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**英皇娛樂酒店有限公司\***  
**Emperor Entertainment Hotel Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 296)**



**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 Entertainment Hotel and Emperor Watch & Jewellery announce that on 28 June 2011, Pacific Strong entered into the Tenancy Agreement with EWJ Macau in relation to the tenancy of the Property.

Pacific Strong is an indirect 60% owned subsidiary of Emperor Entertainment Hotel. EWJ Macau is an indirect wholly-owned subsidiary of Emperor Watch & Jewellery. Both Emperor Entertainment Hotel and Emperor Watch & Jewellery are indirectly owned as to 58.87% and 52.34% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of Emperor Entertainment Hotel and Emperor Watch & Jewellery. As such, EWJ Macau is a connected person of Emperor Entertainment Hotel and Pacific Strong is a connected person of Emperor Watch & Jewellery under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both of Emperor Entertainment Hotel and Emperor Watch & Jewellery.

Based on the calculations of the applicable percentage ratios (as defined in the Listing Rules), the Tenancy Agreement together with the Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) on an annual basis are more than 0.1% and HK\$1 million but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the Previous Tenancy Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

The boards of directors of Emperor Entertainment Hotel and Emperor Watch & Jewellery announce that on 28 June 2011, Pacific Strong entered into the Tenancy Agreement with EWJ Macau in relation to the tenancy of the Property.

**TENANCY AGREEMENT DATED 28 JUNE 2011**

Landlord: Pacific Strong

Tenant: EWJ Macau

Property: Shop No. 5 on G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau with gross floor area of 1,560 sq. ft.

Usage: for the operation of retail shop

Term: 3 years from 1 July 2011 to 30 June 2014, both days inclusive

Rent: HK\$156,000.00 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance

Rent free period: 1st year – 31 days from 1 July 2011 to 31 July 2011  
3rd year –30 days from 1 June 2014 to 30 June 2014

Effective Rental: HK\$147,333.33 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance

Deposit: HK\$468,000.00 which is equivalent to three months' rent

**PREVIOUS TENANCY AGREEMENT DATED 25 MARCH 2009**

Landlord: Pacific Strong

Tenant: EWJ Macau

Property: Shop Nos 1,2,3 and 4 on G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau with gross floor area of 4,391 sq. ft.

Usage: for the operation of retail shop

Term: 3 years from 1 April 2009 to 31 March 2012, both days inclusive

Rent: HK\$235,000.00 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance

Rent free period:	1st year – 15 days from 1 April 2009 to 15 April 2009 2nd year – 15 days from 1 April 2010 to 15 April 2010 3rd year – 15 days from 1 April 2011 to 15 April 2011
Effective Rental:	HK\$225,208.33 per month, exclusive of rates, management fees and all other outgoings, payable monthly in advance
Deposit:	HK\$705,000.00 which is equivalent to three months' rent

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

The Aggregate Annual Cap of Emperor Entertainment Hotel in respect of the Tenancy Agreement and the Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) based on the total annual effective rental receivable under the Tenancy Agreement and the Previous Tenancy Agreement for each of the years ending 31 March 2012, 2013, 2014 and 2015, will be as follows:

	2012 <i>HK\$</i>	2013 <i>HK\$</i>	2014 <i>HK\$</i>	2015 <i>HK\$</i>
Tenancy Agreement	1,635,400 <i>(Note 1)</i>	1,768,000	1,768,000	442,000
Previous Tenancy Agreement	2,702,500 <i>(Note 2)</i>	–	–	–
Total	<u>4,337,900</u>	<u>1,768,000</u>	<u>1,768,000</u>	<u>442,000</u>

*Note:*

1. The sum includes the effective rental of HK\$309,400 received for the period from 1 April 2011 to 30 June 2011 under the current tenancy agreement in respect of the Property. The current tenancy agreement dated 2 June 2008 entered into between Pacific Strong as landlord and EWJ Macau as tenant in relation to the Property shall be expired on 30 June 2011.
2. The amount is calculated by the effective rental received/receivable for the period from 1 April 2011 to 31 March 2012 under the Previous Tenancy Agreement.

The Aggregate Annual Cap of Emperor Watch & Jewellery in respect of the Tenancy Agreement and the 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 and the Previous Tenancy Agreement for each of the years ending 31 December 2011, 2012, 2013 and 2014, will be as follows:

	2011 <i>HK\$</i>	2012 <i>HK\$</i>	2013 <i>HK\$</i>	2014 <i>HK\$</i>
Tenancy Agreement	1,502,800 <i>(Note 1)</i>	1,768,000	1,768,000	884,000
Previous Tenancy Agreement	2,702,500 <i>(Note 2)</i>	675,625 <i>(Note 3)</i>	–	–
Total	<u>4,205,300</u>	<u>2,443,625</u>	<u>1,768,000</u>	<u>884,000</u>

*Note:*

1. The sum includes the effective rental of HK\$618,800 paid for the period from 1 January 2011 to 30 June 2011 under the current tenancy agreement in respect of the Property. The current tenancy agreement dated 2 June 2008 entered into between Pacific Strong as landlord and EWJ Macau as tenant in relation to the Property shall be expired on 30 June 2011.
2. The amount is calculated by the effective rental paid for the period from 1 January 2011 to 31 December 2011 under the Previous Tenancy Agreement.
3. The amount is calculated by the effective rental to be paid for the period from 1 January 2012 to 31 March 2012 under the Previous Tenancy Agreement.

## **REASONS AND BENEFITS FOR THE TENANCY AGREEMENT**

Emperor Entertainment Hotel is an investment holding company and its subsidiaries are principally engaged in gaming operations and provision of entertainment and hospitality services in Macau. The Property is held by Emperor Entertainment Hotel as investment property for rental income and the Tenancy Agreement is entered into in the ordinary and usual course of business of Emperor Entertainment Hotel.

Emperor Watch & Jewellery 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 and Macau. The premises under the Tenancy Agreement have been rented to Emperor Watch & Jewellery for the operation of watch and jewellery retail shop. The Tenancy Agreement is entered into for renewal of the current tenancy of the Property.

The terms of Tenancy Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The rental of the Tenancy Agreement was determined by reference to the prevailing market rent of similar properties in the nearby locations. The Directors (including the independent non-executive directors) of both Emperor Entertainment Hotel and Emperor Watch & Jewellery consider that the Tenancy Agreement is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests both of Emperor Entertainment Hotel and Emperor Watch & Jewellery and their respective shareholders as a whole. Ms. Luk Siu Man, Semon, a non-executive director and the Chairperson of Emperor Entertainment Hotel and Ms. Cindy Yeung, the managing director of Emperor Watch & Jewellery both had to and did abstain from voting at the board meeting held on 28 June 2011 and 23 June 2011 respectively in view of their deemed material interests in the transaction by virtue of being the spouse of Dr. Albert Yeung and one of the eligible beneficiaries of the AY Trust respectively.

## **GENERAL**

Pacific Strong is an indirect 60% owned subsidiary of Emperor Entertainment Hotel and principally engaged in hotel operation in Macau. EWJ Macau is an indirect wholly-owned subsidiary of Emperor Watch & Jewellery and principally engaged in the sales of luxurious branded watches, and the design and sales of jewellery products in Hong Kong and Macau. Both Emperor Entertainment Hotel and Emperor Watch & Jewellery are companies indirectly owned as to 58.87% and 52.34% respectively by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of Emperor Entertainment Hotel and Emperor Watch & Jewellery. As such, EWJ Macau is a connected person of Emperor Entertainment Hotel and Pacific Strong is a connected person of Emperor Watch & Jewellery under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both of Emperor Entertainment Hotel and Emperor Watch & Jewellery.

Based on the calculations of the applicable percentage ratios (as defined in the Listing Rules), the Tenancy Agreement together with the Previous Tenancy Agreement (which are aggregated under Rule 14A.25 of the Listing Rules) on an annual basis are more than 0.1% and HK\$1 million but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the Previous Tenancy Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted 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 Emperor Entertainment Hotel”	the maximum amount of effective rental receivable under the Tenancy Agreement and the Previous Tenancy Agreement, based on the total annual effective rental receivable under the Tenancy Agreement and the Previous Tenancy Agreement for each of the years ending 31 March 2012, 2013, 2014 and 2015
“Aggregate Annual Cap of Emperor Watch & Jewellery”	the maximum amount of effective rental payable under the Tenancy Agreement and the Previous Tenancy Agreement, based on the total annual effective rental payable under the Tenancy Agreement and the Previous Tenancy Agreement for each of the years ending 31 December 2011, 2012, 2013 and 2014
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“Emperor Entertainment Hotel”	Emperor Entertainment Hotel Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Emperor Watch & Jewellery”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“EWJ Macau”	EWJ Watch and Jewellery Company Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of Emperor Watch & Jewellery and principally engaged in operation of a first class jewellery shop for sale of jewellery, watches and/or other accessories trading under the name of “Emperor Watch & Jewellery (HK) Company Limited 英皇鐘錶珠寶(香港)有限公司”
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Pacific Strong”	Pacific Strong Bases (Holding) Company Limited, a company incorporated in Macau and an indirect 60% owned subsidiary of Emperor Entertainment Hotel and principally engaged in the hotel operation of Emperor Entertainment Hotel
“Property”	Shop No. 5 on G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau with gross floor area of 1,560 sq. ft.
“Previous Property”	Shop No. 1, 2, 3 and 4 on G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau with gross floor area of 4,391 sq. ft.
“Previous Tenancy Agreement”	a tenancy agreement dated 25 March 2009 entered into between Pacific Strong and EWJ Macau in relation to the tenancy of the Previous Property
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 28 June 2011 entered into between Pacific Strong and EWJ Macau in relation to the renewal of tenancy of the Property

By order of the board  
**Emperor Entertainment Hotel Limited**  
**Luk Siu Man Semon**  
*Chairperson*

By order of the board  
**Emperor Watch & Jewellery Limited**  
**Cindy, Yeung**  
*Managing Director*

Hong Kong, 28 June 2011

*As at the date hereof, the board of directors of Emperor Entertainment Hotel comprised:*

*Non-executive Director:* Ms. Luk Siu Man, Semon (*Chairperson*)

*Executive Directors:* Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa  
Ms. Mok Fung Lin, Ivy

*Independent Non-executive Directors:* Ms. Chan Sim Ling, Irene  
Ms. Chan Wiling, Yvonne  
Ms. Wan Choi Ha

*As at the date hereof, the board of directors of Emperor Watch & Jewellery comprised:*

*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

\* *for identification purposes only*