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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 Emperor International and Emperor W&J announce that on 31 October 2017, Emperor Beijing Real Estate as landlord entered into (i) the First Tenancy Agreement, the Third Tenancy Agreement and Fourth Tenancy Agreement with Emperor W&J Beijing as tenant in relation to the tenancies of the First Property, the Third Property and the Fourth Property respectively; and (ii) the Second Tenancy Agreement with Beijing Fujia Jiamei as tenant in relation to the tenancy of the Second Property.

Under Chapter 14A of the Listing Rules, Emperor Beijing Real Estate is a connected person of Emperor W&J whilst Emperor W&J Beijing and Beijing Fujia Jiamei are connected persons of Emperor International and accordingly, the Tenancy Agreements constitute continuing connected transactions for both Emperor International and Emperor W&J.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the aggregate annual caps of both Emperor International and Emperor W&J are more than 0.1% but less than 5%, the Tenancy Agreements are subject to the announcement, reporting and annual review requirements, but exempt from the respective shareholders' approval of both Emperor International and Emperor W&J under Chapter 14A of the Listing Rules.

As the duration term of the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, Emperor International and Emperor W&J have appointed Beijing Securities and Vinco Capital as the independent financial advisers respectively to issue independent opinions confirming that it is a normal business practice for Emperor International and Emperor W&J to enter into the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement which are of a duration longer than 3 years.

The boards of directors of Emperor International and Emperor W&J announce that on 31 October 2017, Emperor Beijing Real Estate as landlord entered into (i) the First Tenancy Agreement, the Third Tenancy Agreement and Fourth Tenancy Agreement with Emperor W&J Beijing as tenant in relation to the tenancies of the First Property, the Third Property and the Fourth Property respectively; and (ii) the Second Tenancy Agreement with Beijing Fujia Jiamei as tenant in relation to the tenancy of the Second Property.

* for identification purpose only

FIRST TENANCY AGREEMENT DATED 31 OCTOBER 2017

Landlord: Emperor Beijing Real Estate

Tenant: Emperor W&J Beijing

First Property : Unit 02, 28th Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC

Usage: for office use

Area: 657.41 sq. m. (gross)

Term: 5 years from 1 November 2017 to 31 October 2022 (both days inclusive)

Rent: RMB348,114 (equivalent to approximately HK\$410,775) per month

Rent Free: 3 months (1 November 2017 to 31 January 2018) whereas the monthly service fee of RMB 73,630 (equivalent to approximately HK\$86,883) exclusive of turnover taxation shall be paid by the Tenant to the Landlord

Effective Rent: RMB334,390 (equivalent to approximately HK\$394,580) per month

Deposit: RMB1,169,533 (equivalent to approximately HK\$1,380,049) which is equivalent to three months' rent and management fee

SECOND TENANCY AGREEMENT DATED 31 OCTOBER 2017

Landlord: Emperor Beijing Real Estate

Tenant: Beijing Fujia Jiamei

Second Property: Unit 03, 28th Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC

Usage: for office use

Area: 73.05 sq. m. (gross)

Term: 5 years from 1 November 2017 to 31 October 2022 (both days inclusive)

Rent: RMB38,682 (equivalent to approximately HK\$45,645) per month

Rent Free: 3 months (1 November 2017 to 31 January 2018) whereas the monthly service fee of RMB8,182 (equivalent to approximately HK\$9,655), exclusive of turnover taxation, shall be paid by the Tenant to the Landlord

Effective Rent: RMB37,157 (equivalent to approximately HK\$43,845) per month

Deposit: RMB129,956 (equivalent to approximately HK\$153,348) which is equivalent to three months' rent and management fee

THIRD TENANCY AGREEMENT DATED 31 OCTOBER 2017

Landlord : Emperor Beijing Real Estate

Tenant : Emperor W&J Beijing

Third Property: Unit 101, 1st Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC

Usage: as retail shop

Area: 195.26 sq. m. (gross)

Term: 3 years from 1 November 2017 to 31 October 2020 (both days inclusive)

Rent: The higher of monthly base rent or turnover rent :

(a) Monthly base rent :

RMB148,770 (equivalent to approximately HK\$175,549) per month;

OR

(b) Turnover rent :

Equivalent to 9% to 11% of jewellery sales and 5% to 7% watch sales exclusive of turnover taxation depending on the respective year of tenancy.

Rent Free: 3 months (1 November 2017 to 31 January 2018)

Effective Rent: RMB136,372 (equivalent to approximately HK\$160,919) per month

Deposit: RMB511,386 (equivalent to approximately HK\$603,435) which is equivalent to three months' rent and management fee

FOURTH TENANCY AGREEMENT DATED 31 OCTOBER 2017

Landlord : Emperor Beijing Real Estate

Tenant : Emperor W&J Beijing

Fourth Property: a car parking space on P1/F, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC

Usage: for car parking use

Term: 4 years and 9 months from 1 February 2018 to 31 October 2022 (both days inclusive)

Rent: RMB1,619 (equivalent to approximately HK\$1,911) per month, exclusive of the turnover taxation

Effective Rent: RMB1,619 (equivalent to approximately HK\$1,911) per month, exclusive of turnover taxation

* *The rental and effective rent under the First Tenancy Agreement, the Second Tenancy Agreement and the Third Tenancy Agreement are inclusive of service fee but exclusive of turnover taxation, management fees and all other outgoings fee billed in actual usage.*

AGGREGATE ANNUAL CAPS OF THE TENANCY AGREEMENTS

Aggregate Annual Caps of Emperor International

The Aggregate Annual Caps of Emperor International under the Tenancy Agreements (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental received / receivable thereunder for each of the years ending 31 March 2018, 2019, 2020, 2021, 2022 and 2023 will be as follows:

	2018	2019	2020	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
First Tenancy Agreement	1,680,000	4,020,000	4,020,000	4,020,000	4,020,000	2,350,000
Second Tenancy Agreement	186,000	446,000	446,000	446,000	446,000	261,000
Third Tenancy Agreement	690,000	1,850,000	2,350,000	1,550,000	-	-
Fourth Tenancy Agreement	4,000	20,000	20,000	20,000	20,000	12,000
Total	2,560,000	6,336,000	6,836,000	6,036,000	4,486,000	2,623,000

Aggregate Annual Caps of Emperor W&J

The Aggregate Annual Caps of Emperor W&J under the Tenancy Agreements (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental paid / payable thereunder for each of the years ending 31 December 2017, 2018, 2019, 2020, 2021 and 2022 will be as follows:

	2017	2018	2019	2020	2021	2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
First Tenancy Agreement	670,000	4,020,000	4,020,000	4,020,000	4,020,000	3,360,000
Second Tenancy Agreement	75,000	446,000	446,000	446,000	446,000	372,000
Third Tenancy Agreement	280,000	1,690,000	2,150,000	2,320,000	-	-
Fourth Tenancy Agreement	-	19,000	20,000	20,000	20,000	17,000
Total	1,025,000	6,175,000	6,636,000	6,806,000	4,486,000	3,749,000

REASONS AND BENEFITS FOR THE TENANCY AGREEMENTS

Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas. Emperor Group Centre is held by Emperor Beijing Real Estate as investment property in Beijing for rental income.

Emperor W&J is an investment holding company and its subsidiaries are principally engaged in the sales of European-made internationally renowned and self-designed fine jewellery products in Hong Kong, Macau, the PRC and Singapore. Emperor W&J Beijing and Beijing Fujia Jiamei are principally engaged in the sales of watches and jewellery.

The terms of the Tenancy Agreements are arrived at after arm's length negotiation and the respective rentals of the Tenancy Agreements were determined with reference to the prevailing market rental of similar properties in the nearby locations. The directors of both Emperor International and Emperor W&J (including their respective independent non-executive directors) considered that the terms of the Tenancy Agreements are fair and reasonable and the transactions are on normal commercial terms, in the ordinary and usual course of business and in the interests of both Emperor International and Emperor W&J and their respective shareholders as a whole.

OPINIONS FROM THE INDEPENDENT FINANCIAL ADVISERS

As the duration terms of the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, Emperor International and Emperor W&J have appointed Beijing Securities and Vinco Capital as the independent financial advisers respectively to issue independent opinions which are stated below.

Independent Opinion from Beijing Securities

Beijing Securities has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (a) Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas. Emperor Group Centre is held by Emperor Beijing Real Estate, an indirect wholly-owned subsidiary of the Company, as investment property in Beijing for rental income;
- (b) Emperor Group Centre, located in D12, Jianwai Dajie, Chaoyang District, Beijing, the PRC, is a newly developed building which is positioned as a grade A office complex that also incorporates high-end retail, dining and entertainment facilities;
- (c) The entering into the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement will provide the Landlord with a steady rental income at a market rate;
- (d) Beijing Securities understands that it is a normal business practice for tenancy agreements for the tenancy of office premises in Emperor Group Centre or office premises which are similar in grade to Emperor Group Centre in Beijing to have a

duration longer than three years. By entering into a longer term of tenancy, the Landlord will be in a better position to attract quality tenants which is conducive in enhancing the profile of Emperor Group Centre as a grade A office complex and therefore it will be able to increase its ability to retain or attract other quality tenants and to maintain better rental rate;

- (e) As the Fourth Tenancy Agreement is to provide the tenant with car parking space in support of its leasing of the office premises in Emperor Group Centre, therefore the Fourth Tenancy Agreement shall be similar in duration as the First Tenancy Agreement and the Second Tenancy Agreement; and
- (f) Further, Beijing Securities has reviewed copies of tenancy agreements entered into between the Landlord with independent third parties for the leasing of other office premises in Emperor Group Centre and noted that the duration term of these tenancy agreements also exceeded three years.

Having considered the principal factors discussed above, Beijing Securities is of the view that it is a normal business practice for Emperor International to enter into the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement to be of a duration longer than three years.

Independent Opinion from Vinco Capital

Vinco Capital has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (a) Emperor W&J is an investment holding company and its subsidiaries are principally engaged in the sales of European-made internationally renowned and self-designed fine jewellery products in Hong Kong, Macau, the PRC and Singapore.
- (b) The First Property and the Second Property shall be used as office space for Emperor W&J Beijing and Beijing Fujia Jiamei while the Fourth Property shall be used as car parking space for Emperor W&J Beijing.
- (c) With reference to the annual report of Emperor W&J for the year ended 31 December 2016, one of Emperor W&J's strategies is to optimize business operations in Mainland China and open or maintain shops in first-tier and second-tier cities in locations that can offer growth potential.

Vinco Capital has reviewed copies of tenancy agreements in relation to tenancies of other office premises entered into between Emperor International and independent third parties in 2017 in Emperor Group Centre. Vinco Capital noted that all of such tenancy agreements also consist of a duration term of longer than three years.

Vinco Capital considered that the tenancy agreements of the First Property, the Second Property and the Fourth Property with leasing term of longer than three years is a normal business practice, as (i) the samples of tenancy agreements reviewed by Vinco Capital in respect of the tenancies of other office premises in Emperor Group Centre as aforementioned have leasing term of longer than three years; (ii) the First Tenancy Agreement and the Second Tenancy Agreement are consistent with Emperor W&J's strategy of optimising business operations in Mainland China and opening or maintaining shops in first-tier and second-tier

cities; (iii) the Fourth Tenancy Agreement will provide necessary car parking space in support of the operation of the retail shop and back office of Emperor W&J Beijing and Beijing Fujia Jiamei; (iv) the rental expenses for the First Property, the Second Property and the Fourth Property would be locked in the coming five years and the risk of rising rental price, especially Emperor Group Centre is considered to be a grade A office located in the vicinity of the Central Business District in Beijing, would be eliminated; and (v) it would reduce office relocation costs, renovation costs and disturbance to business operation of Emperor W&J Beijing and Beijing Fujia Jiamei and at the same time securing a car parking space for use by Emperor W&J Beijing in the long run.

GENERAL

Emperor Beijing Real Estate is an indirect wholly-owned subsidiary of Emperor International. Emperor W&J Beijing and Beijing Fujia Jiamei are indirect wholly-owned subsidiaries of Emperor W&J. Emperor International and Emperor W&J are both indirectly controlled by the AY Trust. As such, under Chapter 14A of the Listing Rules, Emperor Beijing Real Estate is a connected person of Emperor W&J whilst Emperor W&J Beijing and Beijing Fujia Jiamei are connected persons of Emperor International and accordingly, the Tenancy Agreements constitute continuing connected transactions for both Emperor International and Emperor W&J.

Ms. Luk Siu Man, Semon, the Chairperson of Emperor International, did abstain from voting on the relevant board resolution(s) of Emperor International in view of her deemed interest in the transaction by virtue of being an associate of the eligible beneficiaries of the AY Trust. Ms. Cindy Yeung, the Chairperson of Emperor W&J, did abstain from voting on the relevant board resolution(s) of Emperor W&J in view of her deemed interest in the transaction by virtue of being one of the eligible beneficiaries of the AY Trust.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the aggregate annual caps of both Emperor International and Emperor W&J are more than 0.1% but less than 5%, the Tenancy Agreements are subject to the announcement, reporting and annual review requirements, but exempt from the respective shareholders' approval of both Emperor International and Emperor W&J under Chapter 14A of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“Aggregate Annual Cap of Emperor International”	the maximum amount of effective rental received / receivable by Emperor International under Tenancy Agreements for each of the years ending 31 March 2018, 2019, 2020, 2021, 2022 and 2023 based on the total annual effective rental received / receivable thereunder
“Aggregate Annual Cap of Emperor W&J”	the maximum amount of effective rental paid / payable by Emperor W&J under the Tenancy Agreements for each of the years ending 31 December 2017, 2018, 2019, 2020, 2021 and 2022 based on the total annual effective rental paid / payable thereunder
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert

“Beijing Fujia Jiamei”	Beijing Fujia Jiamei Watch Trading Company Limited# (北京富嘉佳美鐘錶貿易有限公司), a company incorporated in PRC with limited liability and an indirect wholly-owned subsidiary of Emperor W&J
“Beijing Securities”	Beijing Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Emperor International for the purpose of Rule14A.52 of the Listing Rules in relation to the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement
“Emperor Beijing Real Estate” or “Landlord”	Emperor (Beijing) Real Estate Development Co. Limited# (英皇(北京)房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Emperor International
“Emperor Group Centre”	the building situated at D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC (中國北京朝陽區建外大街丁12號)
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Emperor W&J”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Emperor W&J Beijing”	Emperor Watch & Jewellery (Beijing) Limited# (英皇鐘錶珠寶(北京)有限公司), a company incorporated in PRC with limited liability and an indirect wholly-owned subsidiary of Emperor W&J
“First Property”	Unit 02, 28th Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC
“First Tenancy Agreement”	the tenancy agreement dated 31 October 2017 entered into between the Landlord and Emperor W&J Beijing as tenant in relation to the tenancy of the First Property
“Fourth Property”	a car parking space on P1/F, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC

“Fourth Tenancy Agreement”	the tenancy agreement dated 31 October 2017 entered into between the Landlord and Emperor W&J Beijing as tenant in relation to the tenancy of the Fourth Property
“HK\$”	Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Property”	Unit 03, 28th Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC
“Second Tenancy Agreement”	the tenancy agreement dated 31 October 2017 entered into between the Landlord and Beijing Fujia Jiamei as tenant in relation to the tenancy of the Second Property
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the First Tenancy Agreement, the Second Tenancy Agreement, the Third Tenancy Agreement and the Fourth Tenancy Agreement
“Third Property”	Unit 101, 1st Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC
“Third Tenancy Agreement”	the tenancy agreement dated 31 October 2017 entered into between the Landlord and Emperor W&J Beijing as tenant in relation to the tenancy of the Third Property
“Vinco Capital”	Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Emperor W&J for the purpose of Rule14A.52 of the Listing Rules in relation to the First Tenancy Agreement, the Second Tenancy Agreement and the Fourth Tenancy Agreement

“%” per cent

English translation is directly translated from Chinese and for illustrative purpose only

Note: for illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$1.18.

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
Chairperson

Hong Kong, 31 October 2017

As at the date hereof, the board of directors of Emperor International comprises:

Non-executive Director: Ms. Luk Siu Man, Semon

Executive Directors: Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa
Mr. Cheung Ping Keung

Independent Non-executive Directors: Ms. Cheng Ka Yu
Mr. Wong Tak Ming, Gary
Mr. Chan Hon Piu

As at the date hereof, the board of directors of Emperor W&J comprises:

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

Independent Non-Executive Directors: Ms. Chan Sim Ling, Irene
Mr. Liu Hing Hung
Ms. Chan Wiling, Yvonne