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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 TRANSACTIONS

TENANCY AGREEMENT, SUPPLEMENTAL TENANCY AGREEMENT AND SURRENDER AGREEMENT IN RELATION TO EXISTING TENANCY AGREEMENTS

The boards of directors of Emperor E Hotel and Emperor W&J announce that on 31 March 2016 (after trading hours), (i) Grand Emperor as landlord entered into the Tenancy Agreement and the Supplemental Tenancy Agreement with EWJ Macau as tenant in relation to the tenancy of the First Property and the First Previous Property respectively; and (ii) Grand Emperor as landlord entered into the Surrender Agreement with EWJ Macau as tenant in relation to the Second Previous Tenancy Agreement.

Grand Emperor is indirectly owned as to 60% by Emperor E Hotel. EWJ Macau is an indirect wholly-owned subsidiary of Emperor W&J. Both Emperor E Hotel and Emperor W&J are indirectly controlled by the AY Trust. As such, EWJ Macau is a connected person of Emperor E Hotel and Grand Emperor is a connected person of Emperor W&J under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement and the Supplemental Tenancy Agreement constitute continuing connected transactions for both Emperor E Hotel 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 of both Emperor E Hotel and Emperor W&J are more than 0.1% but less than 5%, the Tenancy Agreement and the Supplemental Tenancy Agreement are subject to the announcement, reporting and annual review requirements, but exempt from the respective shareholders' approval of both Emperor E Hotel and Emperor W&J under Chapter 14A of the Listing Rules.

Pursuant to the Surrender Agreement, the tenancy under the Second Previous Tenancy Agreement was early terminated, accordingly, it is subject to the announcement requirement under Rule 14A.35 of the Listing Rules for both Emperor E Hotel and Emperor W&J.

The boards of directors of Emperor E Hotel and Emperor W&J announce that on 31 March 2016 (after trading hours), (i) Grand Emperor as landlord entered into the Tenancy Agreement and the Supplemental Tenancy Agreement with EWJ Macau as tenant in relation to the tenancy of the First Property and the First Previous Property respectively; and (ii) Grand Emperor as landlord entered into the Surrender Agreement with EWJ Macau as tenant in relation to the Second Previous Tenancy Agreement.

** for identification propose only*

TENANCY AGREEMENT DATED 31 MARCH 2016

Landlord:	Grand Emperor
Tenant:	EWJ Macau
First Property:	Shop Nos. 2A-2B on G/F, EM Macau, Travessa Central Da Praia Grande NoS 11-41, Hotel Animacao Imperial (also known as Shop Nos. 2A-2B on G/F., Grand Emperor Hotel, 251-292D Avenida Comercial De Macau) with gross floor area of 1,129 sq. ft.
Usage:	for retail shops
Term:	3 years from 1 April 2016 to 31 March 2019 (both days inclusive)
Rent:	HK\$82,950.00 per month, inclusive of property tax and government rent, but exclusive of management fee, air-conditioning charges and all other outgoings
Rent Free:	3 months (April of 2016, 2017 and 2018)
Effective Rent:	HK\$76,037.50 per month
Deposit:	HK\$248,850.00 which is equivalent to three months' rent

SUPPLEMENTAL TENANCY AGREEMENT

On 31 March 2016 (after trading hours), Grand Emperor as landlord and EWJ Macau as tenant entered into the Supplemental Tenancy Agreement which is supplemental to the First Previous Tenancy Agreement (in relation to the tenancy of the First Previous Property). The property is used as retail shop for Emperor W&J.

Under the Supplemental Tenancy Agreement, (i) the lease term for the First Previous Property has been extended by one year up to 31 March 2019; (ii) 3-months' rent free period (April of 2016, 2017 and 2018) is granted to EWJ Macau; (iii) the monthly rental has been revised from HK\$344,000.00 to HK\$307,400.00 (i.e. effective monthly rental has been revised from HK\$324,888.89 to HK\$281,783.33) with effect from 1 April 2016.

Save for the aforesaid change, all other terms under the First Previous Tenancy Agreement remain unchanged. The revised annual caps for the Supplemental Tenancy Agreement are set out in the section "AGGREGATE ANNUAL CAPS" hereunder.

SURRENDER AGREEMENT DATED 31 MARCH 2016

Pursuant to the Surrender Agreement, EWJ Macau has surrendered the Second Previous Property under the Second Previous Tenancy Agreement to Grand Emperor on 31 March 2016 ("Surrender Date"). Accordingly, the Second Previous Tenancy Agreement absolutely ceased and terminated and both parties released each other from all liabilities and obligations thereof.

AGGREGATE ANNUAL CAPS

Aggregate Annual Cap of Emperor E Hotel

The Aggregate Annual Cap of Emperor E Hotel for the Tenancy Agreement and the Supplemental Tenancy Agreement (which is aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental received / receivable thereunder by Emperor E Hotel for each of the years ending 31 March 2017, 2018 and 2019 will be as follows:

	2017 <i>HK\$</i>	2018 <i>HK\$</i>	2019 <i>HK\$</i>
Tenancy Agreement	913,000	913,000	913,000
Supplemental Tenancy Agreement	3,382,000	3,382,000	3,382,000
Total	<u>4,295,000</u>	<u>4,295,000</u>	<u>4,295,000</u>

Aggregate Annual Cap of Emperor W&J

The Aggregate Annual Cap of Emperor W&J for the Tenancy Agreement, the First Previous Tenancy Agreement, the Supplemental Tenancy Agreement and the Second Previous Tenancy Agreement (calculated up to the Surrender Date) (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental paid / payable thereunder by Emperor W&J for each of the years ending 31 December 2016, 2017, 2018 and 2019 will be as follows:

	2016 <i>HK\$</i>	2017 <i>HK\$</i>	2018 <i>HK\$</i>	2019 <i>HK\$</i>
Tenancy Agreement	685,000	913,000	913,000	229,000
First Previous Tenancy Agreement	975,000	-	-	-
Supplemental Tenancy Agreement	2,537,000	3,382,000	3,382,000	846,000
Second Previous Tenancy Agreement	562,000	-	-	-
Total	<u>4,759,000</u>	<u>4,295,000</u>	<u>4,295,000</u>	<u>1,075,000</u>

REASONS AND BENEFITS FOR THE TENANCY AGREEMENT, THE SUPPLEMENTAL TENANCY AGREEMENT AND THE SURRENDER AGREEMENT

Emperor E Hotel

Emperor E Hotel is an investment holding company and its subsidiaries are principally engaged in provision of entertainment and hospitality services in Macau. The First Property, the First Previous Property and the Second Previous Property are held by Grand Emperor as investment properties for rental income.

The negotiation of the terms of the Tenancy Agreement and the Supplemental Tenancy Agreement was conducted by the parties on an arm's length basis and the rental was

determined with reference to the prevailing market rental of similar properties in the nearby locations. The new rental under the Supplemental Tenancy Agreement has reflected the prolonged sluggish retail environment in Macau due to the lackluster macro-economic conditions and continued austerity initiatives in the PRC. Taken into account of the time cost and expenses in locating new tenants, the directors of Emperor E Hotel considered that the Supplemental Tenancy Agreement will not have any material adverse impact on the operation and business of Emperor E Hotel.

Upon entering into the Surrender Agreement between Grand Emperor and EWJ Macau, Grand Emperor is able to hold the Second Previous Property for self-use purpose and better utilize the hotel area to facilitate the business growth. The directors of Emperor E Hotel considered that the Surrender Agreement will not have any material adverse impact on the operation and business of Emperor E Hotel.

Accordingly, the directors of Emperor E Hotel (including its independent non-executive directors) considered that the terms of the Tenancy Agreement, the Supplemental Tenancy Agreement and the Surrender Agreement are fair and reasonable and the transactions are on normal commercial terms, in the ordinary and usual course of business of Emperor E Hotel and in the interest of Emperor E Hotel 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 European-made internationally renowned watches and self-designed fine jewellery products in Hong Kong, Macau, Mainland China and Singapore.

The negotiation of the terms of the Tenancy Agreement and the Supplemental Tenancy Agreements was conducted by the parties on an arm's length basis and the rental was determined with reference to the prevailing market rental of similar properties in the nearby locations. The new rental under the Supplemental Tenancy Agreement has reflected the prolonged sluggish retail environment in Macau due to the lackluster macro-economic conditions and continued austerity initiatives in the PRC.

Having considered the prevailing market condition and recent business performance of Emperor W&J, the directors of Emperor W&J are of the view that the Surrender Agreement could facilitate the optimisation of the existing business operation and ease the rental pressure of Emperor W&J.

As such, the directors of Emperor W&J (including its independent non-executive directors) considered that the terms of the Tenancy Agreement, the Supplemental Tenancy Agreement and the Surrender Agreement are fair and reasonable and the transactions are 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

Grand Emperor is indirectly owned as to 60% by Emperor E Hotel and principally engaged in hotel and hotel related operations in Macau. EWJ Macau is an indirect wholly-owned subsidiary of Emperor W&J and principally engaged in the sales of European-made internationally renowned watches and the self-designed fine jewellery products in Macau.

Emperor E Hotel and Emperor W&J are indirectly controlled by the AY Trust. As such, EWJ Macau is a connected person of Emperor E Hotel whilst Grand Emperor is a connected person of Emperor W&J under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement and the Supplemental Agreement constitute continuing connected transactions for both Emperor E Hotel and Emperor W&J.

Ms. Luk Siu Man, Semon, the Chairperson of Emperor E Hotel, did abstain from voting on the relevant board resolution(s) of Emperor E Hotel in view of her deemed interest in the transactions by virtue of being the spouse of Dr. Yeung Sau Shing, Albert who is the founder of the 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 of both Emperor E Hotel and Emperor W&J are more than 0.1% but less than 5%, the Tenancy Agreement and the Supplemental Tenancy Agreement are subject to the announcement, reporting and annual review requirements, but exempt from the respective shareholders' approval of Emperor E Hotel and Emperor W&J under Chapter 14A of the Listing Rules.

Pursuant to the Surrender Agreement, the tenancy under the Second Previous Tenancy Agreement was early terminated, accordingly, it is subject to the announcement requirement under Rule 14A.35 of the Listing Rules for both Emperor E Hotel and Emperor W&J.

TERMS USED IN THIS ANNOUNCEMENT

“Aggregate Annual Cap of Emperor E Hotel”	the maximum amount of effective rental received / receivable by Emperor E Hotel under the Tenancy Agreement and the Supplemental Tenancy Agreement for each of the years ending 31 March 2017, 2018 and 2019 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, the First Previous Tenancy Agreement, the Supplemental Tenancy Agreement and the Second Previous Tenancy Agreement for each of the years ending 31 December 2016, 2017, 2018 and 2019 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
“Emperor E 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 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

“EWJ Macau”	EWJ Macau Company Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of Emperor W&J
“First Previous Property”	Shop Nos. 1-4 on G/F, EM Macau, Travessa Central Da Praia Grande NoS 11-41, Hotel Animacao Imperial (also known as Shop Nos. 1-4 on G/F, Grand Emperor Hotel, 251-292D Avenida Comercial De Macau) with gross floor area of 4,391 sq. ft.
“First Previous Tenancy Agreement”	a tenancy agreement dated 31 March 2015 entered into between Grand Emperor as landlord and EWJ Macau as tenant in relation to the tenancy of the First Previous Property for the period from 1 April 2015 to 31 March 2018 (both days inclusive), details of which were set out in the joint announcement of Emperor E Hotel and Emperor W&J dated 31 March 2015
“First Property”	Shop Nos. 2A-2B on G/F, EM Macau, Travessa Central Da Praia Grande NoS 11-41, Hotel Animacao Imperial (also known as Shop Nos. 2A-2B on G/F, Grand Emperor Hotel, 251-292D Avenida Comercial De Macau) with gross floor area of 1,129 sq. ft.
“Grand Emperor”	Grand Emperor Entertainment & Hotel (Macau) Limited, a company incorporated in Macau with limited liability and is indirectly owned as to 60% by Emperor E Hotel
“HK\$”	Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Second Previous Property”	Shop No. 5 on G/F, EM Macau, Travessa Central Da Praia Grande NoS 11-41, Hotel Animacao Imperial (also known as Shop No. 5 on G/F, Grand Emperor Hotel, 251-292D Avenida Comercial De Macau) with gross floor area of 1,560 sq. ft.
“Second Previous Tenancy Agreement”	a tenancy agreement dated 30 June 2014 entered into between Grand Emperor as landlord and EWJ Macau as tenant in relation to the tenancy of the Second Previous Property for the period from 1 July 2014 to 30 June 2017 (both days inclusive), details of which were set out in the joint announcement of Emperor E Hotel and Emperor W&J dated 30 June 2014

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Tenancy Agreement”	a supplemental tenancy agreement dated 31 March 2016 entered into between Grand Emperor as landlord and EWJ Macau as tenant in relation to the tenancy of the First Previous Property under the First Previous Tenancy Agreement
“Surrender Agreement”	an agreement dated 31 March 2016 entered into between Grand Emperor as landlord and EWJ Macau as tenant to terminate the Second Previous Tenancy Agreement in relation to the tenancy of the Second Previous Property
“Tenancy Agreement”	a tenancy agreement dated 31 March 2016 entered into between Grand Emperor as landlord and EWJ Macau as tenant in relation to the tenancy of the First Property
“sq. ft.”	square feet
“%”	per cent

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
Chairperson

Hong Kong, 1 April 2016

As at the date hereof, the board of directors of Emperor E Hotel comprises:

<i>Non-executive Director:</i>	Ms. Luk Siu Man, Semon
<i>Executive Directors:</i>	Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa
<i>Independent Non-executive Directors:</i>	Ms. Chan Wiling, Yvonne Mr. Yu King Tin Ms. Kwan Shin Luen, Susanna

As at the date hereof, the board of directors of Emperor W&J comprises:

<i>Executive Directors:</i>	Ms. Cindy Yeung Mr. Chan Hung Ming Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa
<i>Independent Non-executive Directors:</i>	Ms. Yip Kam Man Mr. Chan Hon Piu Ms. Lai Ka Fung, May