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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 717)

**CONNECTED TRANSACTION  
IN RELATION TO  
THE UNDERWRITING AGREEMENT**

**THE UNDERWRITING AGREEMENT**

The Directors announce that Emperor Securities, a wholly-owned subsidiary of the Company entered into the Underwriting Agreement on 27 June 2008 with, inter alia, Emperor Watch & Jewellery in relation to the underwriting of the Offer Shares of Emperor Watch & Jewellery.

Emperor Securities is one of the Underwriters in the Share Offer with an underwriting commitment of not more than 30,000,000 EWJ Shares. The 30,000,000 EWJ Shares underwritten by Emperor Securities represent approximately 0.67% of the total issued shares of Emperor Watch & Jewellery upon Listing. Based on the preliminary indicative price range per EWJ Share under the Share Offer of between HK\$0.30 and HK\$0.43 and subject to the terms and conditions of the Underwriting Agreement, the maximum underwriting commitment of Emperor Securities is HK\$12.90 million and Emperor Securities is expected to receive up to a maximum of HK\$387,000 of commission from Emperor Watch & Jewellery.

Emperor Securities is a wholly-owned subsidiary of the Company which is in turn owned as to approximately 45.09% indirectly by the AY Discretionary Trust, while AY Discretionary Trust is a deemed controlling shareholder (within the meaning ascribed to it under the Listing Rules) holding 70% interests in Emperor Watch & Jewellery after completion of the Share Offer. Therefore, Emperor Watch & Jewellery is a connected person of the Company within the meaning of the Listing Rules. The Underwriting Agreement in so far as Emperor Securities' underwriting commitment is concerned, will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the relevant percentage ratios under the size tests (as defined in the Listing Rules) of the maximum underwriting commitment of Emperor Securities under the Underwriting Agreement is less than 2.5%, the Underwriting Agreement is subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval.

## **THE UNDERWRITING AGREEMENT**

The Directors announce that Emperor Securities, a wholly-owned subsidiary of the Company entered into the Underwriting Agreement dated 27 June 2008 with, inter alia, Emperor Watch & Jewellery in relation to the underwriting of the Offer Shares of Emperor Watch & Jewellery.

### **Date**

27 June 2008

### **Major terms of the Underwriting Agreement**

Pursuant to the Underwriting Agreement, Emperor Watch & Jewellery is offering the Offer Shares for subscription pursuant to the Share Offer on and subject to the terms and conditions of the Prospectus and the application forms relating to the Public Offer at the Offer Price.

Subject to, amongst other matters, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the EWJ Shares in issue and to be issued, and to certain other conditions set out in the Underwriting Agreement (including, amongst others, Emperor Securities as one of the joint lead managers (on behalf of the Underwriters) and Emperor Watch & Jewellery agreeing on the Offer Price), the Underwriters have severally agreed to subscribe for or procure subscribers to subscribe for, their respective applicable proportions of the Offer Shares being offered but not taken up under the Share Offer on the terms and conditions of the Prospectus, the application forms relating thereto and the Underwriting Agreement.

Emperor Securities is one of the Underwriters in the Share Offer with an underwriting commitment of not more than 30,000,000 EWJ Shares. Based on the preliminary indicative price range per EWJ Share under the Share Offer of between HK\$0.30 and HK\$0.43 and subject to the terms and conditions of the Underwriting Agreement, the maximum underwriting commitment of Emperor Securities is HK\$12.90 million. The 30,000,000 EWJ Shares underwritten by Emperor Securities represent approximately 0.67% of the total issued shares of Emperor Watch & Jewellery upon Listing.

### **Termination**

The obligations of the Underwriters to subscribe for or procure subscribers to subscribe for the Offer Shares not taken up under the Share Offer, are subject to termination by notice in writing from Emperor Securities (for itself and on behalf of the Underwriters) if the events as set out in the Prospectus under the section of “UNDERWRITING-Grounds for termination” shall occur prior to 8:00 a.m. on 21 July 2008.

### **Commission**

The Underwriters will receive a commission of 3% on the aggregate Offer Price for the issue of all the Offer Shares. Based on the preliminary indicative price range per EWJ Share under the Share Offer of between HK\$0.30 and HK\$0.43 and subject to the terms and conditions of the Underwriting Agreement, Emperor Securities is expected to receive up to a maximum of HK\$387,000 of commission from Emperor Watch & Jewellery.

### **INFORMATION RELATING TO EMPEROR WATCH & JEWELLERY**

Emperor Watch & Jewellery is an investment company and its subsidiaries are principally engaged in the sales of luxurious branded watches, and the design and sales of jewellery products in Hong Kong and Macau.

Based on the combined balance sheet of Emperor Watch & Jewellery and its subsidiaries as disclosed in the Prospectus, the net asset value of Emperor Watch & Jewellery was approximately HK\$361.2 million as at 31 December 2007. The net profits attributable to Emperor Watch & Jewellery for the two years ended 31 December 2006 and 31 December 2007 is as follow as disclosed in the Prospectus:

	<b>For the year ended</b>	
	<b>31 December 2006</b>	<b>31 December 2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	65,084	191,757
Profit after taxation	53,963	158,788

## **REASONS AND BENEFITS OF THE UNDERWRITING AGREEMENT**

The Company is an investment company and its subsidiaries are principally engaged in the provision of financial services in Hong Kong, including brokerage services for securities, futures and options, providing margin and initial public offer financings, placing and underwriting services. The Group also provides corporate finance advisory and wealth management services. The Directors (including the independent non-executive Directors) consider that the entering into the Underwriting Agreement falls within the business scopes of Emperor Securities and it is in the best interests of the Group and its shareholders to enter into the Underwriting Agreement as it is on normal commercial terms which are fair and reasonable. The underwriting commission to be received under the Underwriting Agreement will contribute positively to the Group's income.

## **CONNECTED TRANSACTION**

Emperor Securities is a wholly-owned subsidiary of the Company which is in turn owned as to approximately 45.09% indirectly by the AY Discretionary Trust, while AY Discretionary Trust is a deemed controlling shareholder (within the meaning ascribed to it under the Listing Rules) holding 70% interests in Emperor Watch & Jewellery after completion of the Share Offer. Therefore, Emperor Watch & Jewellery is a connected person of the Company within the meaning of the Listing Rules. The Underwriting Agreement in so far as Emperor Securities' underwriting commitment is concerned, will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the relevant percentage ratios (other than the profits ratio) under the size tests (as defined in the Listing Rules) in relation to the Underwriting Agreement is less than 2.5%, the Underwriting Agreement is subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval.

## **TERMS USED IN THIS ANNOUNCEMENT**

“AY Discretionary Trust”	The Albert Yeung Discretionary Trust (of which Dr. Yeung Sau Shing, Albert is the founder), a deemed controlling shareholder (within the meaning ascribed to it under the Listing Rules) of both the Company and Emperor Watch & Jewellery
“Company”	Emperor Capital Group Limited, a company incorporated in Bermuda with limited liabilities, the securities of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company

“Emperor Securities”	Emperor Securities Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, being one of the Underwriters and the joint lead managers to the Share Offer
“Emperor Watch & Jewellery”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liabilities
“EWJ Share(s)”	the ordinary share(s) with a par value of HK\$0.01 each in the share capital of Emperor Watch & Jewellery
“Listing”	the proposed listing of EWJ Shares on the main board of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	the final offer price of each EWJ Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%) in the Share Offer
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Placing”	the placing of the Placing Shares to certain professional, institutional and private investors at the Offer Price subject to the terms and conditions to be stated in the Prospectus
“Placing Shares”	the 1,215,000,000 EWJ Offer Shares being initially offered by Emperor Watch & Jewellery at the Offer Price pursuant to the Placing as set out in the Prospectus
“Placing Underwriters”	the underwriters of the Placing as set out in the Prospectus, including Emperor Securities
“Prospectus”	the prospectus dated 30 June 2008 issued by Emperor Watch & Jewellery in connection with the Share Offer

“Public Offer”	the offering for subscription of the Public Offer Shares for cash at the Offer Price by way of a public offer in Hong Kong on and subject to the terms and conditions stated in the Prospectus and in the application forms relating thereto
“Public Offer Shares”	the 135,000,000 EWJ Shares being offered by Emperor Watch & Jewellery for subscription at the Offer Price pursuant to the Public Offer as set out in the Prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer as set out in the Prospectus, including Emperor Securities
“SFC”	The Securities and Futures Commission of Hong Kong
“Share Offer”	the Public Offer and the Placing
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreement”	the conditional underwriting agreement dated 27 June 2008 entered into between, inter alia, Emperor Watch & Jewellery and the Underwriters in relation to underwriting of the Offer Shares

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

Hong Kong, 30 June 2008

*As at the date of this announcement, the board of directors of the Company comprises Ms. Daisy Yeung (Managing Director); Mr. Chan Pak Lam, Tom and Ms. Choi Suk Hing, Louisa (Executive Directors); Mr. Fung Chi Kin, Mr. Kwok Chi Sun, Vincent and Mr. Cheng Wing Keung, Raymond (Independent Non-executive Directors).*

\* *for identification purposes only*