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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
REGARDING EXERCISE OPTIONS TO RENEW
UNDER TENANCY AGREEMENTS**

The Board announces that on 22 October 2014, Beauty Royal as tenant had exercised the Options and entered into the Renewed Tenancy Agreements with Richorse and Planwing as landlords.

Beauty Royal is an indirect wholly-owned subsidiary of the Company. Richorse and Planwing are indirect wholly-owned subsidiaries of Emperor International. Both Emperor International and the Company are indirectly controlled by the AY Trust. As such, Richorse and Planwing are connected persons of the Company under Chapter 14A of the Listing Rules. Since the exercise of the Options is at the Company's discretion involving connected persons, the rental value under the Renewed Tenancy Agreements should be used to determine the percentage ratios (as defined under the Listing Rules) pursuant to Rule 14A.79(3) of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, (i) the transactions contemplated under the Renewed First Tenancy Agreement and Renewed Third Tenancy Agreement are required to be aggregated with the Previous Tenancy Agreements; and (ii) the transaction contemplated under Renewed Fourth Tenancy Agreement is required to be aggregated with the Previous Agreements. As the applicable percentage ratios (as defined under the Listing Rules) on an annual basis calculated with reference to the First Aggregate Annual Cap and the Second Aggregate Annual Cap are more than 0.1% but less than 5%, the transactions contemplated under the Renewed Tenancy Agreements are subject to announcement, reporting and annual review requirements, but are exempt from the approval of the independent shareholders of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 25 May 2011. Beauty Royal as tenant entered into, inter alia, the First Tenancy Agreement and the Third Tenancy Agreement with Richorse as landlord in relation to the tenancies of the First Property and the Third Property. Besides, Beauty Royal as tenant also entered into the Fourth Tenancy Agreement with Planwing as landlord in relation to the tenancy of the Fourth Property. Richorse and

Planwing had granted Beauty Royal the options to renew the said tenancy agreements for three years at the then open market rent which shall not be higher than 120% of the respective third year's rent. Capitalized terms used herein shall have the same meanings as defined in the aforesaid announcement unless the context otherwise requires.

The Board announces that on 22 October 2014, Beauty Royal had exercised the Options and entered into the Renewed First Tenancy Agreement and the Renewed Third Tenancy Agreement with Richorse and the Renewed Fourth Tenancy Agreement with Planwing.

THE RENEWED FIRST TENANCY AGREEMENT AFTER EXERCISE OF FIRST OPTION

Landlord: Richorse

Tenant: Beauty Royal

First 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 2,667 sq. ft.

Usage: Ground Floor : for the operation of retail shop
Others : for office use

Term: 3 years from 23 October 2014 to 22 October 2017 (both days inclusive)

Rent: HK\$1,980,000.00 per month, exclusive of rates, management fee and all other outgoings charges

Rent free period: 45 days (23 October 2014 to 6 December 2014)

Effective Rent: HK\$1,898,387.10 per month

Deposit: HK\$6,420,429.00 which is equivalent to three months' rent, management fee and rates

THE RENEWED THIRD TENANCY AGREEMENT AFTER EXERCISE OF THIRD OPTION

Landlord: Richorse

Tenant: Beauty Royal

Third 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 advertising signboards facing Russell Street and Tang Lung Street, Causeway Bay, Hong Kong, with gross floor area of 5,138 sq. ft.

Usage: Shops : for the operation of retail shop
 Others : for advertising purpose

Term: 3 years from 23 October 2014 to 22 October 2017 (both days inclusive)

Rent: 1st year: HK\$5,000,000.00 per month
 2nd year: HK\$5,250,000.00 per month
 3rd year: HK\$5,500,000.00 per month
 All the rents are exclusive of rates, management fee and all other outgoings charges

Rent free period: one month (23 October 2014 to 22 November 2014)

Effective Rent: HK\$5,111,111.11 per month

Deposit: HK\$17,204,820.00 which is equivalent to three months' rent, management fee and rates

FIRST AGGREGATE ANNUAL CAP OF RENEWED FIRST TENANCY AGREEMENT, RENEWED THIRD TENANCY AGREEMENT AND THE PREVIOUS TENANCY AGREEMENTS

The First Aggregate Annual Cap under the Renewed First Tenancy Agreement, Renewed Third Tenancy Agreement and the Previous Tenancy Agreements (which are aggregated under Rule 14A.81 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:

	2014 HK\$	2015 HK\$	2016 HK\$	2017 HK\$
Renewed First Tenancy Agreement	4,348,000	22,781,000	22,781,000	18,433,000
Renewed Third Tenancy Agreement	11,707,000	61,334,000	61,334,000	49,628,000
First Tenancy Agreement	13,648,000	-	-	-
Second Tenancy Agreement / Renewed Second Tenancy Agreement	19,044,000 (Note)	22,320,000	22,320,000	11,160,000
Third Tenancy Agreement	39,756,000	-	-	-
Total	88,503,000	106,435,000	106,435,000	79,221,000

Note: The amount represents the effective rental of HK\$7,884,000 paid for the period from 1 January 2014 to 30 June 2014 under the Second 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 Tenancy Agreement.

THE RENEWED FOURTH TENANCY AGREEMENT AFTER EXERCISE OF FOURTH OPTION

Landlord:	Planwing
Tenant:	Beauty Royal
Fourth Property:	Shops 3 & 5 on Ground Floor, Emperor Watch and Jewellery Centre (formerly known as No. 8 Russell Street), No. 8 Russell Street, Causeway Bay, Hong Kong, with gross floor area of 3,068 sq. ft.
Usage:	for the operation of retail shop
Term:	3 years from 30 November 2014 to 29 November 2017, both days inclusive
Rent:	HK\$2,760,000.00 per month per month, exclusive of rates, management fee and air-conditioning charges and all other outgoings charges
Rent free period:	45 days (30 November 2014 to 13 January 2015)
Effective Rent:	HK\$2,648,627.24 per month
Deposit:	HK\$8,697,036.00 which is equivalent to three months' rent, management fee and air-conditioning charges and rates

SECOND AGGREGATE ANNUAL CAP OF RENEWED FOURTH TENANCY AGREEMENT AND THE PREVIOUS AGREEMENTS

The Second Aggregate Annual Cap for the Renewed Fourth Tenancy Agreement and the Previous Agreements (which are aggregated under Rule 14A. 81 of the Listing Rules) based on the total annual effective license fee / rental paid / payable thereunder for each of the years ending 31 December 2014, 2015, 2016 and 2017 will be as follows:

	2014 <i>HK\$</i>	2015 <i>HK\$</i>	2016 <i>HK\$</i>	2017 <i>HK\$</i>
Renewed Fourth Tenancy Agreement	2,737,000	31,784,000	31,784,000	29,047,000
First Previous Tenancy Agreement	11,228,000	37,084,000	37,084,000	25,856,000
Previous License Agreement	2,742,000	-	-	-
Second Previous Tenancy Agreement	16,619,000 <i>(Note)</i>	-	-	-
Fourth Tenancy Agreement	22,117,000	-	-	-
Total	55,443,000	68,868,000	68,868,000	54,903,000

Note: The amount represents the effective rental paid for the period from 1 January 2014 to 11 September 2014 (the date of early termination as agreed between both parties) under the Second Previous Tenancy Agreement.

REASONS AND BENEFITS FOR THE RENEWAL OF THE RENEWED TENANCY AGREEMENTS

The Company 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.

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 First Property, the Third Property and the Fourth Property are held by the group companies (including Richorse and Planwing) of Emperor International as investment properties for rental income.

The new rents were determined at after arm's length negotiation between both parties with reference to the prevailing market rent of similar properties in the nearby locations which are not higher than 120% of the respective third year's rent. The Directors (including the Independent Non-executive Directors) considered that the Renewed Tenancy Agreements are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and its shareholders as a whole. Ms. Cindy Yeung, the Chairperson of the Company, did abstain from voting on the relevant board resolution(s) in view of her deemed interest in the transaction by virtue of being one of the eligible beneficiaries of the AY Trust. Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the common directors of both the Company and Emperor International, also abstained from voting on the relevant board resolution(s).

GENERAL

Richorse and Planwing are indirect wholly-owned subsidiaries of Emperor International and are principally engaged in property investment. Beauty Royal is an indirect wholly-owned subsidiary of the Company and principally engaged in the provision of group tenancy agent services for the Group.

Emperor International and the Company are indirectly owned as to 74.83% and 52.57% respectively by the AY Trust. As such, Richorse and Planwing are connected persons of the Company under Chapter 14A of the Listing Rules. Since the exercise of the Options is at the Company's discretion involving connected persons, the rental value under the Renewed Tenancy Agreements should be used to determine the percentage ratios (as defined under the Listing Rules) pursuant to Rule 14A.79(3) of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, (i) the transactions contemplated under the Renewed First Tenancy Agreement and Renewed Third Tenancy Agreement are required to be aggregated with the Previous Tenancy Agreements; and (ii) the transaction contemplated under Renewed Fourth Tenancy Agreement is required to be aggregated with the Previous Agreements. As the applicable percentage ratios (as defined under the Listing Rules) on an annual basis calculated with reference to the First Aggregate Annual Cap and Second Aggregate Annual Cap are more than 0.1% but less than 5%, the transactions contemplated under the Renewed Tenancy Agreements are subject to announcement, reporting and annual review requirements, but are exempt from the approval of the independent shareholders of the Company under Chapter 14A of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“AY Trust”	the Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung Sau Shing, Albert, a deemed substantial shareholder of Emperor International and the Company
“Board” or “Director(s)”	board of directors of the Company
“Beauty Royal”	Beauty Royal Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“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
“First Aggregate Annual Cap”	the maximum amount of effective rental paid / payable by the Group under the Renewed First Tenancy Agreement, the Renewed Third 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
“First Option”	the option granted by Richorse on 25 May 2011 to Beauty Royal under the First Tenancy Agreement to renew the tenancy of the First Property for a term of 3 years at the then open market rent which shall not be higher than 120% of the third year’s rent
“First Previous Property”	Shops 1 & 2 on Ground Floor with gross floor area of 3,367 sq. ft. together with a right to use (i) External Wall Unit 1 on 1 st Floor; (ii) External Wall Unit 2 on 6 th – 29 th Floor and Roof; (iii) a LED Display on the External Wall on 5 th Floor; (iv) 2 Signboards on External Wall on 1 st – 3 rd Floor; (v) 2 Signboards on External Wall on 5 th Floor; and (vi) Signage Space A on 1 st Floor, Emperor Watch and Jewellery Centre (formerly known as No. 8 Russell Street), No. 8 Russell Street, Causeway Bay, Hong Kong

“First Previous Tenancy Agreement”	a tenancy agreement dated 12 September 2014 entered into between Planwing and Beauty Royal in relation to the tenancy of the First 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 the Company dated 12 September 2014
“First 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 2,667 sq. ft.
“First Tenancy Agreement”	a tenancy agreement dated 25 May 2011 entered into between Richorse and Beauty Royal in relation to the tenancy of the First Property for the period from 23 October 2011 to 22 October 2014 (both days inclusive), details of which were set out in the announcement of the Company dated 25 May 2011
“Fourth Option”	the option granted by Planwing on 25 May 2011 to Beauty Royal under the Fourth Tenancy Agreement to renew the tenancy of the Fourth Property for a term of three years at the then open market rent which shall not be higher than 120% of the third year’s rent
“Fourth Property”	Shops 3 & 5 on Ground Floor, Emperor Watch and Jewellery Centre (formerly known as No. 8 Russell Street), No. 8 Russell Street, Causeway Bay, Hong Kong with gross floor area of 3,068 sq. ft.
“Fourth Tenancy Agreement”	a tenancy agreement dated 25 May 2011 entered into between Planwing and Beauty Royal in relation to the tenancy of the Fourth Property for the period from 30 November 2011 to 29 November 2014 (both days inclusive), details of which were set out in the announcement of the Company dated 25 May 2011
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the First Option, the Second Option and the Fourth Option
“Planwing”	Planwing Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Emperor International and principally engaged in property investment
“PRC”	The People’s Republic of China
“Previous License Agreement”	a license agreement dated 29 November 2011 entered into between Planwing and Beauty Royal in relation to the license of the signage space B at the external wall on 1/F, Emperor Watch and Jewellery Centre (formerly known as No. 8 Russell Street), 8 Russell Street, Causeway Bay, Hong Kong for the period from 30 November 2011 to 29 November 2014 (both days inclusive), details of which were set out in the joint announcement of Emperor International and the Company dated 29 November 2011
“Previous Agreements”	the First Previous Tenancy Agreement, the Previous License Agreement, the Second Previous Tenancy Agreement and the Fourth Tenancy Agreement
“Previous Tenancy Agreements”	the First Tenancy Agreement, the Second Tenancy Agreement, the Renewed Second Tenancy Agreement and the Third Tenancy Agreement
“Richorse”	Richorse Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Emperor International and principally engaged in property investment
“Renewed Tenancy Agreements”	the Renewed First Tenancy Agreement, the Renewed Third Tenancy Agreement and the Renewed Fourth Tenancy Agreement
“Renewed First Tenancy Agreement”	a tenancy agreement dated 22 October 2014 entered into between Richorse and Beauty Royal in relation to the tenancy of the First Property for the period from 23 October 2014 to 22 October 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 22 October 2014

“Renewed Fourth Tenancy Agreement”	a tenancy agreement dated 22 October 2014 entered into between Planwing and Beauty Royal in relation to the tenancy of the Fourth Property for the period from 30 November 2014 to 29 November 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 22 October 2014
“Renewed Second Tenancy Agreement”	a tenancy agreement dated 28 May 2014 entered into between Richorse and Beauty Royal in relation to the tenancy of the Second Property for the period from 1 July 2014 to 30 June 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 31 March 2014
“Renewed Third Tenancy Agreement”	a tenancy agreement dated 22 October 2014 entered into between Richorse and Beauty Royal in relation to the tenancy of the Third Property for the period from 23 October 2014 to 22 October 2017 (both days inclusive), details of which were set out in the announcement of the Company dated 22 October 2014
“Second Aggregate Annual Cap”	the maximum amount of effective license fee / rental paid / payable by the Group under the Renewed Fourth Tenancy Agreement and the Previous Agreements for each of the years ending 31 December 2014, 2015, 2016 and 2017 based on the total annual effective license fee / rental paid / payable thereunder
“Second Previous Property”	Shops 1 & 2, G/F, Emperor Watch and Jewellery Centre (formerly known as No. 8 Russell Street), No. 8 Russell Street, Causeway Bay, Hong Kong with gross floor area of 3,367 sq. ft. together with a right of use three outdoor advertising signs and signage space A on 1/F
“Second Previous Tenancy Agreement”	a tenancy agreement dated 29 November 2011 entered into between Planwing and Beauty Royal in relation to the tenancy of the Second Previous Property for the period from 1 December 2011 to 30 November 2014 (both days inclusive), details of which were set out in the joint announcement of Emperor International and the Company dated 29 November 2011, which was early terminated on 11 September 2014 as agreed between both parties

“Second Property”	Ground Floor, (Shop A including the yard), and Office A (No.50 Russell Street) on First Floor, Tak Fat Building, Nos. 50-52 Russell Street, Causeway Bay, Hong Kong, with gross floor area of 1,807 sq. ft.
“Second Tenancy Agreement”	a tenancy agreement dated 25 May 2011 entered into between Richorse and Beauty Royal in relation to tenancy of the Second Property for the period from 1 July 2011 to 30 June 2014 (both days inclusive), details of which were set out in the announcement of the Company dated 25 May 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Option”	the option granted by Richorse on 25 May 2011 to Beauty Royal under the Third Tenancy Agreement to renew the tenancy of the Third Property for a term of 3 years at the then open market rent which shall not be higher than 120% of the third year’s rent
“Third 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 advertising signboards facing Russell Street and Tang Lung Street, Causeway Bay, Hong Kong, with gross floor area of 5,138 sq. ft.
“Third Tenancy Agreement”	a tenancy agreement dated 25 May 2011 entered into between Richorse and Beauty Royal in relation the tenancy of Third Property for the period from 23 October 2011 to 22 October 2014 (both days inclusive), details of which were set out in the announcement of the Company dated 25 May 2011
"sq. ft."	square feet
“%”	per cent

By order of the Board
Emperor Watch & Jewellery Limited
Cindy Yeung
Chairperson

Hong Kong, 22 October 2014

As at the date hereof, the Board 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