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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

The boards of directors of EIHL and EWJ announce that on 30 June 2011 I Soi entered into the Macau Tenancy Agreement with EWJ Macau in relation to the tenancy of the Macau Property.

The boards of directors of EIHL and EWJ also announce that on 30 June 2011 Century Creations entered into the Sub-License Agreement with Beauty Royal in relation to the sub-license of the Hong Kong Property. They further announce that Century Creations entered into the Hong Kong Tenancy Agreement with Beauty Royal on 30 June 2011 in relation to the tenancy of the Hong Kong Property subject to the successful completion of the Sale and Purchase Agreement upon which Century Creations will become the landlord of the Hong Kong Property.

I Soi is an indirect wholly-owned subsidiary of EIHL. EWJ Macau is an indirect wholly-owned subsidiary of EWJ. Both EIHL and EWJ are indirectly owned as to 70.46% and 52.34% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and EWJ. As such, EWJ Macau is a connected person of EIHL and I Soi is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, Macau Tenancy Agreement constitutes a continuing connected transaction for both of EIHL and EWJ.

Century Creations is an indirect wholly-owned subsidiary of EIHL. Beauty Royal is an indirect wholly-owned subsidiary of EWJ. Both EIHL and EWJ are indirectly owned as to 70.46% and 52.34% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and EWJ. As such, Royal Beauty is a connected person of EIHL and Century Creations is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, Sub-License Agreement and Hong Kong Tenancy Agreement constitutes a continuing connected transaction for both of EIHL and EWJ.

As the applicable percentage ratios calculated with reference to the First Annual Cap and Second Annual Cap of both EIHL and EWJ are more than 0.1% and HK\$1 million but less than 5% under Rule 14A.34 of the Listing Rules, the Macau Tenancy Agreement, Sub-License Agreement, Hong Kong Tenancy Agreement, the First Annual Cap and Second Annual Cap 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 but is exempted from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

Pursuant to the Hong Kong Tenancy Agreement, Century Creations has granted Beauty Royal an option to renew the tenancy for three years at the then open market rent which shall not be higher than 120% of the third year rent. Such option granted by Century Creations is also subject to Rule 14A.69(1) of the Listing Rules. As the applicable percentage ratios of the both EIHL and EWJ in relation to such option are more than 0.1% and HK\$1 million but less than 5%, such option granted by Century Creations are subject to the reporting, announcement requirements but is exempted from the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

If Beauty Royal exercises such option, Century Creations should continue to lease the Hong Kong Property to Beauty Royal. Under this circumstance, the committed period for the Hong Kong Tenancy Agreement will be longer than 3 years. Pursuant to Rule 14A.35(1) of the Listing Rules, Vinco Capital has been appointed to advise the Shareholders in this regard which is set out in this announcement.

The boards of directors of EIHL and EWJ announce that on 30 June 2011, I Soi entered into the Tenancy Agreement with EWJ Macau in relation to the tenancy of the Property.

MACAU TENANCY AGREEMENT DATED 30 JUNE 2011

Landlord:	I Soi
Tenant:	EWJ Macau
Property 1:	EM Macau, Avenida De Infante D., Henrique N°S 67-69, Res-Do-Chao B & EM Macau, Rua Dr., Pedro Jose Lobo N° 5, Res-Do-Chao C2, Macau with gross floor area 1,600 sq.ft
Property 2:	EM Macau, Avenida De Infante D., Henrique N° 65-A, 1o Andar B with gross floor area 1,575 sq.ft
Usage:	for retail shop

Term: Property 1: 3 years from 1 July 2011 to 30 June 2014
(both days inclusive)

Premise 2: 2 years and 11 months from 1 August 2011
to 30 June 2014 (both days inclusive)

Rent: Property 1:
1st year – HK\$366,000 per month
2nd year – HK\$386,000 per month
3rd year – HK\$406,000 per month

Property 2: HK\$8,000 per month

All rents are exclusive of rates, management fees and
all other outgoings charges

Rent free period: Property 1: 4 months
1st year – 2 months 1 July 2011 to 31 August 2011
2nd year – 2 months 1 July 2012 to 31 August 2012

Property 2: 4 months
1st year – 2 months 1 August 2011 to 30 September
2011
2nd year – 2 months 1 August 2012 to 30 September
2012

Deposit: Property 1: HK\$1,218,000
Property 2: HK\$24,000
which is equivalent to the highest three months' rent,
management fee and rates

FIRST ANNUAL CAP OF THE MACAU TENANCY AGREEMENT

The First Annual Cap of EIHL in respect of the Macau Tenancy Agreement based on the total annual effective rental receivable under the Macau Tenancy Agreement for each of the years ending 31 March 2012, 2013, 2014 and 2015 will be as follows:

	2012	2013	2014	2015
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Macau Tenancy Agreement	3,155,000	4,216,000	4,216,000	1,054,000

The First Annual Cap of EWJ in respect of the Macau Tenancy Agreement based on the total annual effective rental payable under the Macau Tenancy Agreement for each of the years ending 31 December 2011, 2012, 2013 and 2014 will be as follows:

	2011 <i>HK\$</i>	2012 <i>HK\$</i>	2013 <i>HK\$</i>	2014 <i>HK\$</i>
Macau Tenancy Agreement	2,101,000	4,216,000	4,216,000	2,108,000

SUB-LICENSE AGREEMENT DATED 30 JUNE 2011

Licensor: Century Creations

Licensee: Beauty Royal

Property 3: G/F, 24 Russell Street, Hong Kong

Property 4: 1/F, 24 Russell Street, Hong Kong

Usage: for retail shop

Term: 10 July 2011 to 18 October 2011
(both days inclusive)

License Fee: HK\$1,640,000 per month
which are exclusive of rates, management fees and all other outgoings charges

Rent free period: Nil

Special conditions: The Licensee has to observe certain terms and conditions as provided in the head license agreement(s) made between Century Creations and the current owner of the Hong Kong Property and not to adversely affect and prejudice the rights and interest of the Licensor thereunder.

If Century Creation is unable to deliver vacant possession of Property 4 to Beauty Royal on 10 July 2011, the license fee shall be adjusted to HK\$1,500,000 per month until the possession of Property 4 is delivered to Beauty Royal. The rent of HK\$1,500,000 per month represents rent for Property 3 only.

HONG KONG TENANCY AGREEMENT DATED 30 JUNE 2011

Landlord:	Century Creations (will become the landlord after completion of the Acquisition)
Tenant:	Beauty Royal
Property 3:	G/F, 24 Russell Street, Hong Kong
Property 4:	1/F, 24 Russell Street, Hong Kong
Usage:	for retail shop
Term:	19 October 2011 to 9 July 2014 (both days inclusive)
Option to renew:	The tenant has an option to renew the tenancy for 3 years at the then open market rent which shall not be higher than 120% of the third year rent
Rent:	HK\$1,640,000 per month All rents are exclusive of rates, management fees and all other outgoings charges
Effective Rental	HK\$1,489,586 per month
Rent free period:	3 months 1st year – 1 month from 10 June 2012 to 9 July 2012 2nd year – 1 month from 10 June 2013 to 9 July 2013 3rd year – 1 month from 10 June 2014 to 9 July 2014
Deposit:	HK\$5,022,840 which is equivalent to three months' rent, management fee and rates
Special conditions:	<p>The Hong Kong Tenancy Agreement is conditional upon completion of the Sale and Purchase Agreement. In the event that Century Creations fails to complete the Sale and Purchase Agreement, the Hong Kong Tenancy Agreement will become null and void.</p> <p>If Century Creation is unable to deliver vacant possession of Property 4 to Beauty Royal on 19 October 2011, the rent shall be adjusted to HK\$1,500,000 per month until the possession of Property 4 is delivered to Beauty Royal. The rent of HK\$1,500,000 per month represents rent for Property 3 only.</p>

SECOND ANNUAL CAP OF THE SUB-LICENSE AGREEMENT AND HONG KONG TENANCY AGREEMENT

Pursuant to the Hong Kong Tenancy Agreement, Century Creations has granted Beauty Royal the options to renew the tenancies for three years at the then open market rent which shall not be higher than 120% of the respective third year rent. If Beauty Royal exercises such options, Century Creations should continue to lease the Hong Kong Property, (as the case may be) to Beauty Royal. Under this circumstance, the committed period for the Hong Kong Tenancy Agreement shall be extended by 3 more years.

The Second Annual Cap of EIHL in respect of the Sub-License Agreement and Hong Kong Tenancy Agreement is based on the total annual effective rental receivable under both the Sub-License Agreement and Hong Kong Tenancy Agreement for each of the years ending 31 March 2012, 2013, 2014, 2015, 2016, 2017 and 2018 will be as follows:

	2012 HK\$ (Note 2)	2013 HK\$	2014 HK\$	2015 HK\$	2016 HK\$ (Note 1)	2017 HK\$ (Note 1)	2018 HK\$ (Note 1)
Sub-License Agreement and Hong Kong Tenancy Agreement	13,469,000	17,876,000	17,876,000	22,042,000	23,616,000	23,616,000	6,476,000

Note

1. Assuming Beauty Royal will exercise the options under the Hong Kong Tenancy Agreement to renew the respective tenancies at 120% of the third year rent per month.
2. The sum includes the rental receivable under the Sub-License Agreement from 10 July 2011 to 18 October 2011 and effective rental receivable under the Hong Kong Tenancy Agreement from 19 October 2011 to 31 March 2012.

The Second Annual Cap of EWJ in respect of the Sub-License Agreement and Hong Kong Tenancy Agreement based on the total annual effective rental payable under both the Sub-License Agreement and Hong Kong Tenancy Agreement for each of the years ending 31 December 2011, 2012, 2013 and 2014 will be as follows:

	2011 HK\$ (Note 1)	2012 HK\$	2013 HK\$	2014 HK\$
Sub-License Agreement and Hong Kong Tenancy Agreement	9,000,000	17,876,000	17,876,000	9,370,000

Note

1. The sum includes the rental payable under the Sub-License Agreement from 10 July 2011 to 18 October 2011 and effective rental payable under the Hong Kong Tenancy Agreement from 19 October 2011 to 31 December 2011.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 14A.35(1) of the Listing Rules provides that, in relation to non-exempt continuing connected transactions, under special circumstances where the nature of the transaction requires the agreement to be of a duration longer than three years, the independent financial adviser to the EIHL will be required to explain why a longer period for the agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration.

Pursuant to the Hong Kong Tenancy Agreement, Century Creations has granted Beauty Royal an option to renew the tenancy for three years at the then open market rent which shall not be higher than 120% of the third year rent. Such option granted by Century Creations is subject to Rule 14A.69(1) of the Listing Rules.

Accordingly, Vinco Capital has been appointed to explain why an option to extend the period for the Hong Kong Tenancy Agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration.

In arriving at its opinion, Vinco Capital has relied on the information set out in this announcement, the Hong Kong Tenancy Agreement and existing similar lease agreements entered into between EIHL and independent third parties. In considering whether it is normal business practice for agreements of a similar nature to the Hong Kong Tenancy Agreement to have a term of such duration, Vinco Capital has discussed with the management of EIHL and noted that, pursuant to the Hong Kong Tenancy Agreement, Beauty Royal has granted the option by Century Creations to renew the tenancy of Hong Kong Property for another three year at the then open market rent which shall not be higher than 120% of the third year rent. If Beauty Royal exercises such option, Century Creations should continue to lease the Hong Kong Property to Beauty Royal, which therefore will exceed the three years term as set out in Rules 14A.35 of the Listing Rules. Under this circumstance, the committed period for the Hong Kong Tenancy Agreement is longer than three years. However, after reviewing copies of the leasing agreements entered into between EIHL and other independent third parties, Vinco Capital is of the view that the option granted by Century Creations to Beauty Royal is on normal commercial terms and is in the ordinary course of business and the duration would be consistent with the normal market practice for similar nature agreements to the Hong Kong Tenancy Agreement.

In addition, Century Creations is principally engaged in property investment. The duration of approximately six years (subject to whether Beauty Royal would exercise such option) is in the interest of EIHL and its shareholders as a whole since the Hong Kong Property will provide with a relatively stable and profitable income source to EIHL. Accordingly, Vinco Capital concurs with the view of the directors of EIHL that the duration would be consistent with the normal market practice for similar nature agreements to the Hong Kong Tenancy Agreement and of the opinion that the approximate six-year tenure under the Hong Kong Tenancy Agreement is fair and reasonable to EIHL and its shareholders as a whole.

Vinco Capital is also of the view that a longer duration is preferred and beneficial to EIHL since: (i) it will be better and easier for Century Creations to maintain and control the lease relationship; and (ii) the future rental income for premises under the Hong Kong Tenancy Agreement can also be locked-in and the risk of any idle of the Hong Kong Property can thus be eliminated. Having taken into account the above principal factors, Vinco Capital considers that it is normal business practice for contracts similar to the Hong Kong Tenancy Agreement to have a term of such duration.

REASONS AND BENEFITS FOR THE MACAU TENANCY AGREEMENT, SUB-LICENSE AGREEMENT AND HONG KONG TENANCY AGREEMENT

EIHL is an investment holding company and its subsidiaries are principally engaged in property development and investment, and hotel operation. Both the Macau Property and Hong Kong Property (subject to Completion) are 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 the Macau Tenancy Agreement, Sub-License Agreement and Hong Kong Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Macau Tenancy Agreement, Sub-License Agreement and Hong Kong Tenancy Agreement was determined with reference to the prevailing market rent of similar properties in the nearby locations. The Directors (including the independent non-executive directors) of both EIHL and EWJ consider that the Macau Tenancy Agreement, Sub-License Agreement and Hong Kong Tenancy Agreement are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests both of EIHL and EWJ and their respective shareholders as a whole. Ms. Luk Siu Man, Semon, a non-executive director and the Chairperson of EIHL and Ms. Cindy Yeung, the managing director of EWJ both had to and did abstain from voting at the respective board meetings in view of their deemed material interests in the transaction by virtue of being the spouse of Dr. Albert Yeung and one of the eligible beneficiaries of the AY Trust respectively.

GENERAL

I Soi is an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment. EWJ Macau is an indirect wholly-owned subsidiary of EWJ and principally engaged in sales of luxurious branded watches and the design and sales of jewellery products in Hong Kong and Macau.

Century Creations is an indirect wholly-owned subsidiary of EIHL. Beauty Royal is an indirect wholly-owned subsidiary of EWJ. Both EIHL and EWJ are indirectly owned as to 70.46% and 52.34% 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 Century Creations is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, the Hong Kong Tenancy Agreement constitutes a continuing connected transaction for both of EIHL and EWJ.

Both EIHL and EWJ are indirectly owned as to 70.46% and 52.34% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of EIHL and EWJ. As such, EWJ Macau is a connected person of EIHL and I Soi is a connected person of EWJ under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both of EIHL and EWJ.

As the applicable percentage ratios calculated with reference to the First Annual Cap and Second Annual Cap of both EIHL and EWJ are more than 0.1% and HK\$1 million but less than 5% under Rule 14A.34 of the Listing Rules, the Macau Tenancy Agreement, Sub-License Agreement, Hong Kong Tenancy Agreement, the First Annual Cap and Second Annual Cap 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 but is exempted from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

Pursuant to the Hong Kong Tenancy Agreement, Century Creations has granted Beauty Royal the options to renew the tenancies for three years at the then open market rent which shall not be higher than 120% of respective the third year rent. Such options granted by Century Creations are also subject to Rule 14A.69(1) of the Listing Rules. As the applicable percentage ratios of both EIHL and EWJ in relation to such options are more than 0.1% and HK\$1 million but less than 5%, such options granted by Century Creations are subject to the reporting, announcement requirements but is exempted from the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

If Beauty Royal exercises such options, Century Creations should continue to lease the Hong Kong Property to Beauty Royal. Under this circumstance, the committed period for the Hong Kong Tenancy Agreement will be longer than 3 years. Pursuant to Rule 14A.35(1) of the Listing Rules, an independent financial adviser have been appointed to advise the Shareholders in this regard which is set out in this announcement.

TERMS USED IN THIS ANNOUNCEMENT

“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
“Century Creations”	Century Creations Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principal engaged in property investment
“Completion”	completion of the sale and purchase of the Entire Property pursuant to the Sale and Purchase Agreement
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“EIHL”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Entire Property”	whole block of No. 22 and 24 Russell Street, Causeway Bay, Hong Kong, Section A of Inland Lot No.746
“EWJ”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“EWJ Macau”	EWJ Watch and Jewellery Company Limited, a company incorporated in Macau with limited liability, being an indirect wholly-owned subsidiary of Emperor Watch & Jewellery and principally engaged in operation of a first class jewellery shop for sale of jewellery, watches and/or other accessories trading under the name of “Emperor Watch & Jewellery (HK) Company Limited 英皇鐘錶珠寶(香港)有限公司”

“First Annual Cap of EIHL”	the maximum amount of effective rental receivable under the Macau Tenancy Agreement based on the total annual effective rental receivable under the Macau Tenancy Agreement for each of the years ending 31 March 2012, 2013, 2014 and 2015
“First Annual Cap of EWJ”	the maximum amount of effective rental payable under the Macau Tenancy Agreement based on the total annual effective rental payable under the Macau Tenancy Agreement for each of the years ending 31 December 2011, 2012, 2013 and 2014
“Hong Kong Property”	Property 3 and Property 4
“Hong Kong Tenancy Agreement”	a tenancy agreement dated 28 June 2011 entered into between Century Creations and Beauty Royal in relation to the tenancy of Property 3 and Property 4
“I Soi”	I Soi Limitada, a company incorporated in Macau and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau Property”	Property 1 and Property 2
“Macau Tenancy Agreement”	a tenancy agreement dated 30 June 2011 entered into between I Soi and EWJ Macau in relation to Property 1 and Property 2
“PRC”	The People’s Republic of China
“Property 1”	EM Macau, Avenida De Infante D., Henrique NoS 67-69, Res-Do-Chao B & EM Macau, Rua Dr., Pedro Jose Lobo No 5, Res-Do-Chao C2, Macau with saleable area of 1,167 sq.ft
“Property 2”	EM Macau, Avenida De Infante D., Henrique No 65-A, 1o Andar B with saleable area of 1,103 sq.ft
“Property 3”	G/F, 24 Russell Street, Hong Kong with a total gross floor area of 1,093 sq.ft and forms part of Entire Property

“Property 4”	1/F, 24 Russell Street, Hong Kong with a total gross floor area of 739 sq.ft and forms part of Entire Property
“Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 18 July 2010 entered into between Century Creations and an independent third party as set out in the announcement by EIHL on 18 July 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Second Annual Cap of EIHL”	the maximum amount of effective rental receivable under the Sub-License Agreement and Hong Kong Tenancy Agreement based on the total annual effective rental receivable thereunder for each of the years ending 31 March 2012, 2013, 2014, 2015, 2016, 2017 and 2018
“Second Annual Cap of EWJ”	the maximum amount of effective rental payable under the Sub-License Agreement and Hong Kong Tenancy Agreement based on the total annual effective rental payable thereunder for each of the years ending 31 December 2011, 2012, 2013 and 2014
“Shareholder(s)”	holder(s) of EIHL shares
“Sub-License Agreement”	a sub-license agreement dated 30 June 2011 entered into between Century Creations and Beauty Royal in relation to the tenancy of the Hong Kong Property
“Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, which is appointed by EIHL as the independent financial adviser to opine the term of renewal option of the Hong Kong Tenancy Agreement
“HK\$”	Hong Kong dollars
“sq. ft.”	square feet

“%”

per cent

By order of the board Emperor International Holdings Limited Luk Siu Man Semon <i>Chairperson</i>	By order of the board Emperor Watch & Jewellery Limited Cindy Yeung <i>Managing Director</i>
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Hong Kong, 30 June 2011

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 (*Managing Director*)
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa
Mr. Chan Hung Ming

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*