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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 Emperor International and Emperor W&J announce that on 29 May 2014, Cape Point as landlord entered into the Tenancy Agreement with Beauty Royal as tenant in relation to the tenancy of the Property.

Cape Point is an indirect wholly-owned subsidiary of Emperor International. Beauty Royal is an indirect wholly-owned subsidiary of Emperor W&J. Both Emperor International and Emperor W&J are indirectly owned as to 74.83% and 52.57% respectively by the AY Trust. As such, Beauty Royal is a connected person of Emperor International whilst Cape Point is a connected person of Emperor W&J under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both Emperor International and Emperor W&J.

As the applicable percentage ratios on an annual basis calculated with reference to the Aggregate 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 is exempt from the approval of the respective independent shareholders of both Emperor International and Emperor W&J under Chapter 14A of the Listing Rules.

The boards of directors of Emperor International and Emperor W&J announce that on 29 May 2014, Cape Point as landlord entered into the Tenancy Agreement with Beauty Royal as tenant in relation to the tenancy of the Property.

### **TENANCY AGREEMENT DATED 29 MAY 2014**

Landlord: Cape Point

Tenant: Beauty Royal

Property: Flat B and the adjacent flat roofs on 4/F, Tak Fat Building, Nos. 50-52 Russell Street, Causeway Bay, Hong Kong, with a total gross area of 434 sq. ft.

Term: 2 years from 1 June 2014 to 31 May 2016 (both days inclusive)

*\* for identification purposes only*

|                 |   |
|-----------------|---|
| Rent:           | HK\$10,000.00 per month, exclusive of rates, management fee and all other outgoings charges |
| Rent Free:      | 1 month from 1 June 2014 to 30 June 2014  |
| Effective Rent: | HK\$9,583.33 per month  |
| Deposit:        | HK\$35,300.00 which is equivalent to three months' rent, management fee and rates           |

### **AGGREGATE ANNUAL CAPS OF THE TENANCY AGREEMENT AND THE PREVIOUS TENANCY AGREEMENTS**

Pursuant to the First Previous Tenancy Agreement and the Third Previous Tenancy Agreement, Richorse had granted Beauty Royal the options to renew the tenancies of First Previous Property and Third Previous Property for three years from 23 October 2014 at the then open market rent which shall not be higher than 120% of the third year rent. If Beauty Royal exercises such options for renewing the tenancies at the agreed rent, Richorse should continue to lease the First Previous Property and the Third Previous Property (as the case may be) to Beauty Royal. Under this circumstance, the committed period for the First Previous Tenancy Agreement and the Third Previous Tenancy Agreement for Richorse shall be up to 22 October 2017. Emperor International and Emperor W&J will issue further announcement once Beauty Royal exercises such options.

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

Assuming the monthly rental (since 23 October 2014) of the First Previous Property and the Third Previous Property under the First Previous Tenancy Agreement and the Third Previous Tenancy Agreement respectively are renewed at 120% of the third year rent, the Aggregate Annual Cap of Emperor International under the Tenancy Agreement and the Previous Tenancy Agreements (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual effective rental received / receivable thereunder for each of the years ending 31 March 2015, 2016, 2017 and 2018 will be as follows:

|  | <b>2015</b><br><i>HK\$</i>    | <b>2016</b><br><i>HK\$</i> | <b>2017</b><br><i>HK\$</i> | <b>2018</b><br><i>HK\$</i> |
|--|-------------------------------|----------------------------|----------------------------|----------------------------|
| Tenancy Agreement  | 96,000                        | 115,000                    | 19,200                     | -                          |
| First Previous Tenancy Agreement   | 19,906,000<br><i>(Note 1)</i> | 23,760,000                 | 23,760,000                 | 13,286,000                 |
| Second Previous Tenancy Agreement (up to 30 June 2014) / Renewed Second Previous Tenancy Agreement | 20,682,000<br><i>(Note 2)</i> | 22,320,000                 | 22,320,000                 | 5,580,000                  |
| Third Previous Tenancy Agreement   | 59,215,000<br><i>(Note 3)</i> | 72,000,000                 | 72,000,000                 | 40,259,000                 |
| <b>Total</b>   | <u>99,899,000</u>             | <u>118,195,000</u>         | <u>118,099,200</u>         | <u>59,125,000</u>          |

#### ***Notes:***

1. The amount represents the rental received / receivable for the period from 1 April 2014 to 22 October 2014 under the First Previous Tenancy Agreement and for the period from 23 October 2014 to 31 March 2015 under the renewed tenancy agreement for the First Previous Property assuming the monthly rental is fixed at HK\$1,980,000 per month, being 120% of the third year rent.

- The amount represents the rental of HK\$3,942,000 received / receivable for the period from 1 April 2014 to 30 June 2014 under the Second Previous Tenancy Agreement and the rental of HK\$16,740,000 received / receivable for the period from 1 July 2014 to 31 March 2015 under the Renewed Second Previous Tenancy Agreement.
- The amount represents the rental received / receivable for the period from 1 April 2014 to 22 October 2014 under the Third Previous Tenancy Agreement and for the period from 23 October 2014 to 31 March 2015 under the renewed tenancy agreement for the Third Previous Property assuming the monthly rental is fixed at HK\$6,000,000 per month, being 120% of the third year rent.

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

The Aggregate Annual Cap of Emperor W&J for the Tenancy Agreement and the Previous Tenancy Agreements (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual effective rental paid / payable thereunder for each of the years ending 31 December 2014, 2015, 2016 and 2017 will be as follows:

|  | <b>2014</b><br><i>HK\$</i>    | <b>2015</b><br><i>HK\$</i> | <b>2016</b><br><i>HK\$</i> | <b>2017</b><br><i>HK\$</i> |
|--|-------------------------------|----------------------------|----------------------------|----------------------------|
| Tenancy Agreement  | 67,100                        | 115,000                    | 48,000                     | -                          |
| First Previous Tenancy Agreement (Note 1)  | 13,648,000                    | -                          | -                          | -                          |
| Second Previous Tenancy Agreement (up to 30 June 2014) / Renewed Second Previous Tenancy Agreement | 19,044,000<br><i>(Note 2)</i> | 22,320,000                 | 22,320,000                 | 11,160,000                 |
| Third Previous Tenancy Agreement (Note 1)  | 39,756,000                    | -                          | -                          | -                          |
| <b>Total</b>   | <u>72,515,100</u>             | <u>22,435,000</u>          | <u>22,368,000</u>          | <u>11,160,000</u>          |

*Notes:*

- Since the exercise of the options to renew of the First Previous Tenancy Agreement and the Third Previous Tenancy Agreement is at the discretion of Emperor W&J, the Aggregate Annual Cap of Emperor W&J is calculated only based on the total annual effective rental paid / payable for the initial period from 23 October 2011 to 22 October 2014.
- The amount represents the rental of HK\$7,884,000 paid / payable for the period from 1 January 2014 to 30 June 2014 under the Second Previous Tenancy Agreement and the rental of HK\$11,160,000 paid / payable for the period from 1 July 2014 to 31 December 2014 under the Renewed Second Previous Tenancy Agreement.

### **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 Hong Kong, Macau and the PRC. The Property is held by Cape Point as investment property for rental income.

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. The Property will be used by Beauty Royal for domestic 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 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 transaction is on normal commercial

terms, in the ordinary and usual course of business, fair and reasonable and in the interests of both Emperor International and Emperor W&J and their respective shareholders as a whole. Ms. Luk Siu Man, Semon, the Chairperson of Emperor International, and Ms. Cindy Yeung, the Chairperson of Emperor W&J, did abstain from voting on the relevant board resolution(s) of Emperor International and Emperor W&J in view of their deemed interests in the transaction by virtue of being the spouse of Dr. Yeung Sau Shing, Albert who is the founder of the AY Trust and being one of the eligible beneficiaries of the AY Trust respectively. Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the common directors of both Emperor International and Emperor W&J, also abstained from voting on the relevant board resolution(s).

**GENERAL**

Cape Point is an indirect wholly-owned subsidiary of Emperor International and principally engaged in property investment. Beauty Royal is an indirect wholly-owned subsidiary of Emperor W&J and principally engaged in the provision of group tenancy agent services for Emperor W&J and its subsidiaries.

Emperor International and Emperor W&J are indirectly owned as to 74.83% and 52.57% respectively by the AY Trust. As such, Beauty Royal is a connected person of Emperor International and Cape Point is a connected person of Emperor W&J under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both of Emperor International and Emperor W&J.

As the applicable percentage ratios on an annual basis calculated with reference to the Aggregate 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 is exempt from the approval of the respective independent shareholders of Emperor International and Emperor W&J under Chapter 14A of the Listing Rules.

**TERMS USED IN THIS ANNOUNCEMENT**

|   |   |
|---|---|
| “Aggregate Annual Cap of Emperor International” | the maximum amount of effective rental received/receivable by Emperor International under the Tenancy Agreement and the Previous Tenancy Agreements for each of the years ending 31 March 2015, 2016, 2017 and 2018 based on the total annual effective rental received/receivable thereunder |
| “Aggregate Annual Cap of Emperor W&J”           | the maximum amount of effective rental paid/payable by Emperor W&J under the Tenancy Agreement and the Previous Tenancy Agreements for each of the years ending 31 December 2014, 2015, 2016 and 2017 based on the total annual effective rental paid/payable thereunder                      |
| “AY Trust”                                      | The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert, a deemed substantial shareholder of Emperor International & Emperor W&J  |

|   |  |
|---|--|
| “Beauty Royal”                              | Beauty Royal Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor W&J  |
| “Cape Point”                                | Cape Point Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor International  |
| “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”                   | Ground Floor (Shop B including the yard), Office B and the Balcony adjacent thereto on First Floor and Office B and the Balcony adjacent thereto on Second Floor, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong with gross floor area of 2,623 sq. ft.   |
| “First Previous Tenancy Agreement”          | a tenancy agreement dated 25 May 2011 entered into between Richorse and Beauty Royal in relation to the tenancy of the First Previous Property for the period from 23 October 2011 to 22 October 2014 (both days inclusive), details of which were set out in the announcements of Emperor International and Emperor W&J both dated 25 May 2011                                  |
| “HK\$”                                      | Hong Kong dollars  |
| “Listing Rules”                             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                                       | The People’s Republic of China   |
| “Previous Tenancy Agreements”               | the First Previous Tenancy Agreement, the Second Previous Tenancy Agreement, the Renewed Second Previous Tenancy Agreement and the Third Previous Tenancy Agreement  |
| “Property”                                  | Flat B and the adjacent flat roofs on 4/F, Tak Fat Building, Nos. 50-52 Russell Street, Causeway Bay, Hong Kong, with a total gross floor area of 434 sq. ft.  |
| “Renewed Second Previous Tenancy Agreement” | a tenancy agreement dated 28 May 2014 entered into between Richorse and Beauty Royal pursuant to an offer letter as accepted by Beauty Royal on 31 March 2014 in relation to the renewed tenancy of the Second Previous Property for the period from 1 July 2014 to 30 June 2017 (both days inclusive), details of the offer letter were set out in the announcements of Emperor |

International and Emperor W&J both dated 31 March 2014

|                                     |   |
|-------------------------------------|---|
| “Richorse”                          | Richorse Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor International   |
| “Second Previous Property”          | Ground Floor, (Shop A including the yard), and Office A (No. 50 Russell Street) on First Floor, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong, with a total gross area of 1,807 sq. ft.   |
| “Second Previous Tenancy Agreement” | a tenancy agreement dated 25 May 2011 entered into between Richorse and Beauty Royal in relation to the tenancy of the Second Previous Property for the period from 1 July 2011 to 30 June 2014 (both days inclusive), details of which were set out in the announcements of Emperor International and Emperor W&J both dated 25 May 2011       |
| “Stock Exchange”                    | The Stock Exchange of Hong Kong Limited   |
| “Third Previous Property”           | G/F, M/F and Flat A and Flat B on 1/F including the Flat Roof, 54 & 56 Russell Street together with the right to use a LED display on external wall from 1/F - 5/F facing Russell Street and an advertising signboards facing Russell Street and Tang Lung Street, Causeway Bay, Hong Kong with a total gross area of 5,138 sq. ft.             |
| “Third Previous Tenancy Agreement”  | a tenancy agreement dated 25 May 2011 entered into between Richorse and Beauty Royal in relation to the tenancy of the Third Previous Property for the period from 23 October 2011 to 22 October 2014 (both days inclusive), details of which were set out in the announcements of Emperor International and Emperor W&J both dated 25 May 2011 |
| “Tenancy Agreement”                 | a tenancy agreement dated 29 May 2014 entered into between Cape Point and Beauty Royal in relation to the tenancy of the 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, 29 May 2014

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:* Mr. Liu Hing Hung  
Ms. Cheng Ka Yu  
Mr. Wong Tak Ming, Gary

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