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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Emperor Watch & Jewellery Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES
PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of the Company to be held at Emperor Jewellery Flagship Store, G17B, G/F & Basement, 1881 Heritage, 2A Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 10 May 2012 at 11:30 a.m. is set out on pages 15 to 18 of this circular.

Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

5 April 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Emperor Jewellery Flagship Store, G17B, G/F & Basement, 1881 Heritage, 2A Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 10 May 2012 at 11:30 a.m.
“Board”	the board of Directors of the Company
“Articles of Association”	the Articles of Association of the Company as may be amended from time to time
“Company”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM
“Latest Practicable Date”	2 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of AGM”	the notice dated 5 April 2012 convening the AGM as set out on pages 15 to 18 of this circular

DEFINITIONS

“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to enable them to repurchase Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution number 5(B) of the Notice of the AGM
“Scheme Mandate Limit”	the maximum number of Shares which may be issued pursuant to the exercise of share options granted under the Share Option Scheme or (following refreshment) the maximum number of Shares which may be issued pursuant to the exercise of share options granted under the Share Option Scheme following the date of refreshment of the Scheme Mandate Limit
“Share Option Scheme”	the share option scheme of the Company adopted by the Company pursuant to an ordinary resolution passed by the Shareholders on 19 June 2008
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars
“%”	per cent.

LETTER FROM THE BOARD



英皇鐘錶珠寶有限公司
EMPEROR WATCH & JEWELLERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

Executive Directors:

Cindy YEUNG (*Chairperson and Managing Director*)

CHAN Hung Ming

WONG Chi Fai

FAN Man Seung, Vanessa

Registered office:

25th Floor

Emperor Group Centre

288 Hennessy Road

Wanchai

Hong Kong

Non-Executive Director:

Hanji HUANG

Independent Non-Executive Directors:

YIP Kam Man

CHAN Hon Piu

LAI Ka Fung, May

5 April 2012

To the Shareholders

Dear Sir/Madam,

INTRODUCTION

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the AGM and to give you the Notice of AGM. Resolutions to be proposed at the AGM include, inter alia: (i) the proposed re-election of Directors who are due to retire at the AGM; (ii) the proposed grant of each of the Issue Mandate, Repurchase Mandate and Extension Mandate; and (iii) the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme.

RE-ELECTION OF DIRECTORS

In accordance with Article 83(1) of the Articles of Association, Mr. CHAN Hung Ming, Ms. FAN Man Seung, Vanessa and Mr. CHAN Hon Piu will retire at the AGM by rotation and, being eligible, offer themselves for re-election.

Details of the above Directors who offer themselves for re-election at the AGM that are required to be disclosed under the Listing Rules are set out in Appendix I to this circular.

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Any Shareholder who wishes to nominate a person to stand for election as a Director of the Company at the AGM must lodge with the Company at its principal office at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong within the period from Thursday, 19 April 2012 to Friday, 27 April 2012, both days inclusive (i) his/her written nomination of the candidate; (ii) written confirmation from such nominated candidate of his/her willingness to be elected as Director; and (iii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules.

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES

At the last annual general meeting of the Company held on 18 May 2011, ordinary resolutions were passed, among other things, to grant general mandates to the Directors to:

- (i) issue up to 20% of the share capital of the Company in issue (i.e a maximum of 1,343,702,740 new Shares);
- (ii) repurchase shares of the Company on the Stock Exchange representing up to 10% of the issued share capital of the Company; and
- (iii) extend the general mandate for issuing Shares as mentioned in paragraph (i) above by an amount representing any Shares repurchased by the Company pursuant to the general mandate to repurchase Shares as mentioned in paragraph (ii) above.

No Shares have been issued nor repurchased pursuant to the above mandates. Such mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek approval from the Shareholders at the AGM to grant fresh general mandates to Directors.

At the AGM, ordinary resolutions will be proposed that the Directors to be granted:

- (A) the Issue Mandate to allot, issue and deal with the Shares of not exceeding 20% of the aggregate nominal amount of share capital of the Company as at the AGM date (i.e. of not exceeding 1,343,702,740 Shares assuming no further Shares will be issued or repurchased between the Latest Practicable Date and the AGM date);
- (B) the Repurchase Mandate to repurchase fully paid up Shares of not exceeding 10% of the aggregate nominal amount of the share capital of the Company as at the date of the resolutions; and
- (C) the Extension Mandate to increase the total number of Shares which may be allotted and issued under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

Such resolutions are set out in Resolutions 5(A), 5(B) and 5(C) in the Notice of AGM respectively.

LETTER FROM THE BOARD

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against the proposed Repurchase Resolution is set out in Appendix II to this circular.

PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

Existing Share Option Scheme

The Share Option Scheme was adopted by the Company pursuant to a resolution passed by the shareholders of the Company on 19 June 2008 (the “Adoption Date”) and the approval of the listing of and permission to deal in the Shares to be issued under the Share Option Scheme was granted by the Stock Exchange on 18 July 2008. The Shares were listed on the Main Board on 21 July 2008. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force. Since the Adoption Date, the Scheme Mandate Limit has not been refreshed.

Pursuant to the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options granted by the Company under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of listing of the Shares on the Main Board of the Stock Exchange, i.e. 450,000,000 Shares.

No option was granted by the Company under the Share Option Scheme since the Adoption Date up to the Latest Practicable Date.

As at the Latest Practicable Date, the existing scheme mandate has never been utilized. However, since the issued share capital of the Company has been enlarged substantially from 4,500,000,000 Shares as at the date of listing to 6,718,513,703 Shares as at the Latest Practicable Date, the Board would like to seek approval of the Shareholders at the AGM for the refreshment of the Scheme Mandate Limit. The Directors consider that it is in the interests of the Company and the Shareholders as a whole to grant the refreshment of the Scheme Mandate Limit so as to provide the Company with greater flexibility in granting share options to eligible participants (including employees and directors) of the Company under the Share Option Scheme as incentives to reward their past contribution to the Group, attract and retain ongoing relationships with such persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

Refreshment of the Scheme Mandate Limit

Pursuant to the Share Option Scheme and in compliance with Chapter 17 of the Listing Rules, the Company may refresh the Scheme Mandate Limit by ordinary resolution of the Shareholders at a general meeting provided that the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue as at the date of the AGM. The Board proposes to refresh the Scheme Mandate Limit to 671,851,370 Shares, representing approximately 10% of the Shares in issue as at the

LETTER FROM THE BOARD

Latest Practicable Date. Any share options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. As at the Latest Practicable Date, there were 6,718,513,703 Shares in issue.

Notwithstanding the foregoing, pursuant to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of the Shares in issue from time to time. No share option shall be granted under any share option scheme(s) of the Company if this will result in the 30% limit being exceeded.

On the basis of 6,718,513,703 Shares being in issue as at the Latest Practicable Date, the maximum number of Shares which may be issued upon exercise of all share options that may be granted under the refreshed Scheme Mandate Limit is 671,851,370 Shares, representing approximately 10% of the Company's issued share capital as at the Latest Practicable Date, which does not exceed the 30% limit.

The refreshment of the Scheme Mandate Limit is conditional upon:

1. the passing of an ordinary resolution by the Shareholders at the AGM to approve the refreshment of the Scheme Mandate Limit; and
2. the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of any share options that may be granted under the Share Option Scheme which number shall not exceed 671,851,370 Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares that may be issued pursuant to the exercise of the share options that may be granted under the Share Option Scheme subject to the refreshed Scheme Mandate Limit.

ANNUAL GENERAL MEETING

The Notice of AGM is set out on pages 15 to 18 of this circular. Resolutions in respect of the re-election of Directors, the Issue Mandate, the Repurchase Mandate the Extension Mandate and the refreshment of the Scheme Mandate Limit will be proposed at the AGM.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours

LETTER FROM THE BOARD

before the time of the AGM or adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors are of the opinion that the proposed ordinary resolutions for the re-election of Directors, the Issue Mandate, the Repurchase Mandate, Extension Mandate and the refreshment of the Scheme Mandate Limit of the Share Option Scheme are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of all relevant resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is also drawn to the additional information set out in Appendix I (Details of Retiring Directors Proposed for Re-election) and Appendix II (Explanatory Statement to the Repurchase Mandate) to this circular.

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

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the AGM:

Mr. Chan Hung Ming

Executive Director

Mr. Chan, aged 63, joined the Group in July 2005. He is responsible for overseeing the retail outlet operations in Macau and Hong Kong. He is also a director of various subsidiaries of the Company. He has over 30 years of experience in watch and jewellery industry. Prior to joining the Group, he acted as general manager in charge of the retail and watch boutique outlets in Hong Kong and the PRC in Dickson Watch & Jewellery division under Dickson Concepts (International) Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, for over 20 years. Save as disclosed above, Mr. Chan did not hold any other major appointment or professional qualification nor any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does he hold any other positions with the Company and other members of the Group.

Pursuant to a service agreement entered into between Mr. Chan and the Company, Mr. Chan was appointed as executive director of the Company for a term of three years commencing from 21 July 2008 and renewable automatically for successive terms of one year and the term of his service is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Chan is currently entitled to receive a Director's fee of HK\$100,000 per annum (with adjustment to HK\$150,000 per annum with effect from 1 April 2012) which was determined by the Remuneration Committee as delegated by the Board with reference to the duties and responsibilities undertaken by him as a Director. The remuneration package of Mr. Chan was determined by the Remuneration Committee with reference to the prevailing market conditions and based on his professional qualification, working experience and responsibility of Mr. Chan to the Group. The amount of emoluments paid to Mr. Chan for the financial year ended 31 December 2011 was set out in note 9 to the financial statements in the Company 2011 Annual Report.

Mr. Chan does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company, nor does he have any other interests in the securities of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, the Board is not aware of any other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders of the Company in relation to the proposed re-election of Mr. Chan.

Ms. Fan Man Seung, Vanessa*Executive Director*

Ms. Fan, aged 49, has been involved in the management of the Company since November 1998. She is the Chairperson of the Corporate Governance Committee and a member of the Nomination Committee of the Company. She is also a director of various subsidiaries of the Company. She is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. She is also a director of Emperor International Holdings Limited, Emperor Entertainment Hotel Limited and New Media Group Holdings Limited. Besides having over 22 years of experience in corporate management, she possesses diversified experience in different businesses including watch and jewellery retailing, property investment and development, hotel and hospitality, financial and securities operations as well as media and publication. Save as disclosed above, Ms. Fan did not hold any other major appointment or professional qualification nor any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does she hold any other positions with the Company and other members of the Group.

Pursuant to a service agreement entered into between Ms. Fan and the Company, Ms. Fan was appointed as executive director of the Company for a term of three years commencing from 21 July 2008 renewable automatically for successive terms of one year and the term of her service is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Ms. Fan is currently entitled to receive a Director's fee of HK\$100,000 per annum (with adjustment to HK\$150,000 per annum with effect from 1 April 2012) which was determined by the Remuneration Committee as delegated by the Board with reference to the duties and responsibilities undertaken by her as a Director.

Ms. Fan does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company, nor does she have any other interests in the securities of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, the Board is not aware of any other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders of the Company in relation to the proposed re-election of Ms. Fan.

Mr. Chan Hon Piu*Independent Non-Executive Director*

Mr. Chan, aged 51, was appointed as Independent Non-executive Director of the Company in June 2008. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Corporate Governance Committee of the Company. He graduated from The University of Hong Kong with a Bachelor's Degree in Social Sciences in 1983. He also obtained the Certificate of Education in September 1985 and a Master Degree in Laws in November 1995 from The University of Hong Kong. He has been admitted as a solicitor

in Hong Kong since September 1991 and is now a practising solicitor in Hong Kong. Currently and also before joining the Company, he has been working as a solicitor in a law firm in Hong Kong. Save as disclosed above, Mr. Chan did not hold any other major appointment or professional qualification nor any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does he hold any other positions with the Company and other members of the Group.

Pursuant to an appointment letter given by the Company, Mr. Chan was appointed as independent non-executive director of the Company for a term of two years commencing from 21 July 2008 and shall continue thereafter on a yearly basis. The term of his service is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Mr. Chan is currently entitled to receive a Director's fee of HK\$150,000 per annum (with adjustment to HK\$200,000 per annum with effect from 1 April 2012) which was determined by the Remuneration Committee as delegated by the Board with reference to the duties and responsibilities undertaken by him as a Director.

Mr. Chan does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company, nor does he have any other interests in the securities of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, the Board is not aware of any other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders of the Company in relation to the proposed re-election of Mr. Chan.

APPENDIX II EXPLANATORY STATEMENT TO THE REPURCHASE MANDATE

LISTING RULES

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with a company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

(iii) Maximum number of shares to be repurchased

A maximum of 10% of the outstanding fully paid share capital at the date of passing the Repurchase Resolution may be repurchased by the Company on the Stock Exchange.

EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 6,718,513,703 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 671,851,370 Shares (representing 10% of the total issued share capital of the Company) during the period from the date of the AGM up to:

- (i) the conclusion of next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

APPENDIX II EXPLANATORY STATEMENT TO THE REPURCHASE MANDATE

REASONS FOR THE REPURCHASE OF SECURITIES

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Repurchase of Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or the earnings per share of the Company.

FUNDING OF REPURCHASE

Any repurchase will only be funded out of funds of the Company legally available for the purposes in accordance with the Articles of Association and the applicable laws of Hong Kong. The Company will not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited accounts contained in the annual report of the Company for the year ended 31 December 2011) in the event that the proposed Repurchase Mandate, if so approved, were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

APPENDIX II EXPLANATORY STATEMENT TO THE REPURCHASE MANDATE

SHARE PRICE

The highest and lowest prices at which the Shares of the Company traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
April	1.16	0.92
May	1.35	1.07
June	1.46	1.09
July	1.73	1.32
August	1.84	1.29
September	1.75	0.93
October	1.37	0.72
November	1.39	0.99
December	1.18	0.93
2012		
January	1.07	0.81
February	1.21	0.96
March	1.29	1.04
April (the Latest Practicable Date)	1.25	1.18

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchase of Shares pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Hong Kong.

EFFECT OF TAKEOVERS CODE

If as a result of a share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Allmighty Group Limited ("Allmighty"), held 3,566,250,000 Shares in the Company, representing approximately 53.08% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which was proposed to be granted pursuant to the Repurchase Resolution, assuming no further Shares will be issued or repurchased between the Latest Practicable Date and the AGM date and

APPENDIX II EXPLANATORY STATEMENT TO THE REPURCHASE MANDATE

there is no alteration to the existing shareholding of Allmighty, the shareholding of Allmighty in the Company would be increased to approximately 58.98% of the issued share capital of the Company. The Directors consider that such an increase would not give rise to an obligation on the part of Allmighty to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. Moreover, it would not reduce the number of Shares in the public hands to less than the minimum prescribed percentage of 25% of total issued share capital of the Company.

The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances which they deem appropriate for the benefits of the Company and the Shareholders as a whole. The Directors have no present intention to exercise the Repurchase Mandate to the extent as would result in (a) the numbers of Shares in public hands would fall below the prescribed minimum percentage of 25% of the issued share capital of the Company; and (b) a requirement of Allmighty to make a mandatory offer under the Takeovers Code.

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates, has any present intention to sell Shares to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares (in issue or to be issued) back to the Company or have undertaken not to do so in the event that the Repurchase Mandate is exercised.

REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company or any of its subsidiaries (whether on the Stock Exchange or otherwise) during the past six months prior to the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



英皇鐘錶珠寶有限公司 EMPEROR WATCH & JEWELLERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Emperor Watch & Jewellery Limited (the “Company”) will be held at Emperor Jewellery Flagship Store, G17B, G/F & Basement, 1881 Heritage, 2A Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 10 May 2012 at 11:30 a.m. for the following purposes:

1. To consider and adopt the Audited Consolidated Financial Statements of the Company for the year ended 31 December 2011 together with the Reports of the Directors (“Directors”) and Independent auditor (“Auditor”) thereon.
2. To declare final dividend for the year ended 31 December 2011.
3. (A) To re-elect Mr. CHAN Hung Ming as Director.

(B) To re-elect Ms. FAN Man Seung, Vanessa as Director.

(C) To re-elect Mr. CHAN Hon Piu as Director.

(D) To authorize the board of directors (“Directors” or “Board”) to fix the Director’s remuneration.
4. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as Auditor and to authorize the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:
 - (A) **“THAT**
 - (i) subject to sub-paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(ii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to a Rights Issue or the exercise of subscription or conversion rights under any warrants of the Company or any securities which are convertible into shares of the Company or any share option scheme, shall not exceed 20% of the nominal amount of the issued share capital of the Company on the date of this resolution and this approval shall be limited accordingly; and

(iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company (“Articles of Association”) or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.”

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body).”

(B) **“THAT**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company, subject to and in accordance with all applicable laws and the Articles of Association, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company which may be purchased by the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong

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Kong Code on Share Repurchases pursuant to paragraph (i) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority shall be limited accordingly; and

(iii) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution in general meeting.”

(C) “**THAT** conditional upon resolution no. 5(B) above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5(B) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5(A) above.”

(D) “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares of the Company to be issued pursuant to the exercise of any share options that may be granted under the Share Option Scheme (as defined below) of the Company subject to the Refreshed Mandate Limit (as defined below), the refreshment of the existing limit in respect of the grant of share options to subscribe for shares of the Company under the existing Share Option Scheme adopted by the Company on 19 June 2008 (the “Share Option Scheme”) be and is hereby approved provided that the aggregate number of shares of the Company which may be allotted and issued pursuant to the exercise of share options granted under the Share Option Scheme and any other share option scheme(s) of the Company (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme or any other share option scheme(s) of the Company) shall not exceed 671,851,370 shares of the Company (the “Refreshed Mandate Limit”) and the Directors be and are hereby authorized to grant share options under the Share Option Scheme up to the Refreshed Mandate Limit, to exercise all powers of the Company to

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allot, issue and deal with shares of the Company issued pursuant to the exercise of such share options and to do such acts and execute such documents for or incidental to such purpose.”

By order of the Board
Emperor Watch & Jewellery Limited
CHUNG Ho Ying, Frina
Company Secretary

Hong Kong, 5 April 2012

Registered Office:

25th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies (if he/she is a holder of more than one share) to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (iii) Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.
- (iv) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (v) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this Notice will be decided by poll at the above meeting.

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This Circular (in both English and Chinese versions) is available to any shareholder either in printed form or on the Company's website at <http://www.emperorwatchjewellery.com>. In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of our Corporate Communications. Upon written request, a free printed version of this Circular will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to this Circular through the Company's website. Shareholders may have the right to change their choice of receipt of all future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's share registrar, Tricor Secretaries Limited, by post at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.