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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**

On 25 June 2010 the boards of directors of EIHL and EWJ announce that Planwing entered into the Tenancy Agreement with Beauty Royal in relation to the renewal of tenancy of the Property.

Planwing 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 69.86% and 66.85% 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 Planwing 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 calculated with reference to the Annual Cap of EIHL is more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the Annual Cap of EIHL are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

As the applicable percentage ratios calculated with reference to the Annual Cap of EWJ is more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the Annual Cap of EWJ are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

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## TENANCY AGREEMENT DATED 25 JUNE 2010

Landlord:	Planwing
Tenant:	Beauty Royal
Property:	Shops 1 and 2 on Ground Floor, 8 Russell Street, Causeway Bay, Hong Kong with gross floor area of 3,367 sq. ft. together with a right to use three outdoor advertising signs
Usage:	for the operation of retail shop
Term:	three years commencing from 1 September 2010 to 31 August 2013, both days inclusive
Rent:	HK\$1,350,000 per month, exclusive of rates, management fees, air-conditioning charge and all other outgoings, payable monthly in advance
Option to Renew:	The tenant has an option to renew the tenancy for three years at the then open market rent ( <i>Note</i> )
Deposit:	HK\$4,297,650 which is equivalent to three months' rent, management fee, air-conditioning charge and rates

*Note:* EIHL and EWJ will comply with the relevant Listing Rules requirements upon exercise of the option to renew by the tenant

## ANNUAL CAP OF THE TENANCY AGREEMENT

The Annual Cap of EIHL for the Tenancy Agreement based on the total annual rental receivable under the Tenancy Agreement for each of the years ending 31 March 2011, 2012, 2013 and 2014, will be as follows:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Tenancy Agreement	14,700,000	16,200,000	16,200,000	6,750,000
	<i>(Note)</i>			

*Note:* The amount includes the rental received/receivable for the period from 1 April 2010 to 31 August 2010 under the current tenancy agreement dated 24 July 2007 between the same parties in respect of the Property ("Current Tenancy Agreement") and for the period from 1 September 2010 to 31 March 2011 under the Tenancy Agreement.

The Annual Cap of EWJ for the Tenancy Agreement based on the total annual rental payable under the Tenancy Agreement for each of the years ending 31 December 2010, 2011, 2012 and 2013, will be as follows:

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Tenancy Agreement	13,800,000	16,200,000	16,200,000	10,800,000
	<i>(Note)</i>			

*Note:* The amount includes the rental paid/payable for the period from 1 January 2010 to 31 August 2010 under the Current Tenancy Agreement and for the period from 1 September 2010 to 31 December 2010 under the Tenancy Agreement.

## **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 group 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 a suitable location for its retail shop.

The Property has been leased to the same tenant under the Current Tenancy Agreement which will expire on 31 August 2010. The terms of Tenancy Agreement is 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 (including the respective independent non-executive directors but excluding Ms. Luk Siu Man Semon, a non-executive director and the Chairperson of EIHL, and Ms. Cindy Yeung, an executive director of EWJ, who have to and did abstain from voting at the respective board meeting both held on 25 June 2010 in view of their material interest 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) of both EIHL and EWJ 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.

## **GENERAL**

Planwing 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 nominee and group agent services for EWJ and its subsidiaries.

EIHL and EWJ are indirectly owned as to 69.86% and 66.85% 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 Planwing 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 ratio calculated with reference to the Annual Cap of EIHL is more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the Annual Cap of EIHL are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

As the applicable percentage ratio calculated with reference to the Annual Cap of EWJ is more than 0.1% but less than 5% under Rule 14A.34 of the Listing Rules, the Tenancy Agreement and the Annual Cap of EWJ are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the approval of independent shareholders in accordance with Rule 14A.34 of the Listing Rules.

#### **TERMS USED IN THIS ANNOUNCEMENT**

“Annual Cap of EIHL”	the maximum amount of rental receivable under the Tenancy Agreement, based on the total annual effective rental receivable under the Tenancy Agreement for each of the years ending 31 March 2011, 2012, 2013 and 2014
“Annual Cap of EWJ”	the maximum amount of rental payable under the Tenancy Agreement, based on the total annual effective rental payable under the Tenancy Agreement for each of the years ending 31 December 2010, 2011, 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 principally engaged in the provision of tenancy agreement signing services to EWJ and its subsidiaries
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert

“EIHL”	Emperor International Holdings Limited, a 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
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Planwing”	Planwing Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL and principally engaged in property investment of EIHL
“Property”	Shops 1 and 2 on Ground Floor, 8 Russell Street, Causeway Bay, Hong Kong with gross floor area of 3,367 sq. ft. together with a right to use three outdoor advertising signs
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 25 June 2010 entered into between Planwing and Beauty Royal in relation to the tenancy of the Property

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**  
*Executive Director*

Hong Kong, 25 June, 2010

As at the date hereof, the board of directors of EIHL comprised:

*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  
Ms. Mok Fung Lin, Ivy

*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 comprised:

*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

\* *for identification purposes only*