricing basis for such financing advisory services, we have obtained and reviewed 6 engagement letters for the Group's provision of such services to the Yeung Family under the 2021 Yeung FSA, and compared them with 3 engagement letters for the Group's provision of similar services regarding a similar transaction to Independent Third Parties during the same period from 2021 to 2023. From our review, we confirmed that the financial advisory fees charged by the Group to the Yeung Family were no less favourable to the Group than those available to Independent Third Parties.

Fees payable by the Group to the Yeung Family

- (i) Commission and fee for their acting as underwriters or sub-underwriters for the securities of the Company or for the securities underwritten or placed by the Group

As stated in the Letter from the Board, the commission and fee payable to the underwriters and sub-underwriters will be determined with reference to the then prevailing market price and practices of other market participants in the market, after considering the underwriting risks, the market price, liquidity and the nature of relevant securities, the market capitalization of the issuers, the size of the underwriting amount and the prevailing market condition. The commission and fee payable to sub-placing agents and sub-underwriters by the Group vary based on the size of the issue, risk, volatility and attractiveness of the transactions. For sub-placing, the commission and fee payable by the Group usually range from 0.5% to 3% of the amount of the issue size and the amount the sub-placing agent undertakes to subscribe. For sub-underwriting, the underwriting fee payable by the Group to underwriters and sub-underwriters usually range from 0.5% to 3% depending on the commission rate charged to clients by the Group. Since the commission and fee payable to sub-placing agents and sub-underwriters are calculated based on the amount of the issue size and the amount the sub-placing agents and sub-underwriters undertake to subscribe or underwrite, so the actual amount of commission and fee payable to them may vary significantly. The commission and fee to be payable to the members of Yeung Family will be determined based on the same pricing methodology as stated above. The underwriting fee and sub-underwriting fee are typically settled upon completion of underwriting transaction which is usually deducted from the gross proceeds to be paid to the issuers by the underwriters or sub-underwriters.

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Regarding the pricing basis for fees payable by the Group to the Yeung Family under the 2021 Yeung FSA, we understand that under the 2021 Yeung FSA, no relevant commission and fee had been paid by the Group to the Yeung Family during the Period. Hence, we are unable to obtain any relevant historical transaction records under the 2021 Yeung FSA for a comparable analysis. Nonetheless, we have obtained and reviewed placing agreements of commission and fee to different Independent Third Parties during the Period and noted that the commission fees for the same types of transaction were the same. Accordingly, we consider that there has been a system in place to determine the amount of commission and fee paid/payable by the Group, and we are also of the view that such system will ensure the commission and fee payable by the Group to the Yeung Family will be no less favourable to the Group than those available to Independent Third Parties.

- (ii) Referral fee for introducing clients to the Group relating to the Group's business

From our discussion with the Company, we understand that the amount of referral fees payable to any person who introduces business to the Group will depend on the type of the Group's services required by the referred clients, after taking into account the respective commercial considerations in relation to that type of services, such as the scale and size of the transactions, the relationship with the client, the credit risk exposure, creditworthiness and financial standing of the clients. The referral fees will be a percentage of the transaction or a lump sum, and the amount will depend on the then prevailing market price and practice of market participants in the market and will be adjusted upwards or downwards as from case to case based on the relevant commercial considerations. The referral fees to be payable to the members of Yeung Family will be determined based on the same methodology as stated above. The referral fee will be paid to the referrers upon reaching specific milestones or stages of the transaction referred by them and successful receipt of the fees associated with the transaction.

From our discussions with the Company, we understand that under the 2021 Yeung FSA, no relevant referral fee had been paid by the Group to the Yeung Family during the Period. Hence, we are unable to obtain any relevant historical transaction records under the 2021 Yeung FSA for a comparable analysis. In this regard, as discussed in the below section headed "Internal control procedures and corporate governance measures" of this letter, as part of the Group's internal control procedures, the relevant personnel of the Group will compare the terms under the 2024 FSA with those made available to Independent Third Parties for similar financial services to ensure that the terms offered by the Group to the Yeung Family will be no less favourable to the

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Group than those available to Independent Third Parties. We understand from the Company that the referral fee structure is subject to the sentiment of the market and department head approval who will assess the rates in relation to the fees imposed on at least 3 market comparable transactions to ensure that the fees paid by the Group are fair and competitive. Given the implementation of these internal control procedures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Yeung Family were on normal commercial terms or better to the Group, we consider that the Company has proper measures in place to ensure that the terms under the 2024 Yeung FSA for these categories would continue to be no less favourable to the Group than those available to Independent Third Parties. From our review, we confirmed that the referral fees payable by the Group to the Yeung Family were no less favourable to the Group than those available to Independent Third Parties.

3. Assessment of the Yeung Proposed Annual Caps

In determining the Yeung Proposed Annual Caps, the Directors have categorised the transactions thereunder into the following six categories:

- (i) Commission, brokerage, fees and interest income to be received from the Yeung Family;
- (ii) margin loans to be provided to the Yeung Family;
- (iii) IPO loans to be provided to the Yeung Family;
- (iv) term loans to be provided to the Yeung Family, such as tax loan, mortgage loan or loan for business or personal needs;
- (v) financial advisory services to be provided to the Yeung Family (including general corporate financial advice such as corporate governance issues, shareholders' dealings in shares, corporate investment and advice on Listing Rules or Takeovers Code); and
- (vi) commission and fee to be paid to the Yeung Family for their acting as underwriters or sub-underwriters for the securities or bonds to be issued (if any) by the Company or for the securities and bonds underwritten or placed by the Group, and/or referral fee for introducing clients to the Group relating to the Group's business.

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3.1. The Yeung Proposed Annual Caps

Set out below are the Yeung Proposed Annual Caps:

Table 2: Yeung Proposed Annual Caps

	For the financial year ending 30 September		
	2025	2026	2027
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage, fees and interest income from the Yeung Family	150,000	150,000	150,000
(ii) Maximum margin loan amount to the Yeung Family*	500,000	500,000	500,000
(iii) Maximum IPO loan amount to the Yeung Family*	200,000	200,000	200,000
(iv) Maximum term loan amount to the Yeung Family*	250,000	250,000	250,000
(v) Financial advisory fees from the Yeung Family	15,000	15,000	15,000
(vi) Commission and fee to the Yeung Family for their services being provided to the Group	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Total	<u><u>1,145,000</u></u>	<u><u>1,145,000</u></u>	<u><u>1,145,000</u></u>

* The maximum amount granted during the relevant financial year.

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3.2. Utilisation of the Yeung Previous Annual Caps

Set out below are the historical transaction amounts and the utilisation rates of the Yeung Previous Annual Caps.

Table 3: Utilisation of the Yeung Previous Annual Caps

	For the financial year ended	
	30 September	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage, fees and interest income from the Yeung Family	4,482	3,258
(ii) Maximum margin loan amount to the Yeung Family*	58,660	30,597
(iii) Maximum IPO loan amount to the Yeung Family*	–	–
(iv) Maximum term loan amount to the Yeung Family*	–	–
(v) Financial advisory fees from the Yeung Family	1,150	1,190
(vi) Commission and fee to the Yeung Family for their services being provided to the Group	–	–
Total	<u>64,292</u>	<u>35,045</u>
Yeung Previous Annual Caps	1,372,000	1,372,000
Utilisation rate	4.7%	2.6%

* The maximum amount granted during the relevant financial year or period.

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3.3. Basis of the Yeung Proposed Annual Caps

From our discussion with the Company, we understand the Yeung Proposed Annual Caps were determined on arm's length negotiation between the Company and the Yeung Family based on (i) the demand of the Yeung Family; (ii) the optimistic expectation in the capital market; (iii) the Yeung Previous Annual Caps under the 2021 Yeung FSA; (iv) the historical transaction amounts utilized under the 2021 Yeung FSA; (v) the existing financial resources and capacity of the Group to provide financial services after taking into account the past transaction records, potential financial activities, credit assessment, financial strength, past payment records and quality of collateral securities of the Yeung Family; and (vi) the benefits for capturing the financial activities of the Yeung Family for the Group to generate revenue in the usual and ordinary course of the business of the Group.

As stated in the Letter from the Board, the utilization of the Yeung Proposed Annual Caps in the future will depend on the then market condition and the investment decisions and preference of each individual member of the Yeung Family. As there is no clear and regular investment pattern that can be derived with reference to the historical amounts, the Directors consider that the Yeung Proposed Annual Caps may or may not be fully utilized in each of the financial years.

In addition to the above, the Board has considered the below factors when determining the Yeung Proposed Annual Caps under each category of the 2024 Yeung FSA.

(i) Commission, brokerage, fees and interest income from the Yeung Family

As stated in the Letter from the Board, the Yeung Proposed Annual Caps under this category shall include (i) commission and brokerage fees on dealing in securities, futures and options contracts; (ii) commission income from asset management, insurance brokerage and wealth management; and (iii) interest income from financing.

In determining such Yeung Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the expected interest income to be generated assuming the proposed maximum amount of margin loans, term loans and IPO loans will be advanced to the Yeung Family for the three financial years ending 30 September 2027; and (ii) the fact that the Yeung Proposed Annual Caps are calculated based on the market rates.

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We have reviewed the historical transaction of the relevant services provided under the 2021 Yeung FSA and noted that the commission, brokerage fees and the interest income from margin loans, term loans and IPO loans had decreased by 27.3% for the year ended 30 September 2023, compared to the corresponding period of the previous year. We also noted that the utilization rate of annual caps under this category had remained low. As discussed with the Company, the utilization rate of such Yeung Proposed Annual Caps depends on the then market condition and the investment decisions and preference of each member of the Yeung Family. Nonetheless, the Board believes that the Yeung Family would become more active in its trading activities and they are expected to experience exponential growth for the three years ending 30 September 2027. In order to maximize the Group's profit and to capture the potential business opportunities from the Yeung Family, there should be sufficient buffer made against the sudden investment or financing needs of the Yeung Family.

We also noted that the Directors hold an optimistic view of the Hong Kong securities market is primarily driven by the potential decrease in the federal interest rate of the United States of America, which could stimulate investment activity in Hong Kong. Additionally, the increasing flow of funds from Southeast Asia and the Middle East into the Hong Kong market is expected to contribute to higher trading volumes and brokerage income for the Group. The Hong Kong government's initiatives to enhance the city's status as an international financial center, such as developing the fintech ecosystem and attracting talent, further support our positive outlook. This annual cap was the sum of expected revenue to be generated from the aforementioned financial services to be provided by the Group, with reference to the average of historical commission, brokerage, and fees income of approximately HK\$4.3 million with top five customers of the Group with similar portfolio for the year ended 30 September 2023. It is estimated that no fewer than ten members of the Yeung Family could engage in trading activities and require financing similar to the largest customers of the Group, especially under favourable market conditions. Should members of the Yeung Family utilize the loan facilities offered by the Group, the resulting interest income be significant.

Taking into account (i) the usual brokerage fee of 0.25% of each securities trading transaction charged by the Group (including but not limited to secondary market trading, IPO subscription and share placement); (ii) the expected interest income to be generated from the Yeung Family if the estimated maximum amount of loans being granted to it by the Group; (iii) the expected commission, brokerage and fees to be generated from brokerage services for securities, futures and options trading with reference to the historical trading records; (iv) the anticipated increase in trading activities of the Yeung Family members; (v) the optimistic view of the Hong Kong securities market; and (vi) the expected

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contribution from the Yeung Family of approximately (a) HK\$5 million of commission, brokerage and fees from brokerage services, futures and options trading; (b) no less than HK\$100 million of interest income to be generated from margin loan if general offer and/or privatisation are conducted, based on an approximately 3% monthly interest rate applied to the Yeung Proposed Annual Caps for margin loans of 500 million, and considering the typical durations of 2 months for a general offer and approximately 6 months for a privatization; and (c) the remaining amount as buffer in the event that Yeung Family trades more frequently and has higher demand of loan facilities hence more interest income to be generated, and we consider such basis as fair and reasonable given the potential of the Group to capitalize on opportunities to transact with the Yeung Family.

On the other hand, given that the terms and rates to be charged to the Yeung Family will continue to be no less favourable to the Group than those available to Independent Third Parties, and that certain financial services used by the Yeung Family have shown an increasing trend, the Yeung Proposed Annual Caps for commission, brokerage, fees and interest income from the Yeung Family for the three financial years ending 30 September 2027 are fair and reasonable.

(ii) Maximum margin loan and maximum term loan to the Yeung Family

The Yeung Proposed Annual Caps under these two categories represent the maximum amount of margin loans and term loans that can be provided to the Yeung Family on a revolving basis.

In determining such Yeung Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the need of such cap for the Group to stay competitive; (ii) past investment decisions and capital needs of the members of the Yeung Family; (iii) the estimated funding needs of the Yeung Family for capturing potential business opportunities, which includes the need for funding investments in listed shares in Hong Kong or overseas (including margin loan financing for investment projects which involve making general offers under the Takeovers Code) for the three financial years ending 30 September 2027; (iv) the historical transactions conducted by the Yeung Family in previous years; and (v) the Yeung Family also owns substantial amount of real estate assets and has been active in the real estate market.

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We have reviewed the historical transaction of the relevant services provided under the 2021 Yeung FSA and noted that the usage of margin loans had generally decreased and no usage of term loan. We also noted that the monetary value of the securities portfolios of members of the Yeung Family is relatively significant. As stated in the Letter from the Board and we have reviewed, as at the Latest Practicable Date, the five-year average market capitalisation of the Listed Members of Emperor Group amounted to approximately HK\$8 billion, and hence the Yeung Proposed Annual Caps for maximum margin loans represent approximately 6.0% of the aforementioned five-year average market capitalisation of the Listed Members of Emperor Group. As the Group offers margin financing on the shares of Listed Members of Emperor Group, the members of Yeung Family could pledge part of their securities to obtain quick financing to purchase other securities on market and/or make a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code. The proposed annual cap for margin loan would be sufficient in the event that members of the Yeung Family consolidate control and/or conduct transactions under the Takeovers Code in Listed Members of Emperor Group and other listed companies. Given the aforesaid, the Yeung Proposed Annual Caps for margin loans to the Yeung Family revised from HK\$700 million to HK\$500 million, and we consider as a fair and reasonable estimation of the demand of members of the Yeung Family for margin loans from the Group.

Regarding the Yeung Proposed Annual Caps for maximum term loans, we noted that since a significant portion of the revenue generated by the Group is interest income from mortgage loans, taking into account the considerable holdings of Yeung Family in real estate assets, historical transactions and quick financing would be crucial in securing advantageous deals with vendors, so it represents a significant opportunity for the Group to capture the business opportunities arisen from such needs. During the current trough of property market in Hong Kong, members of the Yeung Members might expand their portfolio by acquiring additional real estate assets at lower prices. The Yeung Family would be able to secure mortgage loan facilities with the Group with justifiable loan-to-value ratio and no favourable than those offered to Independent Third Parties. The annual cap was determined taking into account (i) the value of the real estate assets owned by them; (ii) historical property transactions conducted by them; and (iii) potential funding needs if they require quick financing to complete such transactions. Given that the Group generates a part of its interest income from its provision of mortgage loans, it would be in the interest of the Group if it could capture business opportunities in providing loan facilities to clients such as members of the Yeung Family which have a strong financial background and owns assets of good quality.

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Same as the Yeung Proposed Annual Caps for commission, brokerage, fees and interest income from the Yeung Family, the utilisation of the Yeung Proposed Annual Caps under these categories depends on the funding needs of the Yeung Family which can be quite sudden, therefore, in order to maximize the Group's profit, the Group had prepared sufficient buffer for margin loans and term loans to be provided to the Yeung Family.

Given that the interest rates to be charged to the Yeung Family will be no less favourable to the Group than those available to Independent Third Parties, and decrease in the utilisation of margin loans and term loans by the Yeung Family, we consider the Yeung Proposed Annual Caps for margin loans and term loans to the Yeung Family for the three financial years ending 30 September 2027 are fair and reasonable.

(iii) Maximum IPO loan amount to the Yeung Family

The Yeung Proposed Annual Caps under this category represent the maximum amount of IPO loans that can be provided to the Yeung Family on a revolving basis.

In determining such Yeung Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the expectation that the IPO market will rebound in the forthcoming years; (ii) the expectation that the demand of IPO loan and potential IPO trading activities from the members of the Yeung Family will remain stable for the three financial years ending 30 September 2027; (iii) the maximum IPO loan amount granted to an Independent Third Party of approximately HK\$14.9 million when submitting IPO application during the Period; (iv) the historical records of no less than ten members of Yeung Family actively applied for IPO loan with facility amount usually ranging from HK\$3 million to HK\$80 million during the last decade; and (v) the number of members of the Yeung Family and assuming an average of HK\$15 million of loan facility to be granted to no less than ten members of Yeung Family with a buffer of HK\$50 million in the event that they apply high amount of loan facility when there is particularly favoured IPO.

As stated in the Letter from the Board, it is expected that the IPO market will rebound in the forthcoming years, the macroeconomic conditions may improve including the potential decrease of federal interest rate and the ease of geopolitical tension and increased number of secondary listings of Chinese firms may help IPO market maintain hot streak. The demand for IPO loans and potential IPO trading activities from members of the Yeung Family is expected to increase for the three financial years ending 30 September 2027. Historically,

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the maximum amount granted to them has been fully utilised under the respective annual cap. It is anticipated that the annual caps would be utilized once the IPO market rebounds.

We have reviewed the historical transaction of the IPO loans provided under the 2021 Yeung FSA and noted that there was no utilization of any IPO loan financing in 2022 and 2023. According to the data from the Hong Kong Stock Exchange (“**HKEx**”), there has been a discernible downward trend in the number of Initial Public Offerings (IPOs) in Hong Kong, with 146 IPOs recorded in 2020, followed by 97 in 2021, 90 in 2022, and 72 IPOs as of December 29, 2023, marking a continuous decrease over the three-year period from 2021 to 2023. We understand the no utilization of IPO loan financing under the 2021 Yeung FSA was mainly due to the unexpected downturn of the Hong Kong IPO market, correlating with a global economic downturn. According to the Chinese mainland and Hong Kong IPO report¹ issued by Ernst & Young on 21 November 2023, it has been observed that the proceeds from Hong Kong IPOs in 2023 have plummeted to the lowest point in two decades. The postponement of several significant IPOs has been attributed to the lackluster performance post-listing of some notable entities. Despite this setback, concerted measures are being implemented within the Hong Kong IPO sphere aimed at enhancing the overall appeal of its capital market.

We are of the view that the annual cap of HK\$200 million IPO loans is reasonable by considering the post-COVID improvement of the HK IPO market with favorable policies from HKEx including but not limited to (i) added a new Listing Chapter 18C to allow specialist technology companies to seek listing in Hong Kong with a minimum market capitalization of HK\$6 billion at time of listing, (ii) the confirmed implementation of GEM reforms in 2024 with a new listing route and an introduction of a Main Board transfer mechanism, (iii) included the Indonesia Stock Exchange and Saudi Exchange to the list of recognised stock exchanges, allowing eligible companies on these markets to seek secondary listing in Hong Kong and (iv) conducted various reforms to enhance the overall attractiveness of Hong Kong’s listing framework: implementation of double dipping reform, expansion of paperless regime in 2024 and a proposal to introduce a new treasury share regime.

¹ Please refer to: https://www.ey.com/en_cn/news/2023/11/hk-ipo-activity-expected-to-pick-up

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As discussed with the Company, despite the no utilization of IPO loans by the Yeung Family in the years 2022 and 2023, the given optimistic projections for a resurgence in IPO activity amidst diminishing adverse factors and a steadying capital market in Hong Kong, the Group has accordingly adjusted the Yeung Proposed Annual Caps for IPO loans to the Yeung Family from HK\$250 million for 2021 to HK\$200 million for each of the three financial years ending 30 September 2024, and we considered, given that the interest rates to be charged to the Yeung Family will be no less favourable to the Group than those available to Independent Third Parties, the Yeung Proposed Annual Caps for IPO loans to the Yeung Family for the three financial years ending 30 September 2027 are fair and reasonable.

(iv) Financial advisory fees from the Yeung Family

The Yeung Proposed Annual Caps under this category represent financial advisory services (including general financial advice on corporate governance issues, shareholders' dealings in shares, acquisition of listed securities, advice on Listing Rules or Takeovers Code, and acting as sponsor for the listing of some of the corporate members of the Yeung Family).

In determining such Yeung Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the fact that the Group has been providing corporate financial advisory services to members of the Yeung Family concerning their investment projects; (ii) the financial advisory fees would be received if the potential investment projects of members of the Yeung Family were materialized or completed during the Period; (iii) the expectation that members of the Yeung Family will continue to engage the Group as financial advisor in their investment projects or corporate exercises in the three financial years ending 30 September 2027, particularly in complicated transactions such as general offers and IPO; (iv) the historical transactions conducted or considered by the members of the Yeung Family, the scale and complexity of, time and manpower required for advising on the transactions, if materialized; and (v) the market price and practice and the expectation that financial advisory fees in the market will increase in the three financial years ending 30 September 2027.

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We have reviewed the historical transaction of the financial advisory services provided under the 2021 Yeung FSA and noted that the usage of such services had slightly increased from approximately HK\$1.15 million for the year ended 30 September 2022 to HK\$1.19 million for the year ended 30 September 2023. As discussed with the Company, it is expected that the Yeung Family will continue to engage the Group as its financial advisor should there be need for financial advisory services, yet the needs for such services are not expected to increase sharply for the three financial years ending 30 September 2027. Nonetheless, in order to capture potential business opportunities from the Yeung Family, the Group has to prepare sufficient buffer for such transactions. Given the aforesaid, the Yeung Proposed Annual Caps for financial advisory fees remain the same with the 2021 Yeung FSA. We considered, given that the financial advisory fees to be charged to the Yeung Family will be no less favourable to the Group than those available to Independent Third Parties, the Yeung Proposed Annual Caps for financial advisory fees from the Yeung Family for the three financial years ending 30 September 2024 are fair and reasonable.

(v) Commission and fee to the Yeung Family for their services being provided to the Group

The Yeung Proposed Annual Caps under this category shall include commissions and fees payable to the Yeung Family (i) for their acting as underwriters or sub-underwriters for the securities or bonds to be issued (if any) by the Company; (ii) for their acting as underwriters or sub-underwriters for the securities and bonds of other listed companies underwritten or placed (if any) by the Group; and (iii) for introducing clients to the Group relating to the Group's businesses.

In determining such Yeung Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the fact that the Group has been active in participating in fundraising activities during the Period; (ii) the expectation that the Group will remain active in future fund raising activities for itself and as underwriters or sub-underwriters for other companies listed on the Stock Exchange which are Independent Third Parties; and (iii) the members of the Yeung Family are expected to participate in the future fund raising activities of the Company (if any) or other listed companies of which the Group is acting as underwriters or sub-underwriters during the three financial years ending 30 September 2027.

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The commission and fee to the Yeung Family are estimated based on (i) the aggregate transaction amounts of fund raising activities that the Group has engaged during the Period; (ii) the Group's commission expenses for the same period; and (iii) the market rate and the historical rate of referral fee given to Independent Third Parties. Furthermore, the commission and fee payable to sub-placing agents and sub-underwriters vary in accordance to the attractiveness of such transactions. For placing, the commission and fee payable to sub-placing agents is usually around 0.5% to 3% depending on the commission rate charged to clients by the Group. For sub-underwriting, the underwriting fee payable to sub-underwriters is usually around 0.5% to 3%. Since the commission and fee payable to underwriters and sub-underwriters is based on the amount of shares they wish to subscribe, the actual amount of commission and fee payable to them may be significant.

We noted that under the 2021 Yeung FSA, the Group had not paid any commission or fee to the Yeung Family. As discussed with the Company, during the period from 1 October 2021 to 30 November 2023 (i.e. the period covered by the 2021 Yeung FSA), the Yeung Family had neither (i) acted as an underwriter or sub-underwriter for securities or bonds issued by the Company or those of other listed companies that were underwritten or placed by the Group; nor (ii) referred any clients to the Group. However, we also understand from the Directors that, historically, the Yeung Family had themselves acted as underwriters to subscribe for securities or bonds that were issued by the Company or other listed companies, as well as sub-underwriters to sub-underwrite various securities for the Group, in addition to referring clients to subscribe for securities placed or underwritten by the Group. Hence, in order to capture any possible profit as a result of the Yeung Family's successful client referrals and placing and sub-underwriting services, the Group has to prepare sufficient annual caps for such transactions. Nonetheless, having considered the historical low usage of such annual caps, the Yeung Proposed Annual Caps for commission and fee to the Yeung Family has been revised from HK\$36 million for 2024 to HK\$30 million for each of the three financial years ending 30 September 2027, and the Directors considered such adjustment will be sufficient to capture potential business opportunities from the Yeung Family.

Given that the commission and fee to be paid to the Yeung Family will be on normal commercial terms with reference to the then market price and practice, and the utilisation of the Yeung Previous Annual Caps under this category had been low, we concur with the Directors that the Yeung Proposed Annual Caps for commission and fee to the Yeung Family for the three financial years ending 30 September 2027 are fair and reasonable.

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4. Principal terms of the 2024 Emperor Group FSA

The following table summarised the major terms of the 2024 Emperor Group FSA:

Date:	1 December 2023
Effective period:	1 October 2024 to 30 September 2027
Parties:	The Company; and Listed Members of Emperor Group
Nature of transactions contemplated thereunder:	The Group has agreed to provide to the Listed Members of Emperor Group with (i) brokerage services for securities, futures and options trading; (ii) wealth management and asset management services; (iii) placing and underwriting services; (iv) financing services including margin loan facilities, IPO financing and term loans; and (v) financial advisory services, commencing from 1 October 2024 up to 30 September 2027.

Detailed rates and terms will be specified in the individual contract(s) governing each transaction, assessed based on the type of services to be provided and the considerations are normally settled by cash; and will be on normal commercial terms taking reference of the market price and practice, and in any event, such rates and terms shall be no less favourable to the Group than those available to Independent Third Parties.

4.1. Assessment of the principal terms of the 2024 Emperor Group FSA

In assessing the principal terms of the 2024 Emperor Group FSA, we have reviewed engagement letters/transaction statements for the aforesaid financial services entered into between the Group and the Listed Members of Emperor Group under the 2021 Emperor Group FSA, and compared them with engagement letters/transaction statements for similar services entered into between the Group and Independent Third Parties during the same period (details of which are further discussed below). In general, we noted that similar terms and clauses, including but not limited to those related to (i) the brokerage commission rates; (ii) margin financing interest rates; (iii) default interest rates; (iv) guarantors; (v) IPO loan interest rates; (vi) sub-underwriting commission; (vii) sub-underwriting undertaking; and (viii) advisory fees, were contained in these engagement letters/transaction statements, and that the principal terms under the aforesaid engagement letters/transaction statements offered by the Group to the Listed Members of Emperor Group were comparable to those offered by the Group to Independent Third Parties.

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Meanwhile, in assessing the pricing basis for fees payable by the Group under the 2024 Emperor Group FSA, we have conducted the below review.

(i) Brokerage services for securities, futures and options trading

As discussed with the Company, the rates to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practices of other major securities broking firms in the relevant market (i.e. the normal market commission and brokerage fees on dealing in securities in Hong Kong range from approximately 0.1% to 0.25% of the transaction amount), after considering the trading volume, creditworthiness and financial standing of the clients and the prevailing market condition. The commission rates and fees to be charged to the Listed Members of Emperor Group will be determined based on the same pricing methodology as stated above. The commission and brokerage fee will be charged upon successful completion of the transaction and directly deducted from clients' securities account.

In assessing the fairness and reasonableness of the pricing basis for such brokerage services, we have obtained and reviewed 6 engagement letters/transaction statements for the Group's provision of such services to the Listed Members of Emperor Group under the 2021 Emperor Group FSA, and compared them with 6 engagement letters/transaction statements for the Group's provision of similar services to Independent Third Parties during the same period from 2021 to 2023. From our review, we noted that the brokerage rates charged by the Group to the Listed Members of Emperor Group ranged between 0.15% to 0.25% and were no less favourable to the Group than those available to Independent Third Parties ranging between 0.03% to 0.25%.

(ii) Wealth management and asset management services

As discussed with the Company, the fees to be charged by the Group under this category to its clients shall include management and performance fees, which will be charged at a percentage of the asset value and/or the appreciation of asset value with reference to the then prevailing market price and practices of other wealth and asset managers in the market (i.e. the basic management fee in the market is currently approximately 2.5% or below of the asset value per annum, whereas performance fee varies widely from approximately nil up to 20% of the appreciation of asset value or on the amount of return upon meeting certain benchmark or target. In the event that the predetermined performance benchmarks are not reached, no performance fee will be levied. The amount of performance fee highly depends on the percentage of the basic management fee, the lower the basic management fee, the higher the performance fee will be and

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vice versa). The fee structure may vary widely, and the range may widen in accordance with the investment objective, type of investment (e.g. equity, bond, or mix assets), the geographical region where assets are invested, the asset size to be managed, the market risk, the risk acceptance level of clients and the investment opportunities in the financial market from time to time. The management and performance fees to be charged to the Listed Members of Emperor Group will be determined based on the same pricing methodology as stated above. The management fee and performance fee are charged by the Company on a regular basis the designated settlement date as stipulated in the investment management agreement entered into with each client.

We understand that the Company neither provided wealth management and asset management services to the Listed Members of Emperor Group nor Independent Third Parties during the Period. In this regard, as discussed in the below section headed “Internal control procedures and corporate governance measures” of this letter, as part of the Group’s internal control procedures, the credit and risk control department of the Group will compare the terms under the 2024 FSA with those made available to Independent Third Parties for similar financial services to ensure that the terms offered by the Group to the Listed Members of Emperor Group will be no less favourable to the Group than those available to Independent Third Parties. In addition, the Senior Management will consistently assess market conditions and the strategies employed by peer wealth and asset management organizations. The Senior Management is responsible for continuously monitoring the prevailing market rates for management and performance fees. It also compares these rates with the fees charged for similar transactions in the same vicinity by examining the market sentiment through the market research division to ensure that the fees charged under the 2024 FSA are fair and competitive for the Group. Given the implementation of these internal control procedures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Listed Members of Emperor Group were on normal commercial terms or better to the Group, we consider the relevant pricing basis for this category as fair and reasonable.

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(iii) Placing and underwriting services

As discussed with the Company, the commission and fee to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practices of other market participants in the relevant market, after considering the underwriting risks, the market price, liquidity and the nature of relevant securities, the market capitalization of the issuers, the size of the underwriting amount and the prevailing market condition. The underwriting fee, sub-underwriting fee and placing commission are typically settled upon completion of underwriting transaction which is usually deducted from the gross proceeds to be paid to the issuers. The Group conducts thorough market research of underwriting commission rates of prevailing market samples on a regular basis. This research informs the determination of the underwriting commission rate, taking into account various factors such as the recent closing prices of the underlying shares, the prevailing market conditions, and the funding needs of the issuers. As a result, the underwriting commission rates charged to Listed Members of the Emperor Group will be within the range offered by other market participants, ensuring that they are no more favourable than those offered to Independent Third Parties.

We understand that the Company did not provide placing and underwriting services to the Listed Members of Emperor Group during the Period. In this regard, as discussed in the below section headed “Internal control procedures and corporate governance measures” of this letter, as part of the Group’s internal control procedures, the credit and risk control department of the Group will compare the terms under the 2024 FSA with those made available to Independent Third Parties for similar financial services to ensure that the terms offered by the Group to the Listed Members of Emperor Group will be no less favourable to the Group than those available to Independent Third Parties. Furthermore, the Senior Management will periodically review prevailing market conditions and the practices of other participants providing placing and underwriting services and will make reference to at least 3 transactions with Independent Third Parties for similar services within the same or adjacent areas. Given the implementation of these internal control procedures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Listed Members of Emperor Group were on normal commercial terms or better to the Group, we consider the relevant pricing basis for this category as fair and reasonable.

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(iv) Financing services including margin loans, IPO loans and term loans

As discussed with the Company, the interest rates to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practice of the money lending corporations in the market (i.e. the current market interest rate for securities margin financing in Hong Kong ranges from approximately Prime Rate minus 0.5% to Prime Rate plus 5% per annum of the margin loan amount normally, whereas the interest rate for margin financing involving acquisition of a substantial interest in a listed company in Hong Kong and/or making a general offer to acquire issued shares of a listed company in Hong Kong under the Takeovers Code, the interest rate ranges from 1% to 3% per month. For the IPO loan, the current market interest rate is approximately 2% per annum or below of the IPO loan amount and varies from case to case on each IPO. For the term loan, the current market interest rate ranges from approximately 9% to 39% per annum of the term loan amount). The rates may vary widely and the range may widen in accordance with the maximum exposure of the credit risk, the security or surety of the loans, creditworthiness and financial standing of the clients and the prevailing market condition. The interest rates to be charged to the Listed Members of Emperor Group will be determined based on the same pricing methodology as stated above.

Regarding the pricing basis for the interest rates to be charged by the Group under this category, we understand that under the 2021 Emperor Group FSA, no relevant interest income had been received by the Group from the Listed Members of Emperor Group during the Period. Hence, we are unable to obtain any relevant historical transaction records under the 2021 Emperor Group FSA for a comparable analysis. Nonetheless, we understand that the interest rates to be charged by the Group to the Listed Members of Emperor Group for margin loans, IPO loans and term loans will be primarily determined with reference to the market interest rate including but not limited to HIBOR and prime rate. It also further assesses the interest rates in relation to the fees imposed on market comparable transactions to ensure that the fees charged are fair and competitive for the Group. As discussed in the above section headed “Assessment of the principal terms of the 2024 Yeung FSA” of this letter, we confirmed that the interest rates charged by the Group to the Yeung Family for margin loans, IPO loans and term loans were no less favourable to the Group than those available to Independent Third Parties. In this regard, we are of the view that the interest rates to be charged by the Group to the Yeung Family as well as the Listed Members of Emperor Group for margin loans, IPO loans and term loans, will continue to be no less favourable to the Group than those available to Independent Third Parties.

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In addition, as discussed in the below section headed “Internal control procedures and corporate governance measures” of this letter, as part of the Group’s internal control procedures, the relevant personnel of the Group will compare the terms under the 2024 FSA with those made available to Independent Third Parties for similar financial services to ensure that the terms offered by the Group to the Listed Members of Emperor Group will be no less favourable to the Group than those available to Independent Third Parties. Given the implementation of these internal control procedures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Listed Members of Emperor Group were on normal commercial terms or better to the Group, we consider that the Company has proper measures in place to ensure that the terms under the 2024 Emperor Group FSA for this category would continue to be no less favourable to the Group than those available to Independent Third Parties.

(v) *Financial advisory services*

As discussed with the Company, the advisory fees to be charged by the Group under this category to its clients will be determined with reference to the then prevailing market price and practices of other financial advisers providing similar services in the market, as well as the size and type of transaction, the manpower to be allocated and the business relationship with the clients. Based on the above, the advisory fees vary a lot but usually range from HK\$100,000 to HK\$5,000,000 based on the scale and difficulty of, time and manpower required for the transaction. The advisory fee for certain fund raising transactions would be charged by percentage of the total fund raised, as a result the advisory fee may be significant compared to those with fixed fee. The Group will adopt the same pricing methodology in determining the advisory fees to be charged to the Listed Members of Emperor Group in providing the financial advisory services. The financial advisory fee is typically settled upon reaching specific milestones or stages as outlined in the definitive financial advisory mandate. These milestones may include the initial engagement, reaching certain work stages, and the successful completion of the services provided.

As stated in the Letter from the Board, the Group has structured its fee schedule to mirror prevailing market rates and practices with reference to the scale and manpower required to undergo the engagement and advisory work. To ensure ongoing fairness and reasonableness, the supervisory committee within the relevant department undertakes periodic reviews of the terms under the 2024 Emperor Group FSA.

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In assessing the fairness and reasonableness of the pricing basis for such financing advisory services, we have obtained and reviewed 3 engagement letters for the Group's provision of such services to the Listed Members of Emperor Group under the 2021 Emperor Group FSA, and compared them with 3 engagement letters for the Group's provision of similar services regarding a similar transaction to Independent Third Parties during the same period from 2021 to 2023. From our review, we confirmed that the financial advisory fees charged by the Group to the Listed Members of Emperor Group were no less favourable to the Group than those available to Independent Third Parties.

In light of our review of the engagement letters/transaction statements as discussed above, we concur with the Directors that the fees and rates chargeable by the Group under the 2024 Emperor Group FSA will remain fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

5. Assessment of the Emperor Group Proposed Annual Caps

In determining the annual caps under the 2024 Emperor Group FSA, the Directors have categorised the transactions thereunder into the following five categories:

- (i) commission, brokerage, fees and interest income to be received from the Listed Members of Emperor Group including placing and underwriting commission from acting as placing agent, underwriter or sub-underwriter;
- (ii) margin loans to be provided to the Listed Members of Emperor Group;
- (iii) IPO loans to be provided to the Listed Members of Emperor Group;
- (iv) term loans to be provided to the Listed Members of Emperor Group; and
- (v) financial advisory services to be provided to the Listed Members of Emperor Group (including general corporate financial services such as advice on Listing Rules or Takeovers Code on corporate exercises).

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5.1. The Emperor Group Proposed Annual Caps

Set out below are the Emperor Group Proposed Annual Caps:

Table 4: Emperor Group Proposed Annual Caps

	For the financial year ending		
	30 September		
	2025	2026	2027
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage and fees and interest income from the Listed Members of Emperor Group	150,000	150,000	150,000
(ii) Maximum margin loan amount to the Listed Members of Emperor Group	500,000	500,000	500,000
(iii) Maximum IPO loan amount to the Listed Members of Emperor Group	70,000	70,000	70,000
(iv) Maximum term loan amount to the Listed Members of Emperor Group	200,000	200,000	200,000
(v) Financial advisory fees from the Listed Members of Emperor Group	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total	<u>930,000</u>	<u>930,000</u>	<u>930,000</u>

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5.2. Utilisation of the Emperor Group Previous Annual Caps

Set out below are the historical transaction amounts and the utilisation rates of the Emperor Group Previous Annual Caps.

Table 5: Utilisation of the Emperor Group Previous Annual Caps

	For the financial year ended	
	30 September	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
(i) Commission, brokerage and fees and interest income from the Listed Members of Emperor Group	7	–
(ii) Maximum margin loan amount to the Listed Members of Emperor Group	–	–
(iii) Maximum IPO loan amount to the Listed Members of Emperor Group	–	–
(iv) Maximum term loan amount to the Listed Members of Emperor Group	–	–
(v) Financial advisory fees from the Listed Members of Emperor Group	<u>2,700</u>	<u>3,445</u>
Total	<u>2,707</u>	<u>3,445</u>
Emperor Group Previous Annual Caps	1,265,000	1,265,000
Utilisation rate	0.2%	0.3%

5.3. Basis of the Emperor Group Proposed Annual Caps

As stated in the Letter from the Board, the Emperor Group Proposed Annual Caps were determined on arm's length negotiation between the Company and the Listed Members of Emperor Group based on (i) the demand of the Listed Members of Emperor Group; (ii) the optimistic expectation in the capital market; (iii) the Emperor Group Previous Annual Caps under the 2021 Emperor Group FSA; (iv) the historical transaction amounts utilised under the 2021 Emperor Group FSA; (v) the existing financial resources and capacity of the Group to provide financial services after taking into account the past transaction records, potential financial activities, credit assessment, financial strength, past payment records and quality of collateral securities of the Listed Members of Emperor Group; and (vi) the benefits for capturing the financial activities of the Listed Members of Emperor Group for the Group to generate revenue in the usual and ordinary course of the business of the Group.

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The utilization of the Emperor Group Proposed Annual Caps in the future will depend on the then market condition and the investment decisions and strategy of each of the Listed Members of Emperor Group. As there is no clear and regular investment pattern that can be derived with reference to the historical amounts, the Directors consider that the above caps may or may not be fully utilized in each of the financial years ending 30 September 2027.

In addition to the above, the Board has considered the below factors when determining the Emperor Group Proposed Annual Caps under each category of the 2024 Emperor Group FSA.

In determining the Emperor Group Proposed Annual Caps, the following principal factors have been taken into consideration:

- (i) *Commission, brokerage, fees and interest income from the Listed Members of Emperor Group*

As stated in the Letter from the Board, the Emperor Group Proposed Annual Caps under this category shall include (i) commission and brokerage fees on dealing in securities, futures and options contracts; (ii) commission income from asset management, insurance brokerage and wealth management; (iii) commission from acting as placing agent, underwriter or sub-underwriter for the securities of the Listed Members of Emperor Group; and (iv) interest income from financing;

In determining such Emperor Group Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the expectation that fund raising activities arising from business expansion of the Listed Members of the Emperor Group will increase in the forthcoming years; (ii) the commission from acting as placing agent, underwriter or sub-underwriter of the Listed Members of Emperor Group will substantially increase if each of listed members of the Emperor Group utilize their maximum capacity of issuing shares under the general mandates; (iii) the optimistic view about the market condition in Hong Kong in the near future; (iv) each of the Listed Members of Emperor Group may conduct fund raising activity other than placing of shares; (v) the Listed Members of the Emperor Group may issue additional debt securities from time to time; (vi) the expected interest income to be generated assuming the proposed maximum amount of margin loans and term loans will be advanced to the Listed Members of Emperor Group for the three financial years ending 30 September 2027; and (vii) the fact that the Emperor Group Proposed Annual Caps are calculated based on the market rates.

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We have reviewed the historical transaction of the relevant services provided under the 2021 Emperor Group FSA and noted that while the commission and brokerage fees received from the Listed Members of Emperor Group had been very low, there had been no interest income received from the Listed Members of Emperor Group for the Period as the Listed Members of Emperor Group did not utilise any margin loans, IPO loans and term loans offered by the Group. However, as discussed in the Letter from the Board, the Board considers that there would be a number of opportunities when the Group could provide financial services, in particular placing and underwriting services, to the Listed Members of Emperor Group and charge the latter for commissions. as each of listed members of the Emperor Group are entitled to issue and allot up to 20% of their issued share capital under the general mandates, the increase in market capitalisation of the Listed Members of the Emperor Group will directly reflect the increase in the size of possible immediate fund raising capacity of the Listed Members of the Emperor Group (in which no shareholder approval in special general meeting is required). The commission from acting as placing agent, underwriter or sub-underwriter of the Listed Members of Emperor Group will substantially increase if they utilize their maximum capacity of issuing shares under the general mandates.

Assuming that each of the Listed Members of Emperor Group utilise the general mandate granted by their respective shareholders to issue 10% of new shares by way of placing at 10% discount to closing prices, the commission to be received would be approximately HK\$17 million as the Group charges normally 1% to 5% to act as placing agent. Even though the historical level of placing and underwriting activities from the Listed Members of Emperor Group was on a decreasing trend, as discussed in the Letter from the Board, the Directors considers are optimistic about the market condition in Hong Kong in the near future and expect that the fund raising activities arising from business expansion of Listed Members of the Emperor Group would increase in the forthcoming years after considering the improving global economic condition.

The Group has been acting as placing agents or underwriters for the Listed Members of Emperor Group and the amount of commission income for placing, underwriting and sub-underwriting services for the three financial years ending 30 September 2027 is calculated based on (i) the assumed amount of fund to be raised by the Listed Members of Emperor Group; and (ii) normal commission rate to be charged with reference to the market; In addition, each of the Listed Members of Emperor Group may conduct fund raising activity other than placing of shares. For example, if Emperor International conduct rights issue on the basis of one rights share for every two shares held at the discount rate of 20% of its closing price as at the Latest Practicable Date, and the Group charges a usual rate of 5% of gross proceeds as underwriting fee to act as underwriter which would be approximately HK\$30 million;

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Additionally, the commission and brokerage fee of approximately HK\$20 million to be generated if each of Listed members of Emperor Group deals in securities which amount to 1% of their market capitalisation for half of the trading days for each of the three financial years ending 30 September 2027 (e.g. approximately 245 to 250 trading days per year).

As discussed with the Company, the utilisation of such Emperor Group Proposed Annual Caps depends on the then market condition, as well as the investment decisions and preference of the Listed Member of Emperor Group. Nonetheless, the Directors are of the view that, in order to maximize the Group's profit and capture the potential business opportunities from the Listed Member of Emperor Group, there should be sufficient buffer made against the unexpected investment or financing needs of the Listed Member of Emperor Group which could lead to higher-than-anticipated commission and interest income, including but not limited to (i) during the Period, the Emperor Group successfully concluded a series of properties sales with a combined valuation of HK\$4,800 million as disclosed. Moving forward, the Emperor Group may explore alternative investment options; (ii) we anticipated the capital market will be more fluctuate than the Period considering factors such as geopolitical risk, the US election 2024 and economic and property market trends in China. Emperor Group aims to seize unforeseen opportunities that may arise from these circumstances, (iii) a range of fundraising activities opportunities could yield further commission and interest income for the Group as a result of the potential interest rate drop; and (iv) accommodate substantial one-time earnings from strategic underwriting activities. However, having considered the low utilisation of the Emperor Group Previous Annual Caps, the Emperor Group Proposed Annual Caps for commission, brokerage, fees and interest income from the Listed Members of Emperor Group has been revised from HK\$200 million for each of the three financial years ending 30 September 2024 to HK\$150 million for each of the three financial years ending 30 September 2027, and the Directors considered such adjustment will be sufficient to capture potential business opportunities from the Listed Member of Emperor Group. We considered, given that the commission, brokerage, fees and interest to be charged to the Listed Member of Emperor Group will be no less favourable to the Group than those available to Independent Third Parties, and the utilisation of the Emperor Group Previous Annual Caps under this category had been low, the Emperor Group Proposed Annual Caps for commission, brokerage, fees and interest income from the Listed Members of Emperor Group for the three financial years ending 30 September 2027 are fair and reasonable.

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(ii) Maximum margin loan, IPO loan and term loan to the Listed Members of Emperor Group

The Emperor Group Proposed Annual Caps under these three categories represents the maximum amount of margin loans, IPO loans and term loans that can be provided by the Group to the Listed Member of Emperor Group on a revolving basis.

In determining such Emperor Group Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the need for such cap amount for the Group to stay competitive; (ii) the expected future funding needs of the Listed Members of Emperor Group for business expansion and capturing potential business opportunities; (iii) the Listed Members of Emperor Group would utilize margin loan as treasury and investment activity and each of them applies for no more than 15% of their market capitalisation for each of the securities they invest in; (iv) the proposed annual cap for margin loans represents approximately one-tenth of their aggregate market capitalisations as at the Latest Practicable Date; (v) the expectation that the IPO market will rebound in the forthcoming years, and the demand of IPO loan and potential IPO trading activities from the Listed Members of Emperor Group will resume for the three financial years ending 30 September 2027; (vi) the need for a preparatory credit line to facilitate business development if the need for financing arises as active business expansions and diversifications of Listed Members of Emperor Group are active and progressive; and (vii) the historical transactions conducted by Listed Members of Emperor Group.

As discussed in the previous subsection, the Listed Members of Emperor Group did not utilise any margin loans, IPO loans and term loans offered by the Group under the 2021 Emperor Group FSA.

We understood from the Directors that the Listed Members of Emperor Group did not have specific funding needs for the Period and hence did not utilise the loans offered by the Group. However, the Directors understand that the Listed Members of Emperor Group preferred to retain the Emperor Group Proposed Annual Caps under these categories to capture potential business and investment opportunities, considering the fact that they could utilise both margin loans and IPO loans to facilitate their treasury and investment activities. If any Listed Members of Emperor Group were to undergo restructuring, reorganisation, or propose privatisation in another Listed Member of Emperor Group, the existing annual caps would adequately meet their requirements. The Directors are optimistic about the market conditions in Hong Kong in the near future and expect that the financial needs of the Listed Members of Emperor Group for business expansion and potential investment opportunities will

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increase in the forthcoming years, especially after considering the improving global economic conditions. In particular, when determining the Emperor Group Proposed Annual Caps for term loans, the Company has considered historical transactions conducted by Listed Members of Emperor Group. It is noted that during the Period there were an acquisition transaction and disposal transactions conducted by them amounted to HK\$325 million and approximately HK\$4,800 million respectively. There is an indication that the Listed Members of Emperor Group may have needs for their business expansion and fulfilling financial covenants. Should they require external financing, the proposed respective annual cap should be significantly utilised.

Given the aforesaid, the Emperor Group Proposed Annual Caps for margin loan the Listed Members of Emperor Group has been revised from HK\$700 million for each of the three financial years ending 30 September 2024 to HK\$500 million for each of the three financial years ending 30 September 2027, and decreased the Emperor Group Proposed Annual Caps for term loan the Listed Members of Emperor Group from HK\$280 million for each of the three financial years ending 30 September 2024 to HK\$200 million for each of the three financial years ending 30 September 2027, and the Directors considered such adjustment will be sufficient to capture potential business opportunities from the Listed Member of Emperor Group. We considered, given that the interest rates to be charged to the Listed Members of Emperor Group will be no less favourable to the Group than those available to Independent Third Parties, and the intention of the Listed Members of Emperor Group to remain the Emperor Group Previous Annual Caps indicates their interest in utilizing these loans in the future, the Emperor Group Proposed Annual Caps for margin loans, IPO loans and term loans to the Listed Members of Emperor Group for the three financial years ending 30 September 2024 are fair and reasonable.

We are of the view that the annual cap of HK\$500 million margin loan, IPO loan and term loan annual cap is reasonable by considering the post-COVID improvement of the HK IPO market with favorable policies from HKEx including but not limited to (i) added a new Listing Chapter 18C to allow specialist technology companies to seek listing in Hong Kong with a minimum market capitalization of HK\$6 billion at time of listing, (ii) the confirmed implementation of GEM reforms in 2024 with a new listing route and an introduction of a Main Board transfer mechanism, (iii) included the Indonesia Stock Exchange and Saudi Exchange to the list of recognised stock exchanges, allowing eligible companies on these markets to seek secondary listing in Hong Kong and (iv) conducted various reforms to enhance the overall attractiveness of Hong Kong's listing framework: implementation of double dipping reform, expansion of paperless regime in 2024 and a proposal to introduce a new treasury share regime.

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(iii) Financial advisory fees from the Listed Members of Emperor Group

The Emperor Group Proposed Annual Caps under this category represents financial advisory services (including general corporate financial advice such as corporate governance issues, shareholders' dealings in shares, corporate investment and advice on Listing Rules or Takeovers Code) to be provided to the Listed Members of Emperor Group.

In determining such Emperor Group Proposed Annual Caps, the Directors have taken into consideration, among others, (i) the fact that the Group has been providing corporate financial advisory services to the Listed Members of Emperor Group; (ii) the financial advisory fees would be received if the potential investment projects of Listed Members of Emperor Group were materialized or completed during the Period; (iii) the expectation that the Listed Members of Emperor Group will continue to engage the Group as financial advisor on a project basis, particularly in complex transactions such as very substantial acquisitions, general offers and IPOs as well as annual retainer basis for the three financial years ending 30 September 2027; and (iv) the historical amount of advisory fee received from Listed Members of Emperor Group.

We have reviewed the historical transaction of the financial advisory services provided under the 2021 Emperor Group FSA and noted that the usage of such services had generally been low. As discussed with the Company, it is expected that the Listed Members of Emperor Group will continue to engage the Group as its financial advisor should there be needs for financial advisory services, yet the needs for such services are not expected to increase sharply for the three financial years ending 30 September 2027. Nonetheless, in order to capture potential business opportunities from the Listed Members of Emperor Group, the Group has to prepare sufficient buffer for such transactions. Given the aforesaid, the Emperor Group Proposed Annual Caps for financial advisory fees from the Listed Members of Emperor Group revised from HK\$15 million for each of the three financial years ending 30 September 2024 to HK\$10 million for each of the three financial years ending 30 September 2027, and the Directors considered that such adjustment will be sufficient to capture potential business opportunities from the Listed Members of Emperor Group. We considered, given that the financial advisory fees to be charged to the Listed Members of Emperor Group will be no less favourable to the Group than those available to Independent Third Parties, and the utilisation of Emperor Group Previous Annual Caps under this category had generally been low, the Emperor Group Proposed Annual Caps for financial advisory fees from the Listed Members of Emperor Group for the three financial years ending 30 September 2027 are fair and reasonable.

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6. Internal control procedures and corporate governance measures

As stated in the Letter from the Board, the Group has established adequate internal control policies to regularly monitor the utilisation rates of the financial services provided by the Group to the Yeung Family and the Listed Members of Emperor Group to ensure compliance with the disclosure requirements of the Listing Rules.

The Group has credit and risk management policies which set out the procedures and guidelines for credit facility applications. The relevant business unit of the Group will periodically observe the market conditions and monitor the prevailing market prices including the pricings of contemporaneous transactions with Independent Third Parties in respect of similar transactions in the same or nearby area in the ordinary course of business of the Group. To ensure that the fees, interest rates and other terms offered by the Group will be fair and reasonable and on normal commercial terms, prior to providing the financial service, the Senior Management shall obtain at least three independent market reference as available in the public information to determine the prevailing interest rate(s) and other similar terms being offered during the same period. Such reference interest rate(s) shall then be reviewed and approved by the management of the Group in accordance with its internal approval processes and procedures prior to entering into each individual specific agreement to both Yeung Family, Emperor Group and other independent customers. The Group shall also take into account factors, including, among other things, quality and reputation of the customer, safety and defraud rate in relation to the loan provided and history of cooperation in making decisions in order to ensure that the pricing policies and contract terms are in the interest of the Company and its shareholders as a whole.

Furthermore, the Senior Management will conduct regular random checks to review and assess whether the transactions contemplated under the 2024 FSA are conducted on normal commercial terms in accordance with the terms set out in the 2024 FSA and whether relevant terms are no less favourable than those offered to Independent Third Parties.

The same department and personnel will at the same time monitor the transaction amounts for the relevant financial services to ensure the respective annual cap will not be exceeded. If the utilisation of annual caps reaches 70% threshold, the relevant business unit (including but not limited to securities dealing department, loan department and credit and risk control department) will need to obtain internal clearance from the Directors and corporate finance department before entering into new transactions to ensure that the Company is in compliance with the Listing Rules. In addition, the credit and risk control department and/or finance department will provide notification and reminder regarding the utilisation of annual caps from time to time.

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The Directors consider that adequate procedures have been in place to ensure that the financial services to be provided by the Group to the Yeung Family and the Listed Members of Emperor Group will be under normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

To ensure compliance with the terms and conditions of the 2024 FSA and adherence to the Listing Rules, the Company has implemented a comprehensive review process. The audit committee of the Company conducts an annual review of the transactions contemplated under the 2024 FSA to verify that the transaction amounts are within the Yeung Proposed Annual Caps and Emperor Group Proposed Annual Caps and comply with the terms and pricing basis of the agreements.

The external auditors of the Company also performs an annual review of the transactions entered into under the 2024 FSA to ensure that the transaction amounts are within Yeung Proposed Annual Caps and Emperor Group Proposed Annual Caps and that the transactions are in accordance with the terms set out in the agreements. Lastly, the independent non-executive Directors conduct an annual review of the status of the transactions contemplated under the 2024 FSA to ascertain that the Company has adhered to its internal approval process and compiled the relevant requirements under the Listing Rules.

In assessing the sufficiency and effectiveness of the internal control measures adopted by the Group, we have reviewed the Group's internal control records for the transactions contemplated under the 2021 FSA which include internal email communications regarding the utilisation of the Yeung Previous Annual Caps and the Emperor Group Previous Annual Caps and the monitorisation of such to ensure that these annual caps were not exceeded. From our review, we confirmed that a system is in place where business units of the Group would be alarmed if the utilisation of annual caps reaches a certain threshold, and that the relevant department of the Group and operation personnel would only approve transactions whose terms were no less favourable to the Group than those available to Independent Third Parties. Accordingly, we concur with the Directors that sufficient and effective internal control procedures are in place to ensure that the transactions under the 2024 FSA will be conducted on normal commercial terms, fair and reasonable so far as Independent Shareholders are concerned, and in the interest of the Company and its Shareholders as a whole.

We also noted from the 2022 Annual Report that annual review of the continuing connected transactions of the Group has been conducted according to Chapter 14A of the Listing Rules, and that the independent non-executive Directors have reviewed and confirmed that the continuing connected transactions of the Group were entered into, among other things, (i) in the ordinary and usual course of the Group's business; and (ii) either on normal commercial terms or on terms no less favourable to the Group than those available to/from Independent Third Parties. The 2022 Annual Report also confirms that the

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Company's auditors have issued the relevant letter to the Company pursuant to Chapter 14A of the Listing Rules confirming that the continuing connected transactions of the Group were conducted in accordance with their terms and that their proposed annual caps have not been exceeded. We understand that the transactions contemplated under the 2024 FSA will, pursuant to the Listing Rules, also be subject to the annual review by independent non-executive Directors and auditors, details of which must be included in the Company's subsequent published annual reports and annual confirmation by the auditors of the Company. Accordingly, we are of the view that adequate internal control measures will continue to be in place to monitor the transactions contemplated under the 2024 FSA.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the 2024 FSA were entered into in the ordinary and usual course of business of the Group and that the terms of the 2024 FSA are on normal commercial terms or better. We are also of the view that the 2024 FSA, the Yeung Proposed Annual Caps, and the Emperor Group Proposed Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution(s) to be proposed at the AGM to approve the 2024 FSA, the Yeung Proposed Annual Caps, and the Emperor Group Proposed Annual Caps. We also recommend the Independent Shareholders to vote in favour of the 2024 FSA, the Yeung Proposed Annual Caps, and the Emperor Group Proposed Annual Caps at the AGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the following Director and chief executive of the Company was interested, or was deemed or taken to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”), to be notified to the Company and the Stock Exchange:

Long position interests in the Company

Shares

Name of Director	Capacity/Nature of interests	Number of issued Shares interested	Approximate % of issued voting Shares
Ms. Daisy Yeung	Eligible beneficiary of a private discretionary trust	2,879,521,438 (Note)	42.72
	Beneficial owner	18,000,000	0.26

Note: These Shares were held by Emperor Capital Group Holdings Limited, a wholly-owned subsidiary of Albert Yeung Capital Holdings Limited (“**AY Capital Holdings**”). AY Capital Holdings was in turn held by CDM Trust & Board Services AG in trust for a private discretionary trust of which Ms. Daisy Yeung is one of the eligible beneficiaries.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates has any interest in business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save for the 2021 FSA, the 2024 FSA and the agreements listed below in which Ms. Daisy Yeung has deemed interest, there was no other contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group:

- (i) Master leasing agreement dated 3 December 2020 entered into between the Company and Emperor International in relation to the tenancy/licence transactions thereunder; and
- (ii) Master leasing agreement dated 23 March 2023 entered into between the Company and Emperor International in relation to the tenancy/licence transactions thereunder.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which have been, since 30 September 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice which contained in this circular:

Name	Qualification
Pelican	A corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, Pelican has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Pelican:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 30 September 2023), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 30 September 2023, being the date to which the latest audited financial statements of the Group were made up.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorCapital.com>) in accordance with the Listing Rules from the date of the circular and up to and including the date of the AGM:

- (a) the 2024 FSA;
- (b) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (c) the letter from the Independent Board Committee as set out from pages 33 to 34 in this circular; and
- (d) the letter from Pelican, the Independent Financial Adviser, as set out on pages 35 to 78 in this circular.

10. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of any inconsistency.

NOTICE OF ANNUAL GENERAL MEETING



英皇資本集團有限公司 Emperor Capital Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 717)

NOTICE IS HEREBY GIVEN that the annual general meeting of Emperor Capital Group Limited (“**Company**”) will be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 27 February 2024 at 10:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated Financial Statements and the Reports of the Directors and Independent Auditors for the year ended 30 September 2023.
2. (A) To re-elect Mr. Wong Tak Ming, Gary as Director.

(B) To elect Ms. Chan Sim Ling, Irene as Director.
3. To authorise the board of directors of the Company (“**Board**” or “**Director(s)**”) to fix the Directors’ remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as Independent Auditor and to authorise the Board to fix its remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. (A) “**THAT:**
 - (i) subject to sub-paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined in sub-paragraph (iii) of this resolution) of all the powers of the Company to allot and issue additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;

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- (ii) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue (as defined in sub-paragraph (iii) of this resolution) or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into shares of the Company or any share option scheme, shall not exceed 20% of the total number of issued shares of the Company on the date of this resolution and this approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company (“**Bye-laws**”) or any applicable laws to be held; and
- (c) the date of which the authority sets out in this resolution is revoked or varied by an ordinary resolution passed in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

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(B) “**THAT**:

- (i) subject to sub-paragraph (ii) of this resolution below, the exercise by the Directors during the Relevant Period (as defined in sub-paragraph (iii) of this resolution) of all the powers of the Company to buy back issued shares of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of shares of the Company to be bought back pursuant to the approval in sub-paragraph (i) above shall not exceed 10% of the total number of issued shares of the Company as at the date of this resolution and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution:

“Relevant Period” means the period from passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution passed in general meeting.”

- (C) “**THAT** conditional upon resolutions nos. 5(A) and 5(B) above being passed, the aggregate number of shares of the Company which are bought back by the Company under the authority granted to the Directors as mentioned in resolution no. 5(B) above shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5(A) above, provided that such extended number of shares of the Company shall not exceed 10% of the total number of issued shares of the Company as at the date of passing resolution no. 5(B).”

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6. (A) **“THAT:**

- (i) the agreement dated 1 December 2023 entered into between the Company and Ms. Daisy Yeung in relation to the provision of financial services between the Company and its subsidiaries (“**Group**”) on one part and Ms. Daisy Yeung and her associates on the other part, a copy of which marked “A” was tabled before the meeting and initialed by the chairperson of the meeting for identification purpose, and the transactions contemplated thereunder and the execution of which be and are hereby ratified, confirmed and approved;
- (ii) the Yeung Proposed Annual Caps (as defined in the circular of the Company dated 31 January 2024 in relation to continuing connected transactions – provision of financial services (“**FSA Circular**”)) be and are hereby approved; and
- (iii) any Director be and is hereby authorized on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and deeds and do all such acts, matters and things as he/she may in his/her discretion consider necessary or desirable for the purpose of or in connection with (i) and (ii) above and the transactions contemplated thereunder.”

(B) **“THAT:**

- (i) the agreement dated 1 December 2023 entered into between the Company, Emperor International Holdings Limited, Emperor Entertainment Hotel Limited, Emperor Watch & Jewellery Limited, Emperor Culture Group Limited, New Media Lab Limited and Ulferts International Limited in relation to the provision of financial services by the Group to the listed members under the private discretionary trusts set up by Dr. Yeung Sau Shing, Albert, a copy of which marked “B” was tabled before the meeting and initialed by the chairperson of the meeting for identification purpose, and the transactions contemplated thereunder and the execution of which be and are hereby ratified, confirmed and approved;
- (ii) the Emperor Group Proposed Annual Caps (as defined in the FSA Circular) be and are hereby approved; and
- (iii) any Director be and is hereby authorized on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and deeds and do all such acts, matters and things as he/she may in his/her discretion consider necessary or desirable for the purpose of or in connection with (i) and (ii) above and the transactions contemplated thereunder.”

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7. “**THAT:**

- (i) the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor International Holdings Limited in relation to all existing and future tenancy/licence transaction(s) between members of the Group as tenants and the relevant members of Emperor International Group as landlords, a copy of which marked “C” was tabled before the meeting and initialed by the chairperson of the meeting for identification purpose, and the transactions contemplated thereunder and the execution of which be and are hereby ratified, confirmed and approved;
- (ii) the Aggregate Tenancy Annual Caps (as defined in the circular of the Company dated 31 January 2024 in relation to renewal of continuing connected transactions – 2024 master leasing agreement (“**MLA Circular**”)) be and are hereby approved; and
- (iii) any Director be and is hereby authorized on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and deeds and do all such acts, matters and things as he/she may in his/her discretion consider necessary or desirable for the purpose of or in connection with (i) and (ii) above and the transactions contemplated thereunder.”

By order of the Board
Emperor Capital Group Limited
Daisy Yeung
Chairperson

Hong Kong, 31 January 2024

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
24th Floor
Emperor Group Centre
288 Hennessey Road
Wanchai
Hong Kong

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Notes:

- (i) For details regarding resolutions nos. 2 and 5, please refer to the circular dated 31 January 2024 regarding (*inter alia*) proposals for re-election and election of directors and issue new shares and buy back shares. For details regarding resolution no. 6, please refer to the FSA Circular. For details regarding resolution no. 7, please refer to the MLA Circular. Unless indicated otherwise, capitalised terms used in the respective resolutions shall have the same meanings as those defined in the respective circulars.
- (ii) **No refreshments or drinks will be served and no corporate gifts will be distributed.**
- (iii) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange, all resolutions set out in this notice will be decided by poll at the annual general meeting (“AGM”). Where the chairperson in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by a show of hands.
- (iv) A shareholder of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies (if he is a holder of more than one share) to attend and vote in his stead. A proxy need not be a shareholder of the Company. The Company strongly encourages shareholders to appoint the chairperson of the AGM as their proxies to exercise their rights to vote at the AGM. Physical attendance at the AGM by a shareholder is not necessary for the purpose of exercising voting rights.
- (v) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited at the Company’s Hong Kong Branch Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the AGM or any adjournment thereof. In such event, the returned form of proxy previously submitted shall be deemed to be revoked.
- (vi) Where there are joint holders of any shares, any one of such joint holders may vote at the AGM, either in person or by proxy in respect of such shares as if he were solely entitled thereto, but the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the relevant joint holding.
- (vii) In order to qualify for the right to attend and vote at the AGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company’s Hong Kong Branch Share Registrar at the above address before 4:30 p.m. on Wednesday, 21 February 2024.
- (viii) If typhoon signal no. 8 or above, or a “black” rainstorm warning signal or “extreme conditions after super typhoons” announced by the HKSAR Government is in force at any time after 8:30 a.m. and before the AGM time, the AGM will be postponed. The Company will post an announcement on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorCapital.com>) to notify shareholders of the date, time and place of the rescheduled meeting.
- (ix) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.