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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 16 December 2011 Headwise entered into the Tenancy Agreement with Beauty Royal in relation to the tenancy of the Property.

Headwise 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 74.65% and 52.95% 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 Headwise 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 on an annual basis calculated with reference to the Aggregate Annual Cap of both EIHL and EWJ are 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 are exempted from the approval of their respective independent shareholders of both EIHL and EWJ in accordance with Rule 14A.34 of the Listing Rules.

The boards of directors of EIHL and EWJ announce that on 16 December 2011 Headwise entered into the Tenancy Agreement with Beauty Royal in relation to the tenancy of the Property.

\* *for identification purposes only*

## TENANCY AGREEMENT DATED 16 DECEMBER 2011

|           |  |
|-----------|--|
| Landlord: | Headwise   |
| Tenant:   | Beauty Royal   |
| Premises: | Unit 1505, 15/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 941 sq. ft. |
| Usage:    | for office   |
| Term:     | 2 years from 1 January 2012 to 31 December 2013 (both days inclusive)  |
| Rent:     | HK\$24,900 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance      |
| Deposit:  | HK\$93,641.10 which is equivalent to three months' rent, management fee and rates                                  |

### AGGREGATE ANNUAL CAP OF THE TENANCY AGREEMENT, THE FIRST PREVIOUS TENANCY AGREEMENT, THE SECOND PREVIOUS TENANCY AGREEMENT AND THE THIRD PREVIOUS TENANCY AGREEMENT

The Aggregate Annual Cap of EIHL for the Tenancy Agreement, the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual effective rental received/receivable under the Tenancy Agreement, the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement for each of the years ending 31 March 2012, 2013 and 2014 will be as follows:

|                                   | <b>2012</b>      | <b>2013</b>      | <b>2014</b>    |
|-----------------------------------|------------------|------------------|----------------|
|                                   | <i>HK\$</i>      | <i>HK\$</i>      | <i>HK\$</i>    |
| Tenancy Agreement                 | 75,000           | 299,000          | 225,000        |
| First Previous Tenancy Agreement  | 634,800          | 634,800          | –              |
| Second Previous Tenancy Agreement | 5,040,000        | 5,040,000        | –              |
| Third Previous Tenancy Agreement  | 2,186,400        | 2,186,400        | –              |
| Total                             | <u>7,936,200</u> | <u>8,160,200</u> | <u>225,000</u> |

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

|                                   | <b>2012</b>      | <b>2013</b>      |
|-----------------------------------|------------------|------------------|
|                                   | <i>HK\$</i>      | <i>HK\$</i>      |
| Tenancy Agreement                 | 299,000          | 299,000          |
| First Previous Tenancy Agreement  | 634,800          | 158,700          |
| Second Previous Tenancy Agreement | 5,040,000        | 1,260,000        |
| Third Previous Tenancy Agreement  | 2,186,400        | 546,600          |
|                                   | <hr/>            | <hr/>            |
| Total                             | <u>8,160,200</u> | <u>2,264,300</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. EWJ considers the Property is a suitable location for office purpose.

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 property in the nearby locations. The directors of both EIHL and EWJ (including the respective independent non-executive directors) consider that the Tenancy Agreement is on normal commercial terms, in the normal course of business, fair and reasonable and in the interests of both EIHL and EWJ and their respective shareholders as a whole. Ms. Semon Luk, a non-executive director and the Chairperson of EIHL, and Ms. Cindy Yeung, the Managing Director of EWJ, did abstain from voting at the respective board meeting of EIHL and EWJ in view of their deemed 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.

## **GENERAL**

Headwise 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 group tenancy agent services for EWJ and its subsidiaries.

EIHL and EWJ are indirectly owned as to 74.65% and 52.95% 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 Headwise 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 on an annual basis calculated with reference to the Aggregate Annual Cap of both EIHL and EWJ are 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 are exempted from the approval of their respective independent shareholders of both EIHL and EWJ 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, the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement based on the total annual effective rental received/receivable under the Tenancy Agreement, the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement for each of the years ending 31 March 2012, 2013 and 2014 |
| “Aggregate Annual Cap of EWJ”  | the maximum amount of effective rental payable under the Tenancy Agreement, the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement based on the total annual effective rental payable under the Tenancy Agreement, the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement for each of the years ending 31 December 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 is principally engaged in the provision of group tenancy agent services for EWJ and its subsidiaries   |
| “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  |
| “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”          | Unit 2507, 25/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 2,035 sq. ft.  |
| “First Previous Tenancy Agreement” | a tenancy agreement dated 14 September 2010 entered into between Very Sound and Beauty Royal in relation to the tenancy of the First Previous Property for the period from 13 September 2010 to 31 March 2013 (both days inclusive), details were set out in the joint announcement of EIHL and EWJ dated 14 September 2010 |
| “Headwise”                         | Headwise Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and is principally engaged in property investment  |
| “Listing Rules”                    | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                              | The People’s Republic of China  |
| “Property”                         | Unit 1505, 15/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong with gross floor area of 941 sq. ft.  |

|                                     |   |
|-------------------------------------|---|
| “Second 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.  |
| “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 Previous Property for the period from 1 April 2010 to 31 March 2013 (both days inclusive), details were set out in the joint announcement of EIHL and EWJ dated 30 March 2010 |
| “Stock Exchange”                    | The Stock Exchange of Hong Kong Limited   |
| “Tenancy Agreement”                 | a tenancy agreement dated 16 December 2011 entered into between Headwise and Beauty Royal in relation to the tenancy of the Property  |
| “Third 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.   |
| “Third 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 Third Previous Property for the period from 1 April 2010 to 31 March 2013 (both days inclusive), details were set out in the joint announcement of EIHL and EWJ dated 30 March 2010  |
| “Very Sound”                        | Very Sound Investments Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and is 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**  
*Managing Director*

Hong Kong, 16 December 2011

*As at the date hereof, the board of directors of EIHL comprises:*

*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

*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 comprises:*

*Executive Directors:* Ms. Cindy Yeung (*Managing Director*)  
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