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**英皇集團（國際）有限公司\***  
**Emperor International Holdings Limited**  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code : 163)



**英皇鐘錶珠寶有限公司**  
**EMPEROR WATCH & JEWELLERY LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code : 887)

## **CONTINUING CONNECTED TRANSACTION**

On 27 January 2010 the boards of directors of EIHL and EWJ announce that Richorse entered into the Tenancy Agreement with Beauty Royal in relation to the tenancy of the Property.

Richorse is an indirectly wholly-owned subsidiary of EIHL. Beauty Royal is an indirectly wholly-owned subsidiary of EWJ. EIHL and EWJ are indirectly owned as to 54.37% and 68.09% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and EWJ. As such, Beauty Royal is a connected person of EIHL and Richorse is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes continuing connected transaction for both of EIHL and EWJ.

As the applicable percentage ratios calculated with reference to the Aggregate Annual Cap of EWJ is more than 0.1% but less than 2.5% under Rule 14A.34 of the Listing Rules. The Tenancy Agreement and the Aggregate Annual Cap of EWJ are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

As the applicable percentage ratios calculated with reference to the Aggregate Annual Cap of EIHL exceeds 2.5% and the consideration exceeds HK\$10 million, the Tenancy Agreement and the Aggregate Annual Cap of EIHL are subject to reporting, announcement requirements and the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

A circular containing, among other things, further information of the details of the Tenancy Agreement together with the Aggregate Annual Cap of EIHL, a letter from Independent Board Committee of EIHL containing its recommendation to the Independent Shareholders of EIHL; a letter from the independent financial adviser containing its advice to the Independent Board Committee of EIHL and the Independent Shareholders of EIHL; and the notice of the SGM will be despatched to the shareholders of EIHL as soon as practicable.

The boards of directors of EIHL and EWJ announce that on 27 January 2010, Richorse entered into the Tenancy Agreement with Beauty Royal in relation to the tenancy of the Property.

### **TENANCY AGREEMENT DATED 27 JANUARY 2010**

Landlord: Richorse

Tenant: Beauty Royal

Property: Ground Floor (Shop B including the yard) and Office B and the Balcony adjacent thereto on First Floor, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong with lettable floor area of 1,566 sq. ft.

Usage: for the operation of retail shop

Term: from 9 February 2010 to 22 October 2011, both days inclusive

Rent: HK\$718,000 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance

Option: The tenant has an option to renew the tenancy for fifteen months at the then open market rent

Rent free period: two months and fourteen days to be designated from 9 February 2010 to 22 April 2010

Deposit: HK\$2,226,543 which is equivalent to three months' rent, management fee and rates

Condition: the commencement of rental payment is conditional upon the approval of the independent shareholders of EIHL. If the condition has not been fulfilled, the Tenancy Agreement will be terminated automatically.

In addition, the First Previous Tenancy Agreement and the Second Previous Tenancy Agreement were entered into between Richorse and Beauty Royal on 16 May 2008 and 23 October 2008 respectively, which are aggregated together the Tenancy Agreement under Rule 14A.25 of the Listing Rules. Details of the terms the First Previous Tenancy Agreement and the Second Previous Tenancy Agreement are as below:

**FIRST PREVIOUS TENANCY AGREEMENT DATED 16 MAY 2008**

Landlord: Richorse

Tenant: Beauty Royal

Premises: Ground Floor, (Shop A including the yard), and Office A, 1/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong, with a total saleable area of 1,341 sq. feet and a yard area of 203 sq. feet

Usage: for the operation of retail shop

Term: 3 years commencing from 1 July 2008 to 30 June 2011 (both days inclusive)

Rent: HK\$700,000 per month for the first and second years, and HK\$750,000 per month for the third year, exclusive of rates, management fees and other outgoings

Deposit: HK\$2,325,468, which is equivalent to three months' higher rent, management fee and rates

Rent free period: three months to be designated in the 1st month (July 2008); the 13th month (July 2009) and the 36th month (June 2011) of the aforementioned term

**SECOND PREVIOUS TENANCY AGREEMENT DATED 23 OCTOBER 2008**

Landlord: Richorse

Tenant: Beauty Royal

Property: G/F & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong (total saleable area of 2,968 sq. ft.) together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong.

Usage: for the operation of retail shop

Term: from 23 October 2008 to 22 October 2011, both days inclusive

Rent: HK\$2,750,000 per month for the first year, HK\$2,850,000 per month for the second year, and HK\$2,950,000 per month for the third year, exclusive of rates, management fee and other outgoing charges.

Rent free period: Six months to be designated in the following periods:  
 (i) 23 October 2008 to 22 December 2008;  
 (ii) 1 November 2009 to 31 December 2009;  
 (iii) 1 November 2010 to 31 December 2010

Deposit: HK\$9,011,400 which is equivalent to three months' highest rent and rates

#### **AGGREGATE ANNUAL CAP OF THE TENANCY AGREEMENTS**

The Aggregate Annual Cap of EIHL for the Tenancy Agreement, the First Previous Tenancy Agreement and the Second Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual rental receivable with the adjustment of the rent free period under the Tenancy Agreement, the First Previous Tenancy Agreement and the Second Previous Tenancy Agreement for each of the years ending 31 March 2010, 2011 and 2012, will be as follows:

	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Tenancy Agreement	1,130,000	7,600,000	4,250,000
First Previous Tenancy Agreement	8,000,000	8,000,000	2,000,000
Second Previous Tenancy Agreement	28,530,000	28,530,000	16,000,000
	<u>37,660,000</u>	<u>44,130,000</u>	<u>22,250,000</u>
<b>Total</b>	<b><u>37,660,000</u></b>	<b><u>44,130,000</u></b>	<b><u>22,250,000</u></b>

The Aggregate Annual Cap of EWJ for the Tenancy Agreement, the First Previous Tenancy Agreement and the Second Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual rental payable with the adjustment of the rent free period under the Tenancy Agreement, the First Previous Tenancy Agreement and the Second Previous Tenancy Agreement for each of the years ending 31 December 2010 and 2011, will be as follows:

	<b>2010</b> <i>HK\$</i>	<b>2011</b> <i>HK\$</i>
Tenancy Agreement	6,800,000	6,120,000
First Previous Tenancy Agreement	8,300,000	4,150,000
Second Previous Tenancy Agreement	29,100,000	23,510,000
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Total	<u>44,200,000</u>	<u>33,780,000</u>

## **REASONS AND BENEFITS FOR THE TENANCY AGREEMENT**

EIHL is an investment holding company and its subsidiaries are principally engaged in property development and investment, and hotel operation. The Property is held by EIHL as investment property for rental income.

EWJ is an investment holding 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, Macau and the PRC.

The terms of Tenancy Agreement is arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Tenancy Agreement was determined by reference to the prevailing market rent of similar properties in the nearby locations. The directors of both EIHL and EWJ consider that the Tenancy Agreement is on normal commercial terms, in the normal course of business, fair and reasonable and in the interests both of EIHL and EWJ and their respective shareholders as a whole.

## **GENERAL**

Richorse is an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment. Beauty Royal is an indirect wholly-owned subsidiary of EWJ and principally engaged in the provision of nominee and group agent services for EWJ and its subsidiaries.

EIHL and EWJ are indirectly owned as to 54.37% and 68.09% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and EWJ. As such, Beauty Royal is a connected person of EIHL and Richorse is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes continuing connected transaction for both of EIHL and EWJ.

As the applicable percentage ratio calculated with reference to the Aggregate Annual Cap of EWJ is more than 0.1% but less than 2.5% under Rule 14A.34 of the Listing Rules. The Tenancy Agreement and the Aggregate Annual Cap of EWJ are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

As the applicable percentage ratio calculated with reference to the Aggregate Annual Cap of EIHL exceeds 2.5% and the consideration exceeds HK\$10 million, the Tenancy Agreement and the Aggregate Annual Cap of EIHL are subject to reporting, announcement requirements and the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

A circular containing, among other things, further information of the details of the Tenancy Agreement together with the Aggregate Annual Cap of EIHL, a letter from Independent Board Committee of EIHL containing its recommendation to the independent shareholders of EIHL; a letter from the independent financial adviser containing its advice to the independent board committee of EIHL and the independent shareholders of EIHL; and the notice of the SGM will be despatched to the Shareholders of EIHL as soon as practicable.

#### **TERMS USED IN THIS ANNOUNCEMENT**

“Aggregate Annual Cap of EIHL”	the maximum amount of effective rental receivable under the Tenancy Agreement, the First Previous Tenancy Agreement and Second Previous Tenancy Agreement, based on the total annual effective rental receivable under the Tenancy Agreement, the First Previous Tenancy Agreement and Second Previous Tenancy Agreement, for each of the years ending 31 March 2010, 2011 and 2012
“Aggregate Annual Cap of EWJ”	the maximum amount of effective rental payable under the Tenancy Agreement, the First Previous Tenancy Agreement and Second Previous Tenancy Agreement, based on the total annual effective rental payable under the Tenancy Agreement, the First Previous Tenancy Agreement and the Second Previous Tenancy Agreement for each of the years ending 31 December 2010 and 2011
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung
“Beauty Royal”	Beauty Royal Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EWJ and principally engaged in the provision of tenancy agreement signing services to EWJ and its subsidiaries

“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“EIHL”	Emperor International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“EWJ”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“First Previous Property”	Ground Floor (Shop A including the yard), and Office A, 1/F, Tak Fat Building, Nos. 50-52 Russell Street, Causeway Bay, Hong Kong, with a total saleable area of 1,341 sq. feet and a yard area of 203 sq. ft.
“First Previous Tenancy Agreement”	a tenancy agreement dated 16 May 2008 entered into between Richorse and Beauty Royal in relation to the tenancy of the First Previous Property
“Richorse”	Richorse Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in the property investment of EIHL
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Property”	Ground Floor (Shop B including the yard) and Office B and the Balcony adjacent thereto on First Floor, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong with a total lettable floor area of 1,566 sq. ft.
“SGM”	special general meeting of EIHL to be convened for approving the Tenancy Agreement together with the Aggregate Annual Cap

“Second Previous Property”	G/F & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong (total saleable area of 2,968 sq. ft.) together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong
“Second Previous Tenancy Agreement”	a tenancy agreement dated 23 October 2008 entered into between Richorse and Beauty Royal in relation to the tenancy of the Second Previous Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 27 January 2010 entered into between Richorse and Beauty Royal in relation to the tenancy of the Property
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent

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

By order of the board  
**Emperor Watch & Jewellery Limited**  
**Cindy Yeung**  
*Executive Director*

Hong Kong, 27 January 2010

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

*Non-executive Director:* Ms. Luk Siu Man, Semon (*Chairperson*)

*Executive Directors:* Mr. Wong Chi Fai (*Managing Director*)  
Ms. Fan Man Seung, Vanessa (*Managing Director*)  
Mr. Cheung Ping Keung  
Ms. Mok Fung Lin, Ivy

*Independent Non-executive Directors:* Mr. Chan Man Hon, Eric  
Mr. Liu Hing Hung  
Mr. Law Ka Ming, Michael

*As at the date hereof, the board of directors of EWJ comprised:*

*Executive Directors:* Ms. Cindy Yeung  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa  
Mr. Chan Hung Ming

*Independent Non-Executive Directors:* Ms. Yip Kam Man  
Mr. Chan Hon Piu  
Ms. Lai Ka Fung, May

\* *for identification purposes only*