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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 a licensed securities dealer, 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 together with the accompanying form of proxy to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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 TRANSACTION**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**大華證券(香港)有限公司**  
GRAND CATHAY SECURITIES (HONG KONG) LIMITED

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A letter from the Independent Board Committee to the Independent Shareholders is set out on page 7 of this circular. A letter from Grand Cathay, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Tenancy Agreement and Annual Cap is set out on pages 8 to 11 of this circular.

A notice convening an EGM of Emperor Watch & Jewellery Limited to be held at 10:30 a.m. on Monday, 24 November 2008 at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong is set out on pages 17 to 18 of this circular. A form of proxy for use at the EGM is enclosed. If you are unable to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of Emperor Watch & Jewellery Limited at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

7 November 2008

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## DEFINITIONS

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

“Allmighty Group”	Allmighty Group Limited, the substantial Shareholder holding 73.17% of the issued share capital of the Company and wholly-owned by Jumbo Wealth Investments (PTC) Limited acting as trustee of the AY Trust
“Annual Cap”	the maximum amount of rental payable under the Tenancy Agreement for each of the four financial years ending 31 December 2008, 2009, 2010 and 2011
“AY Trust”	The Albert Yeung Discretionary Trust, which is founded by Dr. Yeung
“Beauty Royal”	Beauty Royal Limited, a company incorporated in Hong Kong 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
“Directors”	the directors of the Company
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“EGM”	extraordinary general meeting of the Company to be convened for approving the Tenancy Agreement together with the Annual Cap
“EIHL”	Emperor International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Grand Cathay”	Grand Cathay Securities (Hong Kong) Limited, a licensed corporation to carry out types 1 (dealing in securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities as defined in Schedule 5 of the SFO being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Tenancy Agreement and the Annual Cap
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the board comprised of all the independent non-executive Directors, namely Ms. Yip Kam Man, Mr. Chan Hon Piu and Ms. Lai Ka Fung, May, formed for advising the Independent Shareholders in respect of the Tenancy Agreement together with the Annual Cap
“Independent Shareholders”	Shareholders other than Allmighty Group and its associates
“Latest Practicable Date”	4 November 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	G/F & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong (total saleable area of 2,968 sq. ft.) together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong
“Richorse”	Richorse Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of EIHL
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement entered into between Richorse and Beauty Royal dated 23 October 2008 in relation to the tenancy of the Property
“%”	per cent

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Ms. Cindy Yeung  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa  
Mr. Chan Hung Ming

*Registered office:*

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

*Independent Non-Executive Directors:*

Ms. Yip Kam Man  
Mr. Chan Hon Piu  
Ms. Lai Ka Fung, May

7 November 2008

*To the Shareholders*

Dear Sir/Madam,

## CONTINUING CONNECTED TRANSACTION

### INTRODUCTION

The board of Directors of the Company announces that on 23 October 2008, Beauty Royal entered into the Tenancy Agreement with Richorse in relation to the tenancy of the Property.

Beauty Royal is an indirect wholly-owned subsidiary of the Company. Richorse is an indirect wholly-owned subsidiary of EIHL. Both EIHL and the Company are companies indirectly owned as to 55.92% and 73.17% respectively by the AY Trust, a discretionary trust set up by Dr. Yeung, a deemed substantial shareholder of the EIHL and the Company. As such, Richorse is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for the Company.

Based on the calculations of the applicable percentage ratios (as defined in the Listing Rules), the Tenancy Agreement will be subject to the reporting and announcement requirements and the approval of the Independent Shareholders by way of poll in accordance with Rule 14A.48 of the Listing Rules.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with (i) further information in respect of the Tenancy Agreement; (ii) the letter from Grand Cathay containing its advice to the Independent Board Committee and the Independent Shareholders with regard to the Tenancy Agreement and the Annual Cap; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Tenancy Agreement and the Annual Cap; and (iv) a notice convening the EGM at which an ordinary resolution will be proposed to seek the Independent Shareholders' approval for the Tenancy Agreement and the Annual Cap.

### TENANCY AGREEMENT DATED 23 OCTOBER 2008

Landlord: Richorse

Tenant: Beauty Royal

Property: G/F & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong (total saleable area of 2,968 sq. ft.) together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong.

Usage: for the operation of retail shop

Term: from 23 October 2008 to 22 October 2011, both days inclusive

Rent: Rental shall be payable commencing from 23 December 2008. HK\$2,750,000 per month for the first year, HK\$2,850,000 per month for the second year, and HK\$2,950,000 per month for the third year, exclusive of rates, management fee and other outgoing charges.

Rent free period: Six months to be designated in the following periods:

- (i) 23 October 2008 to 22 December 2008;
- (ii) 1 November 2009 to 31 December 2009;
- (iii) 1 November 2010 to 31 December 2010.

Deposit: HK\$9,011,400 equates three months' highest rent and rates

Condition: the commencement of rental payment is conditional upon the approval of the Independent Shareholders. If the condition has not been fulfilled, the Tenancy Agreement will be terminated automatically.

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## LETTER FROM THE BOARD

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### ANNUAL CAP OF THE TENANCY AGREEMENT

The Annual Cap of the Tenancy Agreement based on the total annual rental payable under the Tenancy Agreement for each of the years ending 31 December 2008, 2009, 2010 and 2011, will be as follows:

	For the year ending 31 December			
	2008	2009	2010	2011
	HK\$	HK\$	HK\$	HK\$
Annual Cap	800,000	27,530,000	28,530,000	28,700,000

### REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

The Company is an investment holding company principally engaged in the sales of luxurious branded watches, and the design and sales of jewellery products in Hong Kong and Macau.

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 as investment property for rental income and the Tenancy Agreement is entered into in the ordinary and usual course of business of EIHL.

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 of the Company consider that the Tenancy Agreement is on normal commercial terms and in the normal course of business, on which is fair and reasonable and in the interests both of the Company and its shareholders as a whole.

### Implication of the Listing Rules

Richorse is an indirect wholly-owned subsidiary of EIHL and principally engaged in the property investment. Beauty Royal is an indirect wholly-owned subsidiary of the Company and principally engaged in the provision of nominee and group agent services. Both EIHL and the Company are companies indirectly owned as to 55.92% and 73.17% respectively by AY Trust, a discretionary trust set up by Dr. Yeung, a deemed substantial shareholder of EIHL and the Company. As such, Richorse is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for the Company.

As the applicable percentage ratios calculated (as defined in the Listing Rules) with reference to the Annual Cap exceeds 2.5% and HK\$10 million, the Tenancy Agreement and the Annual Cap will be subject to the reporting, announcement requirements and the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### EXTRAORDINARY GENERAL MEETING

The EGM will be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong at 10:30 a.m. on Monday, 24 November 2008. A notice convening the EGM is set out on pages 17 to 18 of this circular. An ordinary resolution will be proposed at the EGM for the Independent Shareholders to approve the Tenancy Agreement and the Annual Cap. Allmighty Group, the controlling Shareholder, and its associates will abstain from voting on the ordinary resolution to approve the Tenancy Agreement and the Annual Cap. In compliance with the Listing Rules, the ordinary resolution will be voted by way of poll and the results of the EGM will be published after the EGM.

Enclosed is a form of proxy for use at the EGM. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the principal office of the Company at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

### RECOMMENDATION

Grand Cathay has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Tenancy Agreement and the Annual Cap. Grand Cathay considers the terms of the Tenancy Agreement and the Annual Cap to be fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. The text of the letter of the advice from Grand Cathay containing its recommendation and the principal factors it has taken into account in arriving at its recommendation are set out on pages 8 to 11 of this circular.

The Independent Board Committee, having taken into account the advice of Grand Cathay, considers that the terms of the Tenancy Agreement and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM to approve the Tenancy Agreement and the Annual Cap. The full text of the letter from the Independent Board Committee is set out on page 7 of this circular.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from Grand Cathay, and the information set out in the Appendix to this circular.

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



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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)

7 November 2008

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to consider the terms of the Tenancy Agreement and the Annual Cap, details of which are set out in the “Letter from the Board” in a circular dated 7 November 2008 to the Shareholders (the “Circular”), of which this letter forms a part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Your attention is drawn to “Letter from Grand Cathay”, containing its advice to us and the Independent Shareholders regarding the fairness and reasonableness of the terms and conditions of the Tenancy Agreement and the Annual Cap. Details of its advice are set out on pages 8 to 11 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 3 to 6 of the Circular.

Having considered the advice and recommendation of Grand Cathay, we are of the opinion that the terms of the Tenancy Agreement and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We, therefore, recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Tenancy Agreement and the Annual Cap.

Yours faithfully,

**EMPEROR WATCH & JEWELLERY LIMITED**

**Yip Kam Man**

**Chan Hon Piu**

**Lai Ka Fung, May**

*Independent Board Committee*

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## LETTER FROM GRAND CATHAY

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*The following is the full text of a letter of advice from Grand Cathay in relation to the Tenancy Agreement and Annual Cap, which has been prepared for the purpose of inclusion in this circular:*



**GRAND CATHAY SECURITIES (HONG KONG) LIMITED**

香港中環花園道3號中國工商銀行大廈7樓705至706室

Room 705-706, 7/F., ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong

Tel: 852-2521-2982 Fax: 852-2521-0085 www.gcsc.com.tw

7 November 2008

*To the Independent Board Committee and the Independent Shareholders of  
Emperor Watch & Jewellery Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders with regard to the Tenancy Agreement and the Annual Cap, details of which are set out in the section headed “Letter from the Board” (the “Letter”) in the Company’s circular dated 7 November 2008 (the “Circular”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 23 October 2008, Beauty Royal entered into the Tenancy Agreement with Richorse in relation to the tenancy of the Property.

Beauty Royal is an indirect wholly-owned subsidiary of the Company. Richorse is an indirect wholly-owned subsidiary of EIHL. Both EIHL and the Company are companies indirectly owned as to 55.92% and 73.17% respectively by the AY Trust, a discretionary trust set up by Dr. Yeung, a deemed substantial shareholder of the EIHL and the Company. As stated in the Letter, Richorse is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction for the Company.

As the applicable percentage ratios calculated (as defined in the Listing Rules) with reference to the Annual Cap exceeds 2.5% and HK\$10 million, the Tenancy Agreement and the Annual Cap will be subject to the reporting, announcement requirements and the independent shareholders’ approval requirement set out in Chapter 14A of the Listing Rules. Allmighty Group, the controlling Shareholder holding 73.17% of the existing issued share capital of the Company, is a company wholly-owned by the AY Trust, will therefore abstain from voting on the ordinary resolution to approve the Tenancy Agreement and the Annual Cap. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders for approving the Tenancy Agreement and the Annual Cap must be taken by way of poll at the EGM.

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## LETTER FROM GRAND CATHAY

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Ms. Yip Kam Man, Mr. Chan Hon Piu and Ms. Lai Ka Fung, May, being all the independent non-executive Directors, have been appointed by the Board to form the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution regarding the Tenancy Agreement and the Annual Cap.

Our role as the independent financial adviser is to give our independent opinion to the Independent Board Committee and Independent Shareholders as to whether the Tenancy Agreement is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole and whether the Independent Shareholders should vote in favour of the Tenancy Agreement and the Annual Cap.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the information, opinion and representations contained or referred to in the Circular and the information, opinion and representations provided to us by the management of the Company and the Directors. We have assumed that all information, opinion and representations contained or referred to in the Circular and all information, opinion and representations which have been provided by the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so at the date hereof.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information, opinion and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Directors. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. Furthermore, we consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have performed all applicable steps as required under Rule 13.80 of the Listing Rules including the notes thereto. We have relied on such information, opinions and representations but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Group or the market in which it operates.

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## LETTER FROM GRAND CATHAY

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Tenancy Agreement and the Annual Cap, we have considered the following principal factors and reasons:

#### **Background of and reasons for entering into the Tenancy Agreement**

The Company was listed on the main board of the Stock Exchange on 21 July 2008. The Group is principally engaged in the sales of luxurious branded watches, and the design and sales of jewellery products in Hong Kong and Macau.

As stated in the listing document of the Company dated 30 June 2008 (“Prospectus”), all the Group’s retail outlets in Hong Kong are located in prime shopping areas including Causeway Bay, Tsimshatsui, Central and Wanchai, which are leased from independent third parties or connected persons of the Group. As at 30 June 2008, the Group has a total of eight outlets in Hong Kong and three in Macau.

The Property is located at Russell Street, Causeway Bay, being one of the busiest districts in Hong Kong, with a total saleable area of 2,968 sq. ft. together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong. According to the Directors, the Property will be used as a new retail outlet of the Group. As the location of the Property is easily accessible and with heavy pedestrian traffic, the Directors consider that the new retail outlet is capable to capture customers, including tourists with a focus on luxurious products.

Given it is the Group’s strategy to expand its retail network at prime locations, we consider that the entering into of the Tenancy Agreement is in the ordinary and usual course of business of the Group.

#### **Key terms of the Tenancy Agreements and the Annual Cap**

##### *Term*

Pursuant to the Tenancy Agreement, Richorse agreed to lease out the Property to Beauty Royal for a term of three years from 23 October 2008 to 22 October 2011, both dates inclusive. According to the Directors, the Group entered into tenancy agreements in respect of its existing retail outlets, the terms of which are ranging from approximately 2 years to 3 years. On this basis, we consider the term of the Tenancy Agreement was in line with the Group’s other leased retail outlets.

##### *Rent*

The rental shall be payable commencing from 23 December 2008, of which HK\$2.75 million per month for the first year, HK\$2.85 million per month for the second year, and HK\$2.95 million per month for the third year, exclusive of rates, management fee and other outgoing charges. The average monthly rental of the Property is approximately HK\$960 per sq. ft. Pursuant to the Tenancy Agreement, Beauty Royal has a total of six months rent-free period which is designated to the period from (i) 23 October 2008 to 22 December 2008; (ii) 1 November 2009 to 31 December 2009; and (iii) 1 November 2010 to 31 December 2010.

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## LETTER FROM GRAND CATHAY

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According to the Letter, the rental of the Tenancy Agreement was determined by reference to the prevailing market rent of similar properties in the nearby locations. We studied the prevailing market rent of similar properties in Causeway Bay (at Russell Street and Pak Sha Road) for the recent three months and noted that those rental were between approximately HK\$712 to HK\$1,394 per sq.ft. Based on our findings, we concur with the Directors' view that the rental of the Property is fair and reasonable and in the interests of the Company and its shareholders as a whole.

### *Other terms of the Tenancy Agreement*

We have compared the Tenancy Agreement with the tenancy agreements of the Group in respect of its existing retail outlets with no abnormal terms noted. As such, we conclude that the terms of the Tenancy Agreement are on normal commercial terms.

### *Annual Cap*

The Annual Cap of the Tenancy Agreement based on the total annual rental payable under the Tenancy Agreement for each of the years ending 31 December 2008, 2009, 2010 and 2011, we be as follows:

	<b>For the year ending 31 December</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Annual Cap of the Tenancy Agreement	800,000	27,530,000	28,530,000	28,700,000

As the Annual Cap are determined based on the annual amount payable by the Group to Richorse under the Tenancy Agreement for each of the four financial years ending 31 December 2011, we consider that the Annual Cap is fair and reasonable.

## **RECOMMENDATION**

Taking into account the factors and reasons as mentioned above, we are of the opinion that the Tenancy Agreement and the Annual Cap are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution to approve the Tenancy Agreement and the Annual Cap to be proposed at the EGM.

Yours faithfully,

For and on behalf of

**Grand Cathay Securities (Hong Kong) Limited**

**Kim Chan**

*Director*

**Kevin Chan**

*Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

### Long position in Shares

*Ordinary shares of HK\$0.01 each of the Company*

<b>Name of Director</b>	<b>Capacity/ Nature of interests</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage holding</b>
Ms. Cindy Yeung ( <i>Note</i> )	Beneficiary of a trust	3,292,660,000	73.17%

*Note:* Allmighty Group was the registered shareholder of 3,292,660,000 Shares. The entire issued share capital of Allmighty Group was held by Diamond Palace Limited ("Diamond Palace") which in turn was wholly-owned by Jumbo Gold Investments (PTC) Limited ("Jumbo Gold") acting as trustee of The Albert Yeung Unit Trust, a unit trust under AY Trust, the founder of which was Dr. Yeung. Ms. Cindy Yeung was deemed to be interested in the above shares held by Allmighty Group by virtue of being one of the eligible beneficiaries of the AY Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
Allmighty Group	Legal/Beneficial owner	3,292,660,000	73.17%
Diamond Palace	Interest in controlled company ( <i>Note 1</i> )	3,292,660,000	73.17%
Jumbo Gold	Trustee ( <i>Note 1</i> )	3,292,660,000	73.17%
STC International Limited (“STC”)	Trustee ( <i>Note 2</i> )	3,292,660,000	73.17%
Dr. Albert Yeung	Settlor of a discretionary trust ( <i>Note 2</i> )	3,292,660,000	73.17%
Ms. Luk Siu Man, Semon	Interest of spouse ( <i>Note 3</i> )	3,292,660,000	73.17%
Dato’ Dr. Cheng Yu Tung	Interest in controlled company ( <i>Note 4</i> )	233,000,000	5.18%
Chow Tai Fook Nominee Limited	Legal/Beneficial owner ( <i>Note 4</i> )	233,000,000	5.18%

*Notes:*

1. The entire issued share capital of Allmighty Group was held by Diamond Palace, which in turn was wholly-owned by Jumbo Gold acting as a trustee of The Albert Yeung Unit Trust, a unit trust under the AY Trust. STC is the trustee of the AY Trust and was holding all units of The Albert Yeung Unit Trust save for one unit which was held by Dr. Yeung.
2. STC and Dr. Yeung were the trustee and settlor of the AY Trust respectively. By virtue of the SFO, each of STC and Dr. Yeung was deemed to be interested in the 3,292,660,000 Shares held by Allmighty Group.
3. Ms. Luk Siu Man, Semon was deemed to be interested in the 3,292,660,000 Shares held by Allmighty Group by virtue of the interest held by her spouse, Dr. Yeung.
4. The entire issued share capital of Chow Tai Fook Nominee Limited was held by Dato’ Dr. Cheng Yu Tung.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, no other person (not being a Director or chief executive of the Company) had any interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

#### 4. RIGHTS AND PROCEDURES TO DEMAND POLL

Pursuant to the articles of association of the Company and subject to the rules prescribed by the Stock Exchange from time to time, at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy having the right to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules prescribed by the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares respecting five per cent (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

#### 5. MATERIAL CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position or prospects of the Group since 31 December 2007, the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

#### 6. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Grand Cathay	a licensed corporation licensed by the Securities and Futures Commission for type 1 (dealing in securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO



Grand Cathay has given and has not withdrawn their written consent to the issue of this circular with the inclusion herein of its letter or reference to its name in the form and context in which they appear.

Grand Cathay does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Grand Cathay does not have any direct or indirect interests in any assets which have been, since 31 December 2007 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

- (a) As at the Latest Practicable Date, there were no contract or arrangement in which any Director is materially interested and which is significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2007 (the date of which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of or leased to any member of the Group.

#### **8. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

#### **9. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### **10. SECRETARY AND QUALIFIED ACCOUNTANT OF THE COMPANY**

The secretary of the Company is Ms. Mok Fung Lin, Ivy, a lawyer by profession in Hong Kong and the United Kingdom.

The qualified accountant of the Company is Mr. Ho Koon Man, an associate member of Hong Kong Institute of Certified Public Accountants.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copy of the Tenancy Agreement is available for inspection from 9:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:30 p.m. on any weekdays (except for Saturdays and public holidays) at the principal office of the Company at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from the date of the circular up to and including 24 November 2008.

**12. MISCELLANEOUS**

- The share registrar of the Company is Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- The English text of this circular prevails over the Chinese text in case of inconsistency.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of Emperor Watch & Jewellery Limited (“Company”) will be held at 10:30 a.m. on Monday, 24 November 2008 at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification the following resolution of the Company:

### ORDINARY RESOLUTION

**“THAT**

- (a) the tenancy agreement (the “Tenancy Agreement”) dated 23 October 2008 and made between Beauty Royal Limited (“Beauty Royal”), an indirect wholly-owned subsidiary of the Company, as tenant and Richorse Limited as landlord in relation to the tenancy of G/F & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising sign board on roof facing Tang Lung Street, Hong Kong (a copy of which is marked “A” and has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification) be and is hereby approved, ratified and confirmed;
- (b) the Annual Cap (as defined and more particularly described in the circular of the Company to its shareholders dated 7 November 2008) be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorised on behalf of the Company to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as he/she may in his/her discretion consider necessary or desirable for the purpose of the implementation of the Tenancy Agreement and in respect of the Annual Cap.”

By order of the board  
**Emperor Watch & Jewellery Limited**  
**Mok Fung Lin, Ivy**  
*Company Secretary*

Hong Kong, 7 November 2008

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Principal office:*

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

*Notes:*

- (1) A member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person to represent the member. A form of proxy for use at the EGM is enclosed herewith.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's principal office in Hong Kong at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
- (3) In the case of joint registered holders of any share in the capital of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Shares as if he/she was solely entitled thereto, but if more than one of such joint registered holders is present at the EGM, either personally or by proxy, that one of the said persons so present whose name stands first on the registrar of the members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the EGM or any adjourned meeting if you so wish. If a member attends the EGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.