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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 TRANSACTIONS**

The boards of directors of EIHL and EWJ announce that on 31 August 2010, Gold Pleasure entered into the First Tenancy Agreement and the Second Tenancy Agreement with Beauty Royal in relation to the tenancies of the First Property and the Second Property.

The boards of directors of EIHL and EWJ also announce that upon completion of the Acquisition on 31 August 2010, Gold Pleasure will become the new landlord of the Third Property and the Fourth Property, both of which are currently leased to Moral Step under the Third Tenancy Agreement and the Fourth Tenancy Agreement respectively.

Gold Pleasure is an indirect wholly-owned subsidiary of EIHL. Beauty Royal and Moral Step are indirect wholly-owned subsidiaries of EWJ. EIHL and EWJ are indirect owned as to 71.62% and 66.85% 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 and Moral Step are connected persons of EIHL and Gold Pleasure is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, the First Tenancy Agreement and Second Tenancy Agreement constitute continuing connected transactions for both of EIHL and EWJ, while the Third Tenancy Agreement and the Fourth Tenancy Agreement will become continuing connected transactions for both of EIHL and EWJ upon completion of the Acquisition.

As the applicable percentage ratios calculated with reference to the Aggregate Annual Cap of both EIHL and EWJ is more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules. The First Tenancy Agreement, the Second Tenancy Agreement, the Third Tenancy Agreement and the Fourth Tenancy Agreement and the Aggregate Annual Caps of both EIHL and 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.

The boards of directors of EIHL and EWJ announce that on 31 August 2010, Gold Pleasure entered into the First Tenancy Agreement and the Second Tenancy Agreement with Beauty Royal in relation to the tenancies of the First Property and the Second Property.

The boards of directors of EIHL and EWJ also announce that upon completion of the Acquisition on 31 August 2010, Gold Pleasure will become the new landlord of the Third Property and the Fourth Property, both of which are currently leased to Moral Step under the Third Tenancy Agreement and the Fourth Tenancy Agreement respectively.

#### **FIRST TENANCY AGREEMENT DATED 31 AUGUST 2010**

Landlord:	Gold Pleasure
Tenant:	Beauty Royal
Property:	the advertising signage space at the external wall of Tenement A, 4/F., 4 Canton Road, Kowloon, Hong Kong
Usage:	for advertising
Term:	2 years commencing from 1 September 2010 to 31 August 2012 (both days inclusive)
Rent:	HK\$24,000 per month, inclusive of rates, management fees and electricity charges
Rent free period:	no
Effective Rental:	HK\$24,000 per month
Deposit:	HK\$48,000 which is equivalent to two months' rent

## **SECOND TENANCY AGREEMENT DATED 31 AUGUST 2010**

Landlord: Gold Pleasure

Tenant: Beauty Royal

Premises: Portion A of the 1st Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 358 sq. ft.

Usage: for office

Term: from 1 September 2010 to 15 June 2013 (both days inclusive)

Rent: HK\$20,000 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance

Rent free period: one month

Effective Rental: HK\$19,403 per month

Deposit: HK\$60,000 which is equivalent to three months' rent

## **THIRD TENANCY AGREEMENT DATED 15 JUNE 2007**

New Landlord: Gold Pleasure (becomes the new landlord upon completion of the Acquisition)

Tenant: Moral Step

Property: Portion of the whole of 1st Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 1,806 sq. ft.

Usage: for office

Renewed Term  
under the option  
to renew: from 16 June 2010 to 15 June 2013, both days inclusive

Rent: HK\$240,000 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance

Rent free period: no

Effective Rental: HK\$240,000 per month

Deposit: HK\$720,000 which is equivalent to three months' rent

#### **FOURTH TENANCY AGREEMENT DATED 13 MAY 2008**

New Landlord:	Gold Pleasure (becomes the new landlord upon completion of the Acquisition)
Tenant:	Moral Step
Property:	Store Room on Ground Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 90 sq. ft.
Usage:	for storage
Renewed Term under the option to renew:	from 16 June 2010 to 15 June 2013, both days inclusive
Rent:	HK\$9,600 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance
Rent free period:	no
Effective Rental:	HK\$9,600 per month
Deposit:	HK\$9,600 which is equivalent to one month's rent

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

The Aggregate Annual Cap of EIHL for the Tenancy Agreements (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 Agreements for each of the years ending 31 March 2011, 2012, 2013 and 2014 will be as follows:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
First Tenancy Agreement	168,000	288,000	120,000	–
Second Tenancy Agreement	136,000	233,000	233,000	49,000
Third Tenancy Agreement	1,680,000	2,880,000	2,880,000	600,000
Fourth Tenancy Agreement	67,200	115,200	115,200	24,000
First Previous Tenancy Agreement	7,600,000	7,600,000	640,000	–
Second Previous Tenancy Agreement	17,040,000	17,160,000	5,720,000	–
Total	<u>26,691,200</u>	<u>28,276,200</u>	<u>9,708,200</u>	<u>673,000</u>

The Aggregate Annual Cap of EWJ for the Tenancy Agreements (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 Agreements for each of the years ending 31 December 2010, 2011, 2012 and 2013, will be as follows:

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
First Tenancy Agreement	96,000	288,000	192,000	–
Second Tenancy Agreement	78,000	233,000	233,000	110,000
Third Tenancy Agreement	960,000	2,880,000	2,880,000	1,320,000
Fourth Tenancy Agreement	38,400	115,200	115,200	52,800
First Previous Tenancy Agreement	7,600,000	7,600,000	2,600,000	–
Second Previous Tenancy Agreement	12,750,000	17,160,000	10,010,000	–
Total	<u>21,522,400</u>	<u>28,276,200</u>	<u>16,030,200</u>	<u>1,482,800</u>

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

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 self-designed fine jewellery products in Hong Kong, Macau and the PRC.

The terms of the First Tenancy Agreement and the Second Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rentals of the First Tenancy Agreement and the Second Tenancy Agreement were determined by reference to the prevailing market rent of similar properties in the nearby locations. The directors of both EIHL and EWJ (including the respective independent non-executive directors but excluding Ms. Luk Siu Man, Semon, a non-executive director and the Chairperson of EIHL, and Ms. Cindy Yeung, an executive director of EWJ, who have to and did abstain from voting at the respective board meeting held on 30 August 2010 in view of their material interests in the transactions by virtue of being the spouse of Dr. Albert Yeung and being one of the eligible beneficiaries of the AY Trust respectively) consider that the First Tenancy Agreement and the Second Tenancy Agreement are 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**

Gold Pleasure is an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment. Beauty Royal and Moral Step are indirect wholly-owned subsidiaries 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 71.62% and 66.85% 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 and Moral Step are connected persons of EIHL and Gold Pleasure is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, the First Tenancy Agreement and the Second Tenancy Agreement constitute continuing connected transactions for both of EIHL and EWJ, while the Third Tenancy Agreement and the Fourth Tenancy Agreement will become continuing connected transactions for both of EIHL and EWJ upon completion of the Acquisition.

As the applicable percentage ratios calculated with reference to the Aggregate Annual Cap of both EIHL and EWJ is more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules. The First Tenancy Agreement, the Second Tenancy Agreement, the Third Tenancy Agreement and the Fourth Tenancy Agreement and the Aggregate Annual Caps of both EIHL and 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.

**TERMS USED IN THIS ANNOUNCEMENT**

- “Acquisition” the acquisition of the Third Property and the Fourth Property by Gold Pleasure pursuant to an agreement dated 24 February 2010 entered into with an independent third party of EIHL
- “Aggregate Annual Cap of EIHL” the maximum amount of effective rental receivable under the Tenancy Agreements, based on the total annual rental receivable with the adjustment of the rent free period under the Tenancy Agreements for each of the years ending 31 March 2011, 2012, 2013 and 2014
- “Aggregate Annual Cap of EWJ” the maximum amount of effective rental payable under the Tenancy Agreements, based on the total annual rental payable with the adjustment of the rent free period under the Tenancy Agreements for each of the years ending 31 December 2010, 2011, 2012 and 2013

“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 Tenancy Agreement”	a tenancy agreement dated 31 March 2009 entered into between Gold Pleasure and Beauty Royal in relation to the tenancy of G/F., 4 Canton Road, Kowloon, Hong Kong with gross floor area of 828 sq. ft., details refer to the joint announcement of EIHL and EWJ dated 3 April 2009
“First Property”	the advertising signage space at the external wall of Tenement A, 4/F., 4 Canton Road, Kowloon, Hong Kong
“First Tenancy Agreement”	a tenancy agreement dated 31 August 2010 entered into between Gold Pleasure and Beauty Royal in relation to the tenancy of the First Property
“Fourth Property”	Store Room on Ground Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 90 sq. ft.
“Fourth Tenancy Agreement”	a tenancy agreement dated 13 May 2008 entered into by Moral Step in relation to the tenancy of the Fourth Property (Gold Pleasure becomes the new landlord upon completion of the Acquisition)

“Gold Pleasure”	Gold Pleasure Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moral Step”	Moral Step Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EWJ and principally engaged in the provision of group agent services for EWJ and its subsidiaries
“Perfect Perform”	Perfect Perform Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EWJ and principally engaged in the provision of group agent services for EWJ and its subsidiaries
“PRC”	The People’s Republic of China
“Second Previous Tenancy Agreement”	the tenancy agreement dated 8 August 2008 and Addendum dated 27 May 2009 entered into between Snowland Limited (Gold Pleasure became the new landlord upon completion of the acquisition of the Second Property by Gold Pleasure since 30 March 2010) and Perfect Perform in relation to the tenancy of Ground floor, Nos. 6 & 8 Canton Road, Kowloon, Hong Kong and having a total gross floor area of approximately 1,336 square feet, detail refer to the joint announcement dated 22 December 2009
“Second Property”	Portion A of the 1st Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 358 sq. ft.
“Second Tenancy Agreement”	a tenancy agreement dated 31 August 2010 entered into between Gold Pleasure and Beauty Royal in relation to the tenancy of the Second Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	First Tenancy Agreement, Second Tenancy Agreement, Third Tenancy Agreement, Fourth Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement

“Third Property”	Portion of the whole of 1st Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 1,806 sq. ft.
“Third Tenancy Agreement”	a tenancy agreement dated 15 June 2007 entered into by Moral Step in relation to the tenancy of the Third Property (Gold Pleasure becomes the new landlord upon completion of the Acquisition)
“HK\$”	Hong Kong dollars
“sq. ft.”	square feet
“%”	per cent

By order of the board <b>Emperor International Holdings Limited</b> <b>Luk Siu Man Semon</b> <i>Chairperson</i>	By order of the board <b>Emperor Watch &amp; Jewellery Limited</b> <b>Cindy Yeung</b> <i>Executive Director</i>
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Hong Kong, 31 August, 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. Chan Hung Ming  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa

*Non-Executive Director:* Mr. Hanji Huang

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

\* *for identification purposes only*