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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 EIHL and EWJ announce that on 15 December 2011, Gold Pleasure, Total Treasure and Happy Rain as landlords and Beauty Royal, Moral Step and Perfect Perform as tenants have entered into the Termination Agreement in relation to the termination of the Previous Tenancy Agreements and the Previous License Agreements and the effective date of this termination will be 3 January 2012.

On the same day, Gold Pleasure, Total Treasure, Gold Cheer and Happy Rain entered into the Tenancy Agreement with Beauty Royal in relation to the tenancies of the Properties.

Gold Pleasure, Total Treasure, Gold Cheer and Happy Rain are indirect wholly-owned subsidiaries of EIHL. Beauty Royal is an indirect wholly-owned subsidiary of EWJ. EIHL and EWJ are indirectly owned as to 74.63% 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 Gold Pleasure, Total Treasure, Gold Cheer and Happy Rain are connected persons 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 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 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.

* for identification purposes only

The boards of directors of EIHL and EWJ announce that on 15 December 2011, Gold Pleasure Pleasure, Total Treasure and Happy Rain as landlords and Beauty Royal, Moral Step and Perfect Perform as tenants have entered into the Termination Agreement in relation to the termination of the Previous Tenancy Agreements and the Previous License Agreements and the effective date of this termination will be 3 January 2012.

On the same day, Gold Pleasure, Total Treasure, Gold Cheer and Happy Rain entered into the Tenancy Agreement with Beauty Royal in relation to the tenancies of the Properties with the following terms and conditions.

TENANCY AGREEMENT DATED 15 DECEMBER 2011

Properties located at	G/F and 1/F	Four outdoor advertising signs on the external walls	Tenement A on 3/F	Tenement B on 3/F	Portion A of Tenement A on 4/F and roof
Landlords:	Gold Pleasure	Gold Pleasure (as licensor)	Total Treasure	Gold Cheer	Happy Rain
Usages:	for retail and commercial	for outdoor advertising	for storage	for storage	for storage
Tenant/Licensee:	Beauty Royal				
Term:	three years commencing from 4 January 2012 to 3 January 2015, both days inclusive				
Rent:	Year 1 - HK\$4,800,000 per month Year 2 - HK\$5,400,000 per month Year 3 - HK\$6,000,000 per month exclusive of rates, management fees and air-conditioning charge and all other outgoing charges				
Rent free period:	21 days from 14 December 2014 to 3 January 2015, both days inclusive				
Effective Rent:	HK\$5,287,097 per month				
Deposit:	HK\$18,372,900 which is equivalent to three months' highest monthly rent, management fees and provisional rates				

Special conditions: The Termination Agreement and the commencement of the Tenancy Agreement will be subject to :

- (1) Gold Cheer or its successors has completed the purchase of Tenement B on 3/F, Nos. 4-8 Canton Road, Kowloon, Hong Kong on 3 January 2012 and shall deliver vacant possession to Beauty Royal on 4 January 2012
- (2) Gold Pleasure successfully entered into license agreement before 4 January 2012 with the incorporated owners for the exclusive right to use the external walls of the building located at Nos. 4-8 Canton Road, Kowloon, Hong Kong for the purpose of installation and using, including sub-letting, of advertising sign space.

AGGREGATE ANNUAL CAP OF THE TENANCY AGREEMENT, THE PREVIOUS TENANCY AGREEMENTS, THE PREVIOUS LICENSE AGREEMENTS

The Aggregate Annual Cap of EIHL for the Tenancy Agreement, the Previous Tenancy Agreements and the Previous License Agreements (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual effective rental receivable under the Tenancy Agreement, the Previous Tenancy Agreements (as the case may be) and the Previous License Agreements (as the case may be) 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>
Tenancy Agreement	15,350,000	63,446,000	63,446,000	48,096,000
First Previous Tenancy Agreement	219,000 (<i>Note</i>)	–	–	–
Second Previous Tenancy Agreement	177,000 (<i>Note</i>)	–	–	–
Third Previous Tenancy Agreement	2,184,000 (<i>Note</i>)	–	–	–
Fourth Previous Tenancy Agreement	88,000 (<i>Note</i>)	–	–	–
Fifth Previous Tenancy Agreement	5,762,000 (<i>Note</i>)	–	–	–
Sixth Previous Tenancy Agreement	13,009,000 (<i>Note</i>)	–	–	–
Seventh Previous Tenancy Agreement	110,000 (<i>Note</i>)	–	–	–
First Previous License Agreement	219,000 (<i>Note</i>)	–	–	–
Second Previous License Agreement	182,000 (<i>Note</i>)	–	–	–
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Total	<u>37,300,000</u>	<u>63,446,000</u>	<u>63,446,000</u>	<u>48,096,000</u>

Note: The amount is calculated by the effective rental received/receivable for the period from 1 April 2011 to 3 January 2012 being the termination date in respect of the Previous Tenancy Agreements and Previous License Agreements.

The Aggregate Annual Cap of EWJ for the Tenancy Agreement, the Previous Tenancy Agreements and the Previous License Agreements (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual effective rental payable under the Tenancy Agreement, the Previous Tenancy Agreements (as the case may be) and the Previous License Agreements (as the case may be) for each of the years ending 31 December 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>
Tenancy Agreement	62,934,000	63,446,000	63,446,000	512,000
First Previous Tenancy Agreement	3,000 (<i>Note</i>)	-	-	-
Second Previous Tenancy Agreement	2,000 (<i>Note</i>)	-	-	-
Third Previous Tenancy Agreement	24,000 (<i>Note</i>)	-	-	-
Fourth Previous Tenancy Agreement	1,000 (<i>Note</i>)	-	-	-
Fifth Previous Tenancy Agreement	62,000 (<i>Note</i>)	-	-	-
Sixth Previous Tenancy Agreement	139,000 (<i>Note</i>)	-	-	-
Seventh Previous Tenancy Agreement	2,000 (<i>Note</i>)	-	-	-
First Previous License Agreement	3,000 (<i>Note</i>)	-	-	-
Second Previous License Agreement	2,000 (<i>Note</i>)	-	-	-
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Total	<u>63,172,000</u>	<u>63,446,000</u>	<u>63,446,000</u>	<u>512,000</u>

Note: The amount is calculated by the effective rental payable for the period from 1 January 2012 to 3 January 2012 being the termination date in respect of the Previous Tenancy Agreements and Previous License Agreements.

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 Properties 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 tenancies of the Properties were restructured into one tenancy which includes all of the First Previous Property, the Second Previous Property, the Third Previous Property, the Fourth Previous Property, the Fifth Previous Property, the Sixth Previous Property, the Seventh Previous Property, the Eighth Previous Property and the Ninth Previous Property with the additions of (i) Tenement B on 3/F with gross floor area of 633 sq.ft., (ii) Portion A of Tenement A on 4/F and roof with gross floor area of 559 sq.ft. and (iii) a right to use an outdoor signage board for better tenancies management of both EIHL and EWJ and additional outdoor advertising for EWJ.

The terms of the Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Properties 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 transactions by virtue of being the spouse of Dr. Albert Yeung and being one of the eligible beneficiaries of the AY Trust respectively.

GENERAL

Gold Pleasure, Total Treasure, Gold Cheer and Happy Rain are indirect wholly-owned subsidiaries 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 74.63% and 52.95% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of both EIHL and EWJ. As such, Beauty Royal is a connected person of EIHL and Gold Pleasure, Total Treasure, Gold Cheer and Happy Rain are connected persons 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 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 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 rental receivable under the Tenancy Agreement, the Previous Tenancy Agreements (as the case may be) and the Previous License Agreements (as the case may be) based on the total annual effective rental receivable under the Tenancy Agreement for each of the years ending 31 March 2012, 2013, 2014 and 2015
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“Aggregate Annual Cap of EWJ”	the maximum amount of rental payable under the Tenancy Agreement, the Previous Tenancy Agreements (as the case may be) and the Previous License Agreements (as the case may be), based on the total annual effective rental payable under the Tenancy Agreement for each of the years ending 31 December 2012, 2013, 2014 and 2015
“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 group tenancy agent services for EWJ and its subsidiaries
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“Eighth Previous Property”	The external signage space at the external wall of 3/F, Tenement A, No. 4 Canton Road, Kowloon, Hong Kong
“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
“Fifth Previous Property”	G/F, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 828 sq.ft
“Fifth Previous Tenancy Agreement”	The tenancy agreement dated 31 March 2009 entered into between Gold Pleasure and Beauty Royal in relation to the tenancy of the Fifth Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 3 April 2009
“First Previous License Agreement”	The tenancy agreement dated 20 July 2010 entered into between Total Treasure and Perfect Perform in relation to the license of the Eighth Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 16 March 2011

“First Previous Property”	The advertising signage space at the external wall of Tenement A, 4/F, No. 4 Canton Road, Kowloon, Hong Kong
“First Previous Tenancy Agreement”	The tenancy agreement dated 31 August 2010 entered into between Gold Pleasure and Beauty Royal in relation to the tenancy of the First Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 31 August 2010, in which Happy Rain became the landlord of the First Previous Property pursuant to a sale and purchase agreement dated 28 February 2011 entered into between Happy Rain and Gold Pleasure
“Fourth Previous Property”	Store room on G/F, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 90 sq.ft.
“Fourth Previous Tenancy Agreement”	The tenancy agreement dated 13 May 2008 entered into between Gold Pleasure and Moral Step in relation to the tenancy of the Fourth Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 31 August 2010
“Gold Cheer”	Gold Cheer Corporation Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment
“Gold Pleasure”	Gold Pleasure Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment
“Happy Rain”	Happy Rain 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moral Step”	Moral Step Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EWJ and principally engaged in the provision of group tenancy agent services for EWJ and its subsidiaries

“Ninth Previous Property”	Projected signage space at the external wall of 3/F, Tenement A, No. 4 Canton Road, Kowloon, Hong Kong
“Perfect Perform”	Perfect Perform Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EWJ and principally engaged in the provision of group tenancy agent services for EWJ and its subsidiaries
“PRC”	The People’s Republic of China
“Previous License Agreements”	Includes all of First Previous License Agreement and Second Previous License Agreement
“Previous Tenancy Agreements”	Includes all of First Previous Tenancy Agreement, Second Previous Tenancy Agreement, Third Previous Tenancy Agreement, Fourth Previous Tenancy Agreement, Fifth Previous Tenancy Agreement, Sixth Previous Tenancy Agreement and Seventh Previous Tenancy Agreement
“Properties”	i) G/F & 1/F, ii) Tenements A and B on 3/F, iii) Portion of A of Tenement A on 4/F and roof, iv) Four outdoor advertising signs on the external walls, all of which are located at Nos. 4-8 Canton Road, Kowloon, Hong Kong
“Second Previous Property”	Portion A of the 1st Floor, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 358 sq.ft
“Second Previous License Agreement”	The license agreement dated 20 July 2010 entered into between Total Treasure and Perfect Perform in relation to the license of the Ninth Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 16 March 2011
“Second Previous Tenancy Agreement”	The tenancy agreement dated 31 August 2010 entered into between Gold Pleasure and Beauty Royal in relation to the tenancy of the Second Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 31 August 2010
“Seventh Previous Property”	Tenement A on the 3/F, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of approximately 678 sq. ft.

“Seventh Previous Tenancy Agreement”	The tenancy agreement dated 20 July 2010 entered into between Total Treasure and Perfect Perform in relation to the tenancy of the Seventh Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 16 March 2011
“Sixth Previous Property”	G/F, Nos. 6-8 Canton Road, Kowloon, Hong Kong with gross floor area of 1,336 sq.ft.
“Sixth Previous Tenancy Agreement”	The tenancy agreement dated 8 August 2008 and Addendum dated 27 May 2009 entered into between Gold Pleasure and Perfect Perform in relation to the tenancy of the Sixth Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 22 December 2009
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 15 December 2011 entered into between Gold Pleasure, Total Treasure, Gold Cheer, Happy Rain and Beauty Royal in relation to the tenancies of the Properties
“Termination Agreement”	A termination agreement dated 15 December 2011 entered into between Gold Pleasure, Total Treasure and Happy Rain as landlords and Beauty Royal, Moral Step and Perfect Perform as tenants in relation to the termination of the Previous Tenancy Agreements and the Previous License Agreements
“Third Previous Property”	Portion of the whole of 1/F, No. 4 Canton Road, Kowloon, Hong Kong with gross floor area of 1,806 sq.ft.
“Third Previous Tenancy Agreement”	The tenancy agreement dated 15 June 2007 entered into between Gold Pleasure and Moral Step in relation to the tenancy of the Third Previous Property, details were set out in the joint announcement of EIHL and EWJ dated 31 August 2010
“Total Treasure”	Total Treasure Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment
“%”	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, 15 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