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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

SUB-LICENCE AGREEMENT AND SURRENDER AGREEMENT IN RELATION TO EXISTING LICENCE AGREEMENT

The board of directors of Emperor International and Emperor W&J announce that on 30 December 2015, (i) Gold Pleasure as licensor entered into the Sub-Licence Agreement with Beauty Royal as licensee in relation to the licensing of the First Signage; and (ii) Planwing as licensor entered into the Surrender Agreement with Beauty Royal as licensee in relation to the Licence Agreement.

Gold Pleasure is an indirect wholly-owned subsidiary of Emperor International. Beauty Royal is an indirect wholly-owned subsidiary of Emperor W&J. Emperor International and Emperor W&J are indirectly controlled by the AY Trust. As such, Beauty Royal is a connected person of Emperor International whilst Gold Pleasure is a connected person of Emperor W&J under Chapter 14A of the Listing Rules. Accordingly, the Sub-Licence 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) on an annual basis calculated with reference to the Aggregate Annual Caps (Canton Road) of both Emperor International and Emperor W&J are more than 0.1% but less than 5%, the Sub-Licence 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.

Pursuant to the Surrender Agreement, the licensing of the Second Signage under the Licence Agreement shall be early terminated. Accordingly, it is subject to the announcement requirement under Rule 14A.35 of the Listing Rules for both Emperor International and Emperor W&J.

The board of directors of Emperor International and Emperor W&J announce that on 30 December 2015, Gold Pleasure as licensor entered into the Sub-Licence Agreement with Beauty Royal as licensee in relation to the licensing of the First Signage.

SUB-LICENCE AGREEMENT DATED 30 DECEMBER 2015

Licensor:	Gold Pleasure
Licensee:	Beauty Royal
First Signage:	Projected signage of 4-8 Canton Road, Kowloon, Hong Kong with approximate area of 76.4 sq. m.
Usage:	for outdoor advertising
Term:	2 months (January and February of 2016)
Licence Fee:	January – HK\$330,000.00 February – HK\$400,000.00 Inclusive of rates, management fees but exclusive of electricity charges and other outgoing charges
Deposit:	HK\$1,200,000.00 which is equivalent to three months' highest licence fee

AGGREGATE ANNUAL CAPS (CANTON ROAD) OF THE SUB-LICENCE AGREEMENT, THE PREVIOUS SUB-LICENCE AGREEMENT, THE FIRST PREVIOUS TENANCY AGREEMENT AND THE FIRST SUPPLEMENTAL TENANCY AGREEMENT

Aggregate Annual Cap (Canton Road) of Emperor International

The Aggregate Annual Cap (Canton Road) of Emperor International under the Sub-Licence Agreement, the Previous Sub-Licence Agreement, the First Previous Tenancy Agreement and the First Supplemental Tenancy Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective license fee / rental received / receivable thereunder by Emperor International for each of the years ending 31 March 2016, 2017 and 2018 will be as follows:

	2016	2017	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Sub-Licence Agreement	730,000	-	-
Previous Sub-Licence Agreement	1,940,000	-	-
First Previous Tenancy Agreement	30,900,000	-	-
First Supplemental Tenancy Agreement	23,083,000	46,165,000	34,996,000
Total	<u>56,653,000</u>	<u>46,165,000</u>	<u>34,996,000</u>

Aggregate Annual Cap (Canton Road) of Emperor W&J

The Aggregate Annual Cap (Canton Road) of Emperor W&J under the Sub-Licence Agreement and the First Supplemental Tenancy Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective license fee / rental payable thereunder by Emperor W&J for each of the years ending 31 December 2016, 2017 and 2018 will be as follows:

	2016 <i>HK\$</i>	2017 <i>HK\$</i>	2018 <i>HK\$</i>
Sub-Licence Agreement	730,000	-	-
First Supplemental Tenancy Agreement	46,165,000	46,165,000	373,000
Total	<u>46,895,000</u>	<u>46,165,000</u>	<u>373,000</u>

SURRENDER AGREEMENT DATED 30 DECEMBER 2015

Pursuant to the Surrender Agreement, Beauty Royal shall surrender the Second Signage under the Licence Agreement to Planwing on 31 December 2015 (“Surrender Date”). Upon the surrender of the Second Signage, the Licence Agreement shall be absolutely ceased and terminated and both parties shall release each other from all liabilities and obligations thereof.

REVISED AGGREGATE ANNUAL CAPS (RUSSELL STREET) OF THE LICENCE AGREEMENT, THE SECOND PREVIOUS TENANCY AGREEMENT, THE SECOND SUPPLEMENTAL TENANCY AGREEMENT AND THE THIRD PREVIOUS TENANCY AGREEMENT

Revised Aggregate Annual Cap (Russell Street) of Emperor International

In view of the Surrender Agreement, the annual cap under the Licence Agreement has to be revised and the Revised Aggregate Annual Caps (Russell Street) of Emperor International under the Licence Agreement, the Second Previous Tenancy Agreement, the Second Supplemental Tenancy Agreement and the Third Previous Tenancy Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective license fee / rental received / receivable thereunder by Emperor International for each of the years ending 31 March 2016, 2017 and 2018 will be as follows:

	2016 <i>HK\$</i>	2017 <i>HK\$</i>	2018 <i>HK\$</i>
Licence Agreement	2,250,000	-	-
Second Previous Tenancy Agreement	18,542,000	-	-
Second Supplemental Tenancy Agreement	13,706,000	27,412,000	12,259,000
Third Previous Tenancy Agreement	21,741,000	-	-
Total	<u>56,239,000</u>	<u>27,412,000</u>	<u>12,259,000</u>

Revised Aggregate Annual Cap (Russell Street) of Emperor W&J

Taken into account of the Surrender Agreement, the Revised Aggregate Annual Caps (Russell Street) of Emperor W&J under the Licence Agreement and the Second Supplemental Tenancy Agreement (which is aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental payable thereunder by Emperor W&J for each of the years ending 31 December 2016 and 2017 will be as follows:

	2016 <i>HK\$</i>	2017 <i>HK\$</i>
Licence Agreement	-	-
Second Supplemental Tenancy Agreement	27,412,000	19,112,000
Total	<u>27,412,000</u>	<u>19,112,000</u>

REASONS AND BENEFITS FOR THE SUB-LICENCE AGREEMENT AND THE SURRENDER AGREEMENT

Emperor International

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. The First Signage is owned by Gold Pleasure to generate license fee income. Gold Pleasure is also the owner of the First Previous Property of which the First Signage is adhered therewith.

The negotiation of the terms of the Sub-Licence Agreement was conducted by the parties on an arm's length basis and the licence fee was determined with reference to the prevailing market licence fee of similar properties in the nearby locations. Taken into account of the time cost and expenses in locating a new licensee, the directors of Emperor International considered that the Sub-Licence Agreement is in the interests of Emperor International and its shareholders as a whole.

With respect to the Surrender Agreement, given that a new tenant will take up the Second Signage immediately following the Surrender Date, the Surrender Agreement will not have material adverse impact on the operation and business of Emperor International.

Accordingly, the directors of Emperor International (including its independent non-executive directors) considered that the terms of the Sub-Licence Agreement and the Surrender Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of Emperor International and in the interest of Emperor International and its shareholders as a whole.

Emperor W&J

Emperor W&J 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, the PRC and Singapore. Beauty Royal is principally engaged in the provision of group tenancy agent services for Emperor W&J and its subsidiaries. The First Signage which is located above the First Previous Property as retail shops for Emperor W&J will be used for advertising purpose.

The negotiation of the terms of the Sub-Licence Agreement was conducted by the parties on an arm's length basis and the licence fee was determined with reference to the prevailing market licence fee of similar properties in the nearby locations.

Having considered the prevailing market condition and alternative promotional plans of Emperor W&J, the directors of Emperor W&J are of the view that the Surrender Agreement could allow its resources to divert to more suitable and cost effective promotional plans in light of current market conditions and reduce licensing expense of Emperor W&J.

As such, the directors of Emperor W&J (including its independent non-executive directors) considered that the Sub-Licence Agreement and the Surrender Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of Emperor W&J and in the interest of Emperor W&J and its shareholders as a whole.

GENERAL

Gold Pleasure is an indirect wholly-owned subsidiary of Emperor International. Beauty Royal is an indirect wholly-owned subsidiary of Emperor W&J. Emperor International and Emperor W&J are indirectly controlled by the AY Trust. As such, Beauty Royal is a connected person of Emperor International whilst Gold Pleasure is a connected person of Emperor W&J under Chapter 14A of the Listing Rules. The Sub-Licence 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(s) of Emperor International in view of her deemed interest in the transaction by virtue of being the spouse of Dr. Yeung Sau Shing, Albert who is the founder of 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 transactions by virtue of being one of the eligible beneficiaries of the AY Trust.

As the applicable percentage ratios (as defined in the Listing Rules) on an annual basis calculated with reference to the Aggregate Annual Caps (Canton Road) of both Emperor International and Emperor W&J are more than 0.1% but less than 5%, the Sub-Licence 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.

Pursuant to the Surrender Agreement, the licensing of the Second Signage under the Licence Agreement shall be early terminated. Accordingly, it 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

“Aggregate Annual Cap (Canton Road) of Emperor International”	the maximum amount of effective licence fee / rental received / receivable by Emperor International under the Sub-Licence Agreement, the Previous Sub-Licence Agreement, the First Previous Tenancy Agreement and the First Supplemental Tenancy Agreement for each of the years ending 31 March 2016, 2017 and 2018 based on the total annual effective licence fee / rental received / receivable thereunder
“Aggregate Annual Cap (Canton Road) of Emperor W&J”	the maximum amount of effective licence fee / rental payable by Emperor W&J under the Sub-Licence Agreement and the First Supplemental Tenancy Agreement for each of the years ending 31 December 2016, 2017 and 2018 based on the total annual effective licence fee / rental payable thereunder
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert
“Beauty Royal”	Beauty Royal Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor W&J
“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
“First Previous Property”	all of that Ground Floor and 1st Floor, Units A & B on 3/F, Portion A of Unit A on 4/F and Roof together with a right to use of four outdoor advertising signs on the external walls to the building of Nos. 4-8 Canton Road, Kowloon, Hong Kong with a total gross floor area of 6,261 sq. ft.
“First Previous Tenancy Agreement”	a tenancy agreement dated 23 December 2014 entered into between Gold Pleasure, Total Treasure Investment Limited, Gold Cheer Corporation Limited and Happy Rain Limited as landlords and Beauty Royal as tenant in relation to the tenancy of the First Previous Property for the period from 4 January 2015 to 3 January 2018 (both days inclusive), details of which were set out in the

	joint announcement of Emperor International and Emperor W&J dated 23 December 2014
“First Signage”	projected signage of 4-8 Canton Road, Kowloon, Hong Kong with approximate area of 76.4 sq. m.
“First Supplemental Tenancy Agreement”	a supplemental tenancy agreement dated 31 August 2015 entered into between Gold Pleasure, Total Treasure Investment Limited, Gold Cheer Corporation Limited and Happy Rain Limited as landlords and Beauty Royal as tenant as supplemental to the First Previous Tenancy Agreement in relation to the tenancy of the First Previous Property, details of which were set out in the joint announcement of Emperor International and Emperor W&J dated 31 August 2015
“Gold Pleasure”	Gold Pleasure Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor International
“HK\$”	Hong Kong dollars
“Licence Agreement”	a licence agreement dated 14 November 2014 entered into between Planwing and Beauty Royal in relation to the licensing of the Second Signage for the period from 30 November 2014 to 29 November 2017 (both days inclusive), details of which were set out in the joint announcement of Emperor International and Emperor W&J dated 14 November 2014
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Planwing”	Planwing Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor International
“PRC”	The People’s Republic of China
“Previous Sub-Licence Agreement”	a sub-licence agreement dated 30 January 2015 entered into between Gold Pleasure and Beauty Royal in relation to the licensing of the First Signage for February, August, October and December 2015, details of which were set out in the joint announcement of Emperor International and Emperor W&J dated 30 January 2015
“Revised Aggregate Annual Cap (Russell Street) of Emperor International”	the maximum amount of effective licence fee / rental received / receivable by Emperor International under the Licence Agreement, the Second Previous Tenancy Agreement, the Second

	Supplemental Tenancy Agreement and the Third Previous Tenancy Agreement for each of the years ending 31 March 2016, 2017 and 2018 based on the total annual effective licence fee / rental received / receivable thereunder
“Revised Aggregate Annual Cap (Russell Street) of Emperor W&J”	the maximum amount of effective rental payable by Emperor W&J under the Licence Agreement and the Second Supplemental Tenancy Agreement for each of the years ending 31 December 2016 and 2017 based on the total annual effective rental payable thereunder
“Second Previous Property”	shops 1 & 2 on Ground Floor with a total gross floor area of 3,367 sq. ft. together with a right to use (i) external wall unit 1 on 1st Floor; (ii) external wall Unit 2 on 6th- 29th Floor and roof; (iii) a LED Display on the external wall on 5th Floor; (iv) 2 signboards on external wall on 1st- 3rd Floor; (v) 2 signboards on external wall on 5th Floor; and (vi) signage space A on 1st Floor, Emperor Watch and Jewellery Centre, No. 8 Russell Street, Causeway Bay, Hong Kong
“Second Previous Tenancy Agreement”	a tenancy agreement dated 12 September 2014 entered into between Planwing and Beauty Royal in relation to the tenancy of the Second Previous Property for the period from 12 September 2014 to 11 September 2017 (both days inclusive), details of which were set out in the joint announcement of Emperor International and Emperor W&J dated 12 September 2014
“Second Signage”	signage space B on 1/F facing Russell Street, Emperor Watch and Jewellery Centre, No. 8 Russell Street, Causeway Bay, Hong Kong
“Second Supplemental Tenancy Agreement”	a supplemental tenancy agreement dated 31 August 2015 entered into between Planwing as landlord and Beauty Royal as tenant as supplemental to the Second Previous Tenancy Agreement in relation to the tenancy of the Second Previous Property, details of which were set out in the joint announcement of Emperor International and Emperor W&J dated 31 August 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Licence Agreement”	the sub-licence agreement dated 30 December 2015 entered into between Gold Pleasure as licensor and Beauty Royal as licensee in relation to the sub-licensing of the First Signage
“Surrender Agreement”	the agreement dated 30 December 2015 entered into between Planwing as licensor and Beauty Royal as licensee to surrender the Licence Agreement in relation to the licensing of the Second Signage

“Third Previous Property” shops 3 & 5 on Ground Floor, Emperor Watch and Jewellery Centre, No. 8 Russell Street, Causeway Bay, Hong Kong, with a total gross floor area of 3,068 sq. ft.

“Third Previous Tenancy Agreement” a tenancy agreement dated 25 May 2011, as renewed on 22 October 2014 entered into between Planwing and Beauty Royal in relation to the tenancy of Third Previous Property and as surrendered on 31 October 2015 under the surrender agreement dated 31 August 2015, details of which were set out in the announcement of each of Emperor International and Emperor W&J both dated 22 October 2014 and in the joint announcements of Emperor International and Emperor W&J dated 25 May 2011 and 31 August 2015

“%” 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, 30 December 2015

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. Yip Kam Man
Mr. Chan Hon Piu
Ms. Lai Ka Fung, May