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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 Emperor International and Emperor W&J announce that on 15 November 2017, (1) Fai Iek as landlord entered into the Tenancy Agreement with EWJ Macau as tenant in relation to the tenancy of the Nam Van Property; and (2) I Soi as landlord entered into the Surrender Agreements with EWJ Macau as tenant in relation to the termination of the tenancies of the EM Macau Properties under the EM Macau Tenancy Agreements.

Under Chapter 14A of the Listing Rules, Fai Iek is a connected person of Emperor W&J whilst EWJ Macau is a connected person of Emperor International and accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both Emperor International and Emperor W&J.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to annual caps of both Emperor International and Emperor W&J are more than 0.1% but less than 5%, the Tenancy Agreement is 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 Tenancy Agreement is renewable at the discretion of the Tenant and may exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, Emperor International has appointed Beijing Securities as the independent financial adviser to issue an independent opinion confirming that it is a normal business practice for Emperor International to enter into the Tenancy Agreement which may be of a duration longer than 3 years (if the Option is exercised).

In addition, the termination of the EM Macau Tenancy Agreements as stipulated under the Surrender Agreements is subject to the announcement requirement under Rule 14A.35 of the Listing Rules for both Emperor International and Emperor W&J.

The boards of directors of Emperor International and Emperor W&J announce that on 15 November 2017, (1) Fai Iek as landlord entered into the Tenancy Agreement with EWJ Macau as tenant in relation to the tenancy of the Nam Van Property; and (2) I Soi as landlord entered into the Surrender Agreements with EWJ Macau as tenant in relation to the termination of the tenancies of the EM Macau Properties under the EM Macau Tenancy Agreements.

*\* for identification purpose only*

## TENANCY AGREEMENT DATED 15 NOVEMBER 2017

Landlord: Fai Iek

Tenant: EWJ Macau

Nam Van Property: Shop 2 on Ground Floor, Emperor Nam Van Centre, No. 71-75 Avenida do Infante, D. Henrique and No.514-540, Avenida da Praia Grande, Macau with gross floor area of 2,828 sq. ft.

Usage: as retail shop

Term: 3 years (15 November 2017 to 14 November 2020)

Option: the Tenant has an option to renew the tenancy for a further term of 3 years at market rent which shall not be more than 20% of the existing base rent. Further announcement shall be issued by Emperor W&J and/or Emperor International (if necessary) as and when the Option is exercised

Rent: The higher of :

(a) Monthly base rent :

HK\$1,000,000.00 per month (exclusive management fee and other outgoings)

OR

(b) Turnover rent :

Equivalent to 3% of the gross sales turnover of the Tenant's business at the Nam Van Property during the relevant calendar month.

Rent Free: 4 months (15 November 2017 to 14 March 2018)

Effective Rent: HK\$888,888.89 per month (based on monthly base rent)

Deposit: HK\$3,000,000 which is equivalent to 3 months' base rent

## ANNUAL CAPS OF THE TENANCY AGREEMENT

### **Annual Cap of Emperor International**

The Annual Cap of Emperor International under the Tenancy Agreement based on the total annual effective rental receivable thereunder for each of the years ending 31 March 2018, 2019, 2020, 2021, 2022, 2023 and 2024 will be as follows (assuming the Option is exercised):

<b>For the year ending 31 March</b>	<b>Annual Caps (HK\$'000)</b>
2018 (from 15 November 2017)	4,032
2019	10,672
2020	10,672
2021 (up to 14 November 2020)	6,641

*Assuming the Option is exercised:*

2021 (from 15 November 2020)	5,440
2022	14,400
2023	14,400
2024 (up to 14 November 2023)	8,960

### **Annual Cap of Emperor W&J**

The Annual Cap of Emperor W&J under the Tenancy Agreement based on the total annual effective rental payable thereunder for each of the years ending 31 December 2017, 2018, 2019 and 2020 will be as follows:

<b>For the year ending 31 December</b>	<b>Annual Caps (HK\$'000)</b>
2017 (from 15 November 2017)	1,364
2018	10,672
2019	10,672
2020 (up to 14 November 2020)	9,309

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

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. Fai Iek is principally engaged in property investment. The Nam Van Property is held by Fai Iek as an investment property 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 watches and self-designed fine jewellery products in Hong Kong, Macau, the PRC and Singapore. EWJ Macau is principally engaged in the sales of watches and jewellery products.

The terms of the Tenancy Agreement are arrived at after arm's length negotiation and the rental of the Tenancy Agreement was 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 the respective independent non-executive directors) considered that the terms of the Tenancy Agreement are fair and reasonable and the transaction is 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.

## **OPINION FROM THE INDEPENDENT FINANCIAL ADVISER**

As the duration term of the Tenancy Agreement is renewable at the discretion of the Tenant and may exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, Emperor International has appointed Beijing Securities as the independent financial adviser to issue an independent opinion which is stated below :

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. Fai Iek, an indirect wholly-owned subsidiary of Emperor International, is principally engaged in property investment. The Nam Van Property is held by Fai Iek as an investment property for rental income.
- (b) Emperor W&J is an investment holding company and its subsidiaries are principally engaged in the sales of European-made internationally renowned watches and self-designed fine jewellery products in Hong Kong, Macau, the PRC and Singapore. EWJ Macau, an indirect wholly-owned subsidiary of Emperor W&J, is principally engaged in the sales of luxurious branded watches, and the design and sales of jewellery products in Macau. The Nam Van Property will be used by EWJ Macau as retail shop.
- (c) The Nam Van Property is situated at Emperor Nam Van Centre, No. 71-75 Avenida do Infante, D. Henrique and No.514-540, Avenida da Praia Grande, Macau, which is in the vicinity of hotels such as Grand Emperor Hotel and Wynn Macau.
- (d) The Tenancy Agreement of more than 3 years (if the Option is exercised) is in the interest of Emperor International and its shareholders as a whole since the Landlord will be able to receive a steady rental income at a market rate during the tenancy period.
- (e) Given the prime location of the Nam Van Property and the use of it by the Tenant for retailing of high-end watches and jewellery products of Emperor W&J, Beijing Securities understands that it is a common market practice for landlord to provide a longer term of tenancy in order to attract higher-end retailer to lease prime retail property as to provide assurance to the retailer/tenant that it is able to lock the retail rental for a longer term given that its business operations may be affected if the landlord decides not to renew the tenancy under a shorter term lease.
- (f) Beijing Securities has also reviewed copies of tenancy agreements entered into between the subsidiaries of Emperor International with independent third parties for the leasing of retail properties in Macau and noted that the duration term of the tenancy agreements also exceeded 3 years or contained an option to renew which would extend the duration of the tenancy to be longer than 3 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 Tenancy Agreement to be of a duration longer than 3 years (if the Option is exercised).

## **TERMINATION OF EM MACAU TENANCY AGREEMENTS**

### ***Surrender Agreements***

Pursuant to the Surrender Agreements, EWJ Macau shall surrender the tenancies of EM Macau Properties under the EM Macau Tenancy Agreements on or before 31 August 2018 with not less than one month's notice being served by EWJ Macau. By then, the EM Macau Tenancy Agreements shall absolutely cease and terminate and both parties shall release each other from all liabilities and obligations thereunder.

### ***Reasons for the Surrender Agreements***

EWJ Macau has requested I Soi for an early termination of the tenancies of the EM Macau Properties so as to enable Emperor W&J to move into a bigger single shop by leasing the Nam Van Property rather than having two separate shops situated at the EM Macau Properties. Given that Emperor International can receive higher monthly rental under the Tenancy Agreement and can have a longer duration of tenancy as compared with EM Macau Tenancy Agreements, I Soi agreed EWJ Macau to surrender the tenancies of EM Macau Properties. The aforesaid termination will not have any material adverse impact on the financial and operational position of both Emperor International and Emperor W&J.

The directors of Emperor International and Emperor W&J (including their respective independent non-executive directors) considered that the terms of the Surrender Agreements are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of Emperor International and Emperor W&J and in the interest of Emperor International and Emperor W&J and their respective shareholders as a whole.

## **GENERAL**

Fai Iek is an indirect wholly-owned subsidiary of Emperor International. EWJ Macau is an indirect wholly-owned subsidiary 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, Fai Iek is a connected person of Emperor W&J whilst EWJ Macau is a connected person of Emperor International and accordingly, the Tenancy Agreement constitutes a continuing connected transaction 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 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 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 annual caps of both Emperor International and Emperor W&J are more than 0.1% but less than 5%, the Tenancy Agreement is subject to the reporting, announcement 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.

In addition, the termination of the EM Macau Tenancy Agreements as stipulated under the Surrender Agreements is subject to the announcement requirement under Rule 14A.35 of the Listing Rules for both Emperor International and Emperor W&J.

## TERMS USED IN THIS ANNOUNCEMENT

“Annual Cap of Emperor International”	the maximum amount of effective rental receivable by Emperor International under Tenancy Agreement for each of the years ending 31 March 2018, 2019, 2020, 2021, 2022, 2023 and 2024 based on the total annual effective rental receivable thereunder (assuming the Option is exercised)
“Annual Cap of Emperor W&J”	the maximum amount of effective rental payable by Emperor W&J under the Tenancy Agreement for each of the years ending 31 December 2017, 2018, 2019 and 2020 based on the total annual effective rental payable thereunder
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert
“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 Emperor International for the purpose of Rule 14A.52 of the Listing Rules in relation to the Tenancy Agreement
“EM Macau Properties”	(1) EM Macau, Avenida Do Infante D., Henrique N <sup>o</sup> S 67-69, Res-Do-Chao B & EM Macau, Rua Do Dr., Pedro Jose Lobo N <sup>o</sup> 5, Res-Do-Chao C2, Macau with gross floor area 1,600 sq. ft. and (2) EM Macau, Avenida Do Infante D., Henrique N <sup>o</sup> 65-A, 1 <sup>o</sup> Andar B with gross floor area 1,575 sq. ft.
“EM Macau Tenancy Agreements”	two tenancy agreements both dated 29 June 2017 entered into between I Soi as landlord and EWJ Macau as tenant in relation to the tenancies of the EM Macau Properties for the period from 1 July 2017 to 30 June 2020 (both days inclusive), details of which were set out in the joint announcement of Emperor International and Emperor W&J dated 29 June 2017
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on 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 Stock Exchange

“EWJ Macau” or “Tenant”	EWJ Macau Company Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of Emperor W&J
“Fai Iek” or “Landlord”	Fai Iek Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of Emperor International
“PRC”	The People’s Republic of China
“HK\$”	Hong Kong dollars
“I Soi”	I Soi Limitada, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of Emperor International
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nam Van Property”	Shop 2 on Ground Floor, Emperor Nam Van Centre, No. 71-75 Avenida do Infante, D. Henrique and No.514-540, Avenida da Praia Grande, Macau, with gross floor area of approximately 2,828 sq. m.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Agreements”	two surrender agreements both dated 15 November 2017 entered into between I Soi as landlord and EWJ Macau as tenant in relation to the termination of EM Macau Tenancy Agreements
“Tenancy Agreement”	the tenancy agreement dated 15 November 2017 entered into between Fai Iek as landlord and EWJ Macau as tenant in relation to the tenancy of the Nam Van Property
“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**  
*Chairperson*

Hong Kong, 15 November 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