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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)

SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF ENTIRE EQUITY INTEREST IN TARGET COMPANY

Reference is made to the announcement of Emperor Capital Group Limited ("**Company**") dated 17 August 2026 in relation to the disposal of the entire equity interest in the Target Company and the Sale Loan ("**Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company wishes to provide the Shareholders and the public with the following supplemental information in relation to the Valuation, the Sale Loan and the basis of the consideration.

Scope of the Valuation and assets and liabilities of the Target Group

As disclosed in the Announcement, the Target Company is an investment holding company whose sole asset is the entire equity interest in EPCL, and EPCL was principally engaged in the provision of unsecured money lending business, which has been discontinued.

As at the Valuation Date, the only material asset of the Target Group was the Loan Portfolio, comprising 11 unsecured term loan exposures with an aggregate gross carrying amount of approximately HK$259.1 million. Save for the Loan Portfolio, the Target Group held no other material assets. As disclosed in the Announcement, the unaudited consolidated total assets of the Target Group amounted to approximately HK$1,000 as at 15 August 2026.

The only material liability of the Target Group as at the Valuation Date was the Sale Loan, being loans and amounts due from members of the Target Group to the Group of approximately HK$719.1 million, which principally represented intra-group funding provided by the Group to finance the historical grant of the loans under the Loan Portfolio and the related funding costs. As a result, the Target Group recorded unaudited consolidated net liabilities of approximately HK$719.1 million.

In conducting the Valuation, the Independent Valuer assessed the market value of the Loan Portfolio, being the only material asset of the Target Group with realisable value, and the appraised value of the entire equity interest in the Target Group of approximately HK$36.9

million was determined with reference to the appraised value of the Loan Portfolio. The Sale Loan, being an intra-group liability owed by the Target Group to the Vendor, will be assigned to the Purchaser upon Completion as part of the same transaction, and accordingly does not represent a liability to any third party that would diminish the value of the assets to be acquired by the Purchaser.

Key inputs and assumptions

Default rate

A 100% default rate was applied to the entire Loan Portfolio, as all loans were considered to be in default as at the Valuation Date. The Independent Valuer considered that the default events had fully crystallised and that repayment was dependent on distressed recovery channels rather than normal contractual repayment.

The loans under the Loan Portfolio were individually assessed for full impairment upon the occurrence of default events. The impairment recognition dates ranged from 2020 to 2024, reflecting the period over which the respective borrowers defaulted and the loans became credit-impaired.

Recovery rates

Recovery rates were determined by the Independent Valuer under two approaches:

(i) Nil recovery rate

A 0% recovery rate was assigned to six borrowers with aggregate gross carrying amount of approximately HK$105.1 million (comprising three corporate borrowers and three individual borrowers), where there was no identifiable collateral, no verifiable asset support, prolonged non-payment and/or unsuccessful recovery efforts. The circumstances included winding-up, liquidation of related margin accounts and loss of contact, failure to publish audited results with negative net assets, and repeated defaults on restructuring arrangements.

(ii) Liquidation-based analysis

For the three corporate borrowers with the latest available financial information, the Independent Valuer performed a balance sheet liquidation waterfall analysis. Reported asset balances were adjusted to estimated realisable values by applying asset-specific liquidation recovery rates determined with reference to liquidity, market precedent and underlying asset characteristics, as follows:

Asset type	**Recovery rate**
Office premises	80%
Leasehold improvements	0%
Furniture, fixtures and office equipment	5%
Motor vehicles	20%
Investment properties	80%
Right-of-use assets	0%
Intangible assets	0%
Investment in associates	50%

Estimated liquidation expenses, statutory liabilities, secured obligations and other priority claims were then deducted, and the remaining net proceeds were allocated to unsecured creditors on a *pari passu* basis to derive the implied recovery for the Loan Portfolio's exposure. The estimated recoverable amounts were discounted to present value to reflect the time required to execute formal legal enforcement actions, assuming a realisation horizon of three years and a risk-adjusted discount rate of 27%. The recovery rates derived from the liquidation-based analysis ranged from approximately 13.9% to 45.4%, varying by borrowers. The 27% risk-adjusted discount rate was built up from a base benchmark of 25%, reflecting published industry commentary that higher-risk unsecured non-performing loan investments typically target internal rates of return of 20% to 25%. An additional 2% complexity premium was applied because the benchmark primarily relates to diversified consumer portfolios, whereas the subject loans represent concentrated, single-name corporate exposures dependent on individual enforcement and liquidation processes. This concentration risk is further compounded by cross-border recognition and coordination requirements, adjudication of proofs of debt, and the recovery of construction-related receivables. The resulting 27% rate falls within the range of private-credit market evidence, which indicates an incremental premium of 1.5% to 3.0% over comparable liquid credit principally reflecting illiquidity and complexity. The three-year realisation horizon reflects the base-case timeline for formal legal enforcement actions and is considered a reasonable starting point rather than a prescribed market standard. The aggregate market value attributed to these three corporate borrowers under the liquidation-based analysis was approximately HK$19.1 million.

(iii) Other borrower-specific assessments

For one individual borrower with a gross carrying amount of approximately HK$83.1 million, notwithstanding minimal payments received in the past, no structured repayment plan was in place. A recovery rate of approximately 3.1% was applied, benchmarked against empirical debt collection research published by the United States Federal Trade Commission for comparable unsecured exposures in distressed scenarios, and is consistent with the lower bound of observed recoveries for concentrated, enforcement-dependent corporate non-performing loans where collateral is either absent or substantially impaired. The market value attributed to this borrower was approximately HK$2.6 million.

For one corporate borrower with a gross carrying amount of approximately HK$19.5 million, which announced in July 2026 a proposed pre-emptive fund raising activity under which not less than approximately HK$18.2 million of the net proceeds would be earmarked for partial repayment of the outstanding loan and accrued interest, the Independent Valuer adopted a two-scenario probability-weighted framework: (a) under the scenario where the rights issue is approved (assessed probability of 80%), the loan value was estimated based on the present value of the committed minimum cash recovery of HK$18.2 million, assuming an expected settlement date in early 2027 and a discount rate of 2.7%; and (b) under the scenario where the rights issue is not approved, the loan value was determined based on the liquidation recovery value consistent with the liquidation-based approach described above. The probability-weighted outcome of the two scenarios resulted in an implied recovery rate of approximately 78.1% and a market value of approximately HK$15.2 million. The 2.7% discount rate reflects the near-term, high-probability nature of the committed minimum cash recovery under the announced fund raising activity. The settlement is expected in early 2027, representing a short duration with limited uncertainty given the commitment to earmark not less than HK$18.2 million for partial repayment, and the rate approximates a risk-free equivalent for this specific scenario. By comparison, the liquidation-based approach involves enforcement risk, timing uncertainty and illiquidity, and therefore necessitates a materially higher discount rate of 27%.

The market value of each loan was derived by applying the relevant recovery rate to its gross carrying amount on the basis of a 100% default rate. Set out below is a summary of how the inputs and assumptions were translated into the appraised value of the Loan Portfolio:

Category	**Maturity year**	**Aggregate gross carrying amount (HK$ million)**	**Valuation basis**	**Aggregate market value (HK$ million)**
Six borrowers with nil recovery prospects	2020 - 2024	105.1	0% recovery rate	Nil
Three corporate borrowers subject to liquidation-based analysis	2022 - 2025	51.3	Recovery rates of approximately 13.9% to 45.4%, derived from liquidation waterfall analysis and discounted at 27% over a 3-year horizon	19.1
One individual borrower	2022	83.1	Recovery rate of approximately 3.1%, benchmarked against empirical debt collection research	2.6
One corporate borrower subject to probability-weighted scenario analysis	2022	19.5	Probability-weighted present value under a two-scenario framework (implied recovery rate of approximately 78.1%)	15.2
Total (rounded)		**259.1**		**36.9**

The Independent Valuer concluded that the market value of the Loan Portfolio as at the Valuation Date was HK$36.9 million. As the Loan Portfolio is the only material asset of the Target Group with realisable value, the appraised value of the entire equity interest in the Target Group of approximately HK$36.9 million was derived directly from the appraised value of the Loan Portfolio.

FURTHER INFORMATION ON THE SALE LOAN AND THE BASIS OF THE CONSIDERATION

The Sale Loan and the determination of the consideration

The Sale Loan represents loans and amounts due from members of the Target Group to the Group with a carrying amount of approximately HK$719.1 million as at the Valuation Date, principally representing intra-group funding provided by the Group to finance the historical grant of the loans under the Loan Portfolio. As the Loan Portfolio is the only material asset of the Target Group, the recoverability of the Sale Loan is dependent on the realisable value of the Loan Portfolio. Accordingly, the Sale Loan has no independent value separate from the Loan Portfolio. The Disposal was structured as a single transaction comprising the Sale Share and the assignment of the Sale Loan, and the consideration of HK$37.0 million was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the appraised value of the Loan Portfolio of approximately HK$36.9 million, which represents the fair value of the combined package of the Sale Share and the Sale Loan.

Financial impact of the assignment of the Sale Loan

The Sale Loan is an intra-group balance and has been fully eliminated on consolidation in the Group's consolidated financial statements. As such, its assignment to the Purchaser will not, of itself, give rise to any gain or loss. Upon Completion, the Target Group will be deconsolidated, and as disclosed in the Announcement, the gain on the Disposal is expected to be approximately HK$37.0 million which is equivalent to the consideration of HK$37.0 million.

Board's assessment on the fairness and reasonableness of the consideration

The Board considers that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole, having taken into account the following:

(i) the consideration of HK$37.0 million is marginally above the appraised value of the Loan Portfolio of approximately HK$36.9 million as assessed by the Independent Valuer using a recovery-based approach in line with the International Valuation Standards, and is not less than the aggregate fair value of the Sale Share and the Sale Loan (the fair value of each of which is derived from, and capped by, the recoverable value of the Loan Portfolio);

(ii) the Loan Portfolio has been fully impaired and written off in the accounts of the Group, a 100% default rate was applied to the entire Loan Portfolio, and six out of the eleven borrowers (with an aggregate gross carrying amount of approximately HK$105.1 million) were assessed with nil recovery prospects;

(iii) the Group has spent over three years undertaking extensive recovery measures, including negotiating settlement arrangements, issuing demand letters, engaging external debt collection agencies and commencing legal proceedings, without fruitful recovery, and further recovery actions would require significant additional time and costs with uncertain outcomes;

(iv) the Disposal enables the Group to realise residual value from the Loan Portfolio in cash, to cease incurring further administrative and legal costs, and to redeploy its resources to its core business operations; and

(v) the Sale Share had no standalone value given the Target Group's negative net asset position, and the consideration represents the fair value of the combined package of the Sale Share and the Sale Loan.

FURTHER INFORMATION REGARDING THE GROUP'S FINANCING BUSINESS

Credit risk assessment and credit approval process at the time of grant

At the time of granting the loans under the Loan Portfolio, EPCL, as a licensed money lender, had in place credit policies and approval procedures which included: (i) know-your-client procedures and background checks on prospective borrowers; (ii) assessment of the borrower's financial position and repayment ability, including review of financial information and/or asset and income proof; (iii) determination of the loan amount, interest rate and tenor having regard to the assessed credit risk; (iv) approval of each loan by the credit committee of the Group in accordance with the then prevailing credit policy; and (v) execution of formal loan agreements documenting the terms. All loans under the Loan Portfolio were granted on an unsecured basis, which was consistent with the nature of the business then carried on by EPCL.

Reasons for and circumstances leading to default

All loans under the Loan Portfolio had fallen into default as the relevant borrowers were unable to repay. The circumstances leading to the defaults were principally borrower-specific financial distress, including: (i) in respect of corporate borrowers, deterioration or cessation of business and financial position, prolonged suspension of trading, delisting and/or winding-up proceedings (including one borrower which was ordered to be compulsorily wound up by the High Court of

Hong Kong), and in certain cases the borrowers or their management having effectively abandoned their obligations or ceased to be responsive; and (ii) in respect of individual borrowers, loss of contact with the borrowers notwithstanding sustained tracing and collection efforts, or failure to honour repayment or restructured settlement arrangements. The defaults occurred during a period of challenging market conditions between 2020 and 2025, and the overdue periods ranged from approximately 1.3 years to 5.9 years as at the Valuation Date.

Board's assessment on measures taken to safeguard the Group's assets and interests

The Board has assessed the measures taken by the Group in relation to the money lending business and the Loan Portfolio and considers that the Group had taken appropriate measures reasonably available to safeguard its assets and interests, having regard to the circumstances, including:

(i) monitoring and follow-up: regular review of the ageing and repayment status of the loan book, monitoring of announcements and financial information of listed borrowers, and follow-up with borrowers on overdue amounts;
(ii) recovery actions: issuance of formal demand letters (including acceleration of loans upon default), negotiation of settlement and restructuring arrangements, engagement of external debt collection agencies, and commencement of legal proceedings against certain debtors; and
(iii) cessation of the business: discontinuation of the unsecured money lending operations to prevent further exposure of this nature.

As regards further enforcement, the Board has considered the option of petitioning for the winding-up of the corporate borrowers or bankruptcy of the individual borrowers, but is of the view that such actions would not be commercially justifiable, on the basis that: (a) winding-up and bankruptcy proceedings involve significant legal and administrative costs and typically take several years to complete; (b) given that the loans are unsecured, the borrowers' net liability positions and/or lack of identifiable assets, the prospect of any meaningful recovery to unsecured creditors through such proceedings is assessed to be slim (as corroborated by the Independent Valuer's liquidation-based analysis, which yielded nil or low implied recovery rates); and (c) bankruptcy orders would be of limited practical effect against individual borrowers with whom contact has been lost. Having weighed the expected costs, time and recovery prospects of continued enforcement against the certain and immediate cash proceeds from the Disposal, the Board considers that the Disposal is the most commercially sensible means of realising value from the Loan Portfolio and is in the interests of the Company and the Shareholders as a whole.

The Group will continue its existing secured financing business, comprising (i) margin financing provided to securities clients in the ordinary course of its brokerage business, which is secured by listed securities held in clients' margin accounts; and (ii) money lending services provided on a secured basis from time to time, such as mortgage loans secured by properties. The Company has no plan to engage in unsecured money lending business going forward. The Group will continue to apply stringent credit assessment and approval procedures for its secured financing activities, including know-your-client procedures, assessment of borrowers' financial position and repayment ability, determination of loan terms commensurate with assessed credit risk, credit committee approval, and execution of formal loan agreements with appropriate security arrangements.

Save as disclosed above, all other information contained in the Announcement remains unchanged. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 11 September 2026

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

Executive Directors:	Ms. Daisy Yeung Mr. Chu Raymond Ms. Fan Man Seung, Vanessa
Independent Non-executive Directors:	Mr. Wong Tak Ming, Gary Mr. Yu King Tin Ms. Chan Sim Ling, Irene