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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 14 September 2010 Very Sound entered into the Tenancy Agreement with Beauty Royal in relation to the tenancy of the Property.

Very Sound is an indirect wholly-owned subsidiary of EIHL. Beauty Royal is an indirect wholly-owned subsidiary of EWJ. 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 is a connected person of EIHL and Very Sound 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 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 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 but 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 14 September 2010, Very Sound entered into the Tenancy Agreement with Beauty Royal in relation to the tenancy of the Property.

### TENANCY AGREEMENT DATED 14 SEPTEMBER 2010

Landlord:	Very Sound
Tenant:	Beauty Royal
Premises:	Unit 2507, 25/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 2,035 sq. ft.

Usage:	for office
Term:	from 13 September 2010 to 31 March 2013 (both days inclusive)
Rent:	HK\$52,900 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance
Deposit:	HK\$263,167.86 which is equivalent to three months' rent, management fee and rates

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

The Aggregate Annual Cap of EIHL for the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual rental receivable under the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement for each of the years ending 31 March 2011, 2012 and 2013 will be as follows:

	2011 <i>HK\$</i>	2012 <i>HK\$</i>	2013 <i>HK\$</i>
Tenancy Agreement	350,000	634,800	634,800
First Previous Tenancy Agreement	5,040,000	5,040,000	5,040,000
Second Previous Tenancy Agreement	2,186,400	2,186,400	2,186,400
Total	<u>7,576,400</u>	<u>7,861,200</u>	<u>7,861,200</u>

The Aggregate Annual Cap of EWJ for the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual rental payable under the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement for each of the years ending 31 December 2010, 2011, 2012 and 2013 will be as follows:

	2010 <i>HK\$</i>	2011 <i>HK\$</i>	2012 <i>HK\$</i>	2013 <i>HK\$</i>
Tenancy Agreement	191,000	634,800	634,800	158,700
First Previous Tenancy Agreement	3,780,000	5,040,000	5,040,000	1,260,000
Second Previous Tenancy Agreement	1,639,800	2,186,400	2,186,400	546,600
Total	<u>5,610,800</u>	<u>7,861,200</u>	<u>7,861,200</u>	<u>1,965,300</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 the Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Tenancy Agreement was determined with 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 had to and did abstain from voting at the respective board meeting held on 14 September 2010 in view of their material interests in the transaction 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 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**

Very Sound 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 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 is a connected person of EIHL and Very Sound 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 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 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 but exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

## TERMS USED IN THIS ANNOUNCEMENT

“Aggregate Annual Cap of EIHL”	the maximum amount of effective rental receivable under the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement, based on the total annual effective rental receivable under the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement for each of the years ending 31 March 2011, 2012 and 2013
“Aggregate Annual Cap of EWJ”	the maximum amount of effective rental payable under the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement, based on the total annual effective rental payable under the Tenancy Agreement, First Previous Tenancy Agreement and Second Previous Tenancy Agreement 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 Property”	Shops G03-05, Ground Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 4,814 sq. ft.
“First Previous Tenancy Agreement	a tenancy agreement dated 30 March 2010 entered into between Very Sound and Beauty Royal in relation to the tenancy of the First Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Property’	Unit 2507, 25/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 2,035 sq. ft.
“Second Previous Property”	Unit 2501-05, 25/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 7,288 sq. ft.
“Second Previous Tenancy Agreement	a tenancy agreement dated 30 March 2010 entered into between Very Sound and Beauty Royal in relation to the tenancy of the Second Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	a tenancy agreement dated 14 September 2010 entered into between Very Sound and Beauty Royal in relation to the tenancy of the Property
“Very Sound”	Very Sound Investments Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment
“HK\$”	Hong Kong dollars

“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, 14 September, 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*