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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)

(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
2024 MASTER LEASING AGREEMENTS
AND
(II) NOTICE OF ANNUAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders
ALTUS CAPITAL LIMITED

A letter from the Board is set out from pages 6 to 15 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on page 16 of this circular. A letter from Altus, the Independent Financial Adviser, containing its advice to the Independent Board Committee and Independent Shareholders in relation to the 2024 MLAs and Aggregate Tenancy Annual Caps is set out from pages 17 to 31 of this circular.

A notice convening the AGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Thursday, 25 May 2023 at 11:30 a.m. or any adjournment thereof is set out from pages AGM-1 to AGM-5 of 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 to the Company's Share Registrar, Tricor Secretaries Limited at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM (i.e. by Tuesday, 23 May 2023, before 11:30 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof (as the case may be) should you subsequently so wish and in such event the form of proxy previously submitted shall be deemed to be revoked.

25 April 2023

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DEFINITIONS

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

“2020 EIHL MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Emperor International
“2020 EEH MLA”	the master leasing agreement dated 3 December 2020 entered into between Company and Emperor E Hotel
“2020 MLAs”	2020 EIHL MLA and 2020 EEH MLA
“2024 EIHL MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor International
“2024 EEH MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor E Hotel
“2024 MLA(s)”	2024 EIHL MLA and 2024 EEH MLA and “2024 MLA” shall mean any one of them
“Aggregate Rental Expense Annual Cap”	for the purpose of Chapter 14A of the Listing Rules and pursuant to HKFRS 16, the annual caps for Variable Lease Payments and other short term lease payments recognised as expenses incurred by the Group which are determined with reference to the annual maximum amount of Variable Lease Payments and other short term lease payments to be or expected to be payable by the Group in respect of Tenancy Transactions for each of the respective periods during the term under the 2024 MLAs
“Aggregate Right-of-Use Annual Cap”	for the purpose of Chapter 14A of the Listing Rules and pursuant to HKFRS 16, the annual caps for Fixed Lease Payments which are determined with reference to the annual maximum amount of the total value of right-of-use asset in respect of Tenancy Transactions to be or expected to be entered into for each of the respective periods during the term under the 2024 MLAs
“Aggregate Tenancy Annual Caps”	Aggregate Right-of-Use Annual Cap and Aggregate Rental Expense Annual Cap

DEFINITIONS

“AGM”	an annual general meeting (or an adjournment thereof) of the Company to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Thursday, 25 May 2023 at 11:30 a.m. to consider and, if think fit, approve (among other things) the Aggregate Tenancy Annual Caps
“associates”	has the same meaning as ascribed thereto in the Listing Rules
“AY W&J Holdings”	Albert Yeung Watch & Jewellery Holdings Limited, an investment holding company incorporated in the British Virgin Islands and held by a private discretionary trust as set up by Dr. Yeung
“Board” or “Directors”	the board of directors of the Company
“close associate”	has the same meaning as ascribed thereto in the Listing Rules
“Company”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Definitive Leasing Agreement(s)”	definitive agreement(s) which has/have been entered and may be entered into between any member(s) of the Group and any members of Emperor International Group (including Emperor E Hotel) from time to time in relation to any of the Tenancy Transactions (setting out the terms of the tenancy, including the parties, detailed description of the properties, usage, duration, rental and specific terms such as rent free period, early termination, deposits, fees and charges) subsisting as at the Latest Practicable Date and at any time during the respective terms of the 2020 MLAs and 2024 MLAs
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert, a deemed substantial Shareholder

DEFINITIONS

“Emperor E Hotel”	Emperor Entertainment Hotel Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in provision of entertainment and hospitality services in Macau and Hong Kong and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 296), which is indirectly owned as to approximately 71.63% by Emperor International
“Emperor E Hotel Group”	Emperor E Hotel and its subsidiaries from time to time
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in property investment, property development and hospitality and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 163)
“Emperor International Group”	Emperor International and its subsidiaries from time to time, including Emperor E Hotel Group
“Existing Aggregate Rental Expense Annual Cap”	for the purpose of Chapter 14A of the Listing Rules and pursuant to HKFRS 16, the previously obtained annual caps for Variable Lease Payments and other short term lease payments recognised as expenses incurred by the Group which are determined with reference to the annual maximum amount of Variable Lease Payments and other short term lease payments payable, to be or expected to be payable by the Group in respect of Tenancy Transactions for each of the respective periods during the term under the 2020 MLAs
“Existing Aggregate Right-of-Use Annual Cap”	for the purpose of Chapter 14A of the Listing Rules and pursuant to HKFRS 16, the previously obtained annual caps for Fixed Lease Payments which are determined with reference to the annual maximum amount of the total value of right-of-use asset in respect of Tenancy Transactions entered into, to be or expected to be entered into for each of the respective periods during the term under the 2020 MLAs
“Existing Aggregate Tenancy Annual Caps”	Existing Aggregate Right-of-Use Annual Cap and Existing Aggregate Rental Expense Annual Cap

DEFINITIONS

“Fixed Lease Payments”	fixed amount of periodic rental/licence fees paid or payable to Emperor International Group (including Emperor E Hotel Group) by the Group under the Definitive Leasing Agreements
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the board of the Directors, comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Aggregate Tenancy Annual Caps and the transactions contemplated under the 2024 MLAs
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the terms of the 2024 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps and the voting actions therefor
“Independent Shareholders”	Shareholders who do not have material interests in the transactions contemplated under the 2024 MLAs
“Latest Practicable Date”	17 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“sq. ft.”	square feet
“Tenancy Transaction(s)”	all existing and future tenancy/licence transaction(s) between members of the Group as tenants and members of Emperor International Group (including Emperor E Hotel Group) as landlords regarding the leasing of properties as contemplated under the 2020 MLAs or 2024 MLAs (as the case may be) and the Definitive Leasing Agreements
“Variable Lease Payments”	variable amount of payments linked to revenue generated from the leased properties paid or payable to Emperor International Group (including Emperor E Hotel Group) by the Group under the Definitive Leasing Agreements
“%”	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:

Ms. Cindy Yeung (*Chairperson*)
Mr. Ng Koon Keung, Ricky (*Chief Executive Officer*)
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Registered Office:

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

Independent Non-Executive Directors:

Ms. Chan Sim Ling, Irene
Mr. Liu Hing Hung
Ms. Chan Wiling, Yvonne

25 April 2023

To the Shareholders

Dear Sir/Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
2024 MASTER LEASING AGREEMENTS**

INTRODUCTION

Reference is made to the announcement of the Company dated 23 March 2023 whereby the Board announced that the Company entered into 2024 MLAs with Emperor International and Emperor E Hotel respectively, which sets out a framework of the terms governing the Tenancy Transactions between the Group and Emperor International Group (including Emperor E Hotel Group).

The purpose of this circular is to provide you with, among other things, (i) details of the 2024 MLAs and the Aggregate Tenancy Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) the notice of the AGM to be convened for the purpose of considering and, if think fit, approving the Aggregate Tenancy Annual Caps.

LETTER FORM THE BOARD

2024 MLAs DATED 23 MARCH 2023

2024 MLAs	Parties	Scope
(1) 2024 EIHL MLA	the Company; and Emperor International	Governing the Tenancy Transactions between the Group and Emperor International Group
(2) 2024 EEH MLA	the Company; and Emperor E Hotel	Governing the Tenancy Transactions between the Group and Emperor E Hotel Group

Term

1 April 2024-31 March 2027

Subject to compliance with the then relevant requirements of the Listing Rules, or any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2024 MLAs shall be automatically renewed for a successive period of 3 years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2024 MLAs.

Key terms and conditions

Relevant members of the Group and the relevant members of Emperor International Group (including Emperor E Hotel Group) may from time to time enter into Definitive Leasing Agreement(s) in relation to any Tenancy Transactions upon, and subject to, the terms and conditions in compliance with the 2024 MLAs, provides that:

- (a) all the Tenancy Transactions have been and shall be conducted in the usual and ordinary course of business of both the Group and Emperor International Group (including Emperor E Hotel Group) and are in the interest of their respective shareholders as a whole;
- (b) the terms of each Definitive Leasing Agreement have been and shall be on normal commercial terms or on terms which are no less favourable to the Group than terms offered by independent third parties;
- (c) the terms of the Tenancy Transactions have been and shall be arrived at after arm's length negotiation and the amount of rental thereunder the respective Definitive Leasing Agreements shall be determined based on the condition of the properties and with reference to the then prevailing market rents on premises comparable in location, area and permitted use;

LETTER FORM THE BOARD

- (d) all the Tenancy Transactions have been and shall be concluded in compliance with all applicable provisions of the Listing Rules, the applicable laws, 2024 MLAs and relevant Definitive Leasing Agreements; and
- (e) the Group has/shall have the option to consider third party landlords and premises other than the properties of Emperor International Group (including Emperor E Hotel Group).

Historical transactions amount

Set out below are the historical amounts of right-of-use assets recognised and Variable Lease Payments and other short term lease payments paid under the Tenancy Transactions between the Group and Emperor International Group/Emperor E Hotel Group for the period of 2020 MLAs:

	For the 9 months ended 31 December 2021 HK\$'000 (Approx.)	For the 12 months ended 31 December 2022 HK\$'000 (Approx.)	For the 2 months ended 28 February 2023 HK\$'000 (Approx.)
Right-of-use assets	31,037	106,862	3,631
Variable Lease Payments and other short term lease payments	1,705	1,352	411

The Existing Aggregate Right-of-Use Annual Cap under the 2020 MLAs are HK\$100 million, HK\$350 million, HK\$350 million and HK\$75 million for the 9 months ended 31 December 2021, the 12 months ended/ending 31 December 2022 and 2023 and the 3 months ending 31 March 2024 respectively.

The Existing Aggregate Rental Expense Annual Cap under the 2020 MLAs are HK\$4 million and HK\$4.5 million, HK\$5 million and HK\$1.25 million for the 9 months ended 31 December 2021, the 12 months ended/ending 31 December 2022 and 2023 and the 3 months ending 31 March 2024 respectively.

LETTER FORM THE BOARD

Aggregate Tenancy Annual Caps

In accordance with HKFRS 16 “Leases”, the Group is required to recognise a right-of-use asset and a lease liability, which are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate in the year of entering into the lease where the Group acts as a lessee. Correspondingly, the Group is required to set annual caps on the total value of right-of-use assets relating to leases expected to be entered into by the Group as a lessee in each period/year under the 2024 MLAs.

In addition, according to HKFRS 16 “Leases”, the Variable Lease Payments under Tenancy Transactions will be recognised as expenses incurred by the Group. The annual caps for Variable Lease Payments and other short term lease payments will be recognised as expenses which are determined with reference to the annual maximum amount of Variable Lease Payments and other short term lease payments payable by the Group in respect of Tenancy Transactions in each period/year under the 2024 MLAs.

Set out below are the proposed Aggregate Tenancy Annual Caps under the 2024 MLAs for each of the respective periods:

	For the 9 months ending 31 December 2024 HK\$'000	For the 12 months ending 31 December 2025 2026 HK\$'000 HK\$'000		For the 3 months ending 31 March 2027 HK\$'000
Aggregate Right-of-Use Annual Cap <i>(Note)</i>	200,000	280,000	280,000	80,000
Aggregate Rental Expense Annual Cap <i>(Note)</i>	2,500	3,500	4,000	1,000

Note: For the Tenancy Transactions between Emperor International Group (including Emperor E Hotel Group) and the Group

Aggregate Tenancy Annual Caps represent the estimated respective maximum value of (i) the total value of the right-of-use assets relating to leases to be or expected to be entered into by the Group in the respective period(s) of the term under the 2024 MLAs; and (ii) the Variable Lease Payments and other short term lease payments payable by the Group in respect of Tenancy Transactions in the respective period(s) of the term under the 2024 MLAs.

The Aggregate Tenancy Annual Caps have been determined after taking into account:

- (i) the historical transaction amounts of rental, management fee (if any) and charges paid by the Group to Emperor International Group (including Emperor E Hotel Group) under all Tenancy Transactions;

LETTER FORM THE BOARD

(ii) the number of existing Tenancy Transactions:

As the Latest Practicable Date, the Group is leasing properties from Emperor International Group (including Emperor E Hotel Group) in Hong Kong, Macau and Mainland China, mainly at the following locations:

Hong Kong

Locations

- (1) Units 1806-07 & 25/F, Emperor Group Centre, No. 288 Hennessy Road, Wan Chai
- (2) Shops G01-G05, G/F, Emperor Group Centre, 288 Hennessy Road, Wan Chai
- (3) Nos.50-52, 54-56 Russell Street, Causeway Bay
- (4) Shops A, B, D2 & E2, G/F, Harilela Mansion, No.81 Nathan Road, Kowloon

Macau and Mainland China

Locations

- (1) Shop 2, G/F, Emperor Nam Van Centre, No. 71-75, Avenida do Infante, D., Henrique and No.514-540, Avenida da Praia Grande, Macau
- (2) Shops 1 & 2A-2B & 2-4, G/F, Grand Emperor Hotel, 288 Avenida Commercial De Macau
- (3) Units 2802-2804, Emperor Group Centre (Beijing), D12 Jianwai Dajie, Chaoyang District, Beijing, PRC
- (4) Shop 101, Emperor Group Centre (Beijing), D12 Jianwai Dajie, Chaoyang District, Beijing, PRC

There are 19 existing tenancy/lease/licence agreements entered into between members of the Group and respective members of Emperor International Group and Emperor E Hotel Group. The earliest expiry date of the leases is in December 2023 and the latest one is in October 2025. The monthly rental ranges from a signboard space at HK\$1,700 to a retail shop with a gross floor area of 5,762 sq. ft. at HK\$1,750,000. The duration of the leases are usually 1 to 3 years.

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- (iii) assuming all the above tenancies will be renewed upon expiry for not more than 3 years during the term of 2024 MLAs and taking into account the possible oncoming adjustment in rental rates;
- (iv) the business development and expansion of the Group and the possibility of entering into new Tenancy Transactions with Emperor International Group and Emperor E Hotel Group under the 2024 MLAs in the forthcoming years;
- (v) the location and usage of the properties of the existing portfolio of Emperor International Group (including Emperor E Hotel Group) and potential acquisition of properties by Emperor International Group which can be available for leasing to the members of the Group in the future; and
- (vi) the prevailing market rents of the properties as compared with similar properties in the vicinity.

During the term of 2020 MLAs, due to the economic impact of COVID-19 pandemic, the Group opted for greater flexibility and renewed each Tenancy Transaction for one year only. However, the Group used to enter into a 3-year term for leasing agreements with Emperor International Group. During the term of 2024 MLAs, subject to negotiation with Emperor International Group, the Group expects to be able to enter into longer lease term (up to a maximum of 3 years) for each renewal of existing Tenancy Transactions. In such regard, the Group has made corresponding assumptions when determining the Aggregate Tenancy Annual Caps.

As the COVID-19 pandemic subsides and related precautionary measures and travel restrictions are lifted, the Company are witnessing a steady increase in the number of travellers, leading to a boost in luxury product consumption. The Company has already established a strong retail network in prime locations within Hong Kong and mainland China. As disclosed in the annual results announcement for the year ended 31 December 2022 of the Company dated 23 March 2023, the Group has strategically expanded our presence by opening three jewellery stores in Hong Kong, as well as four jewellery stores and one Rolex store in mainland China. Riding on the momentum of recovery, the Group also established a stores rollout plan for 2023 to steadily expanding the number of our jewellery and watch stores in the residential areas of Hong Kong and prominent cities of mainland China. In light of the above, the Group may, subject to the availability of premises of Emperor International Group, enter into certain new tenancy agreements with the Emperor International Group during the term of the 2024 MLAs for opening of new stores in Hong Kong and/or the mainland China.

Based on the above, the Board is of the view that the proposed Aggregate Tenancy Annual Caps are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LETTER FORM THE BOARD

INTERNAL CONTROL PROCEDURES TO ASSESS TENANCY TRANSACTIONS

The Group will follow a series of procedures in selecting the premises and determining the rentals and terms of the tenancies. When the management of the Group is about to renew existing tenancy or open a new retail shop which requires new premises, the operation team of the Group will conduct site visits and source available properties in the selected location. The Group will then collect rental quotations of not less than three shortlisted properties from different landlords if there are such number of available properties in the selected location. Furthermore, the Group will further assess the rental and obtain comparable information for the determination of terms of tenancy. In the event of the number of shortlisted properties in the selected location is less than three, the Company will assess the fairness and reasonableness of the rental with reference to the comparable information of similar properties in the vicinity such as rental rate per sq. ft. and location, which may include those did not fall into the selection criteria of the Group or was not available to the Group. Should there be no comparable information obtained, the Company will engage independent property appraiser to prepare valuation reports. The Group may engage independent property appraiser to prepare valuation reports; conduct internal research to assess the valuation; and/or assess the valuation with reference to previous tenancy agreements for renewal cases. After the operation team gathers and analyses the aforesaid information of the proposed tenancy, the management will review and approve the tenancy. With such internal approval, the Definitive Leasing Agreement(s) will be entered into between relevant parties.

In addition, to ensure that the Definitive Leasing Agreement(s) will be entered into in accordance with the general terms of the 2024 MLAs and the requirements of Chapter 14A of the Listing Rules, (i) the management of the Company will assess each of the Definitive Leasing Agreements with the aforementioned procedures; (ii) the relevant departments of the Group will record the transaction amount(s) to ensure that the Aggregate Tenancy Annual Caps will not be exceeded; (iii) the Group will engage external auditor to conduct an annual review of the Tenancy Transactions to opine on whether the Aggregate Tenancy Annual Caps have been exceeded; and (iv) the independent non-executive Directors will review the Tenancy Transactions contemplated under the 2024 MLAs annually.

Accordingly, the Board is of the view that (i) the Tenancy Transactions will be conducted on an arm length's basis and normal commercial terms, and will not be prejudicial to the interests of the Company and the Shareholders; and (ii) the above internal control procedures are adequate to safeguard the interest of the Company and the Shareholders under the Tenancy Transactions.

LETTER FORM THE BOARD

REASONS FOR AND BENEFITS FOR THE 2024 MLAs

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of European-made internationally renowned watches and fine jewellery products under its own brand “*Emperor Jewellery*”.

The Group currently leases properties from Emperor International Group (including Emperor E Hotel Group) pursuant to the 2020 MLAs, and shall continue to lease the properties in the future. With the upcoming expiration of the 2020 MLAs, entering into the 2024 MLAs will continue to govern the Tenancy Transactions between the Group and Emperor International Group (including Emperor E Hotel Group), and also serve to streamline the relevant process of reporting, announcement and Shareholders’ approval, if necessary, whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and Emperor International Group (including Emperor E Hotel Group). Besides, the obtaining of the Aggregate Tenancy Annual Caps will help reduce the relevant administrative burden and costs on the Company in complying with the requirements under the Listing Rules. The Definitive Leasing Agreements will be agreed on an arm’s length basis, on normal commercial terms or on terms no less favourable to the Group than those terms offered by independent third parties as landlords.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the Independent Financial Adviser) consider that the 2024 MLAs have been conducted in the ordinary and usual course of business of the Group and negotiated on an arm’s length basis, on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole, and that the Aggregate Tenancy Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company, Emperor International and Emperor E Hotel are all indirectly controlled by the respective private discretionary trusts which are all set up by Dr. Yeung, who is the deemed substantial Shareholder. As such, under Chapter 14A of the Listing Rules, each of Emperor International and Emperor E Hotel is a connected person of the Company and accordingly, the transactions contemplated under the 2024 MLAs constitute continuing connected transactions of the Company. As the highest applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Tenancy Annual Caps are more than 5% and exceed HK\$10,000,000, the Aggregate Tenancy Annual Caps are subject to the announcement, reporting and annual review requirements and Independent Shareholders’ approval under Chapter 14A of the Listing Rules.

Ms. Cindy Yeung, the Chairperson of the Company, did abstain from voting on the relevant Board resolution(s) of the Company in view of her deemed interest in the transactions by virtue of being one of the eligible beneficiaries of the aforesaid private discretionary trusts.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the executive Directors, did abstain from voting on the relevant Board resolution(s) of the Company in view of their management role in the Company, Emperor International and Emperor E Hotel.

LETTER FORM THE BOARD

Save for aforesaid, no other Director has a material interest or conflict of role in the transaction had abstained from voting.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising Ms. Chan Sim Ling, Irene, Mr. Liu Hing Hung and Ms. Chan Wiling, Yvonne (all of whom are independent non-executive Directors) to advise the Independent Shareholders as to (i) whether the terms of the 2024 MLAs and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the proposed resolution regarding the 2024 MLAs (the “**Resolution**”). Altus has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

AGM

A notice convening the AGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Thursday, 25 May 2023 at 11:30 a.m. is set out from pages AGM-1 to AGM-5 of this circular. The Resolution will be proposed at the AGM for the Independent Shareholders to approve the relevant transaction.

As at the Latest Practicable Date, the Company, Emperor International and Emperor E Hotel are all indirectly controlled by the respective private discretionary trusts which are all set up by Dr. Yeung, who is the deemed substantial Shareholder. Accordingly, Dr. Yeung and his associates, has indirect interest of 4,298,630,000 Shares, representing approximately 63.41% of the issued shares of the Company, will abstain from voting on the Resolution. In compliance with the Listing Rules, the Resolution will be voted by way of poll and the results of the AGM will be published after the AGM.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Independent Shareholders at the AGM shall be taken by poll.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at 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 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting (as the case may be) should you subsequently so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

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In order to qualify for the right to attend and vote at the above meeting, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Secretaries Limited at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 19 May 2023.

No refreshments or drinks will be served and no corporate gifts will be distributed.

The Company would like to encourage Shareholders to exercise their rights to vote at the AGM by appointing the Chairperson of the AGM as their proxy to represent them by returning their forms of proxy by the time specified herein. Physical attendance at the AGM by Shareholders is not necessary for the purpose of exercising their voting rights.

RECOMMENDATION

The Board is of the view that the terms of the 2024 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps have been conducted in ordinary and usual course of business of the Group and negotiated on an arm's length basis, on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the Resolution to be proposed at the AGM. Before deciding how to vote on the Resolution at the AGM, you are advised to read (i) the Letter from the Independent Board Committee on page 16 of this circular; and (ii) the Letter from Altus from pages 17 to 31 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the 2024 MLAs and the Aggregate Tenancy Annual Caps as well as the principal factors and reasons considered by it in arriving its opinions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from Independent Board Committee to Independent Shareholders in relation to the 2024 MLAs and the Aggregate Tenancy Annual Caps for the purpose of incorporation in this circular.



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

(Incorporated in Hong Kong with limited liability)

(Stock Code : 887)

25 April 2023

To the Independent Shareholders of Emperor Watch & Jewellery Limited

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS 2024 MASTER LEASING AGREEMENTS

We refer to the circular of the Company to the Shareholders dated 25 April 2023 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We, Independent Board Committee, has been appointed by the Board to advise you on the terms of the 2024 MLAs and the Aggregate Tenancy Annual Caps. Altus has been appointed to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out from pages 17 to 31 of the Circular. Your attention is also drawn to the “**Letter from the Board**” and the “**Letter from Altus**” in the Circular and the additional information set out in the Appendix thereto.

Having considered the advice given by Altus, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that (i) the 2024 MLAs is in ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the 2024 MLAs are on normal commercial terms whilst the Aggregate Tenancy Annual Caps are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the relevant ordinary resolution to be proposed at the AGM to approve the Aggregate Tenancy Annual Caps.

Yours faithfully,
Independent Board Committee

Chan Sim Ling, Irene
*Independent Non-executive
Director*

Liu Hing Hung
*Independent Non-executive
Director*

Chan Wiling, Yvonne
*Independent Non-executive
Director*

LETTER FORM ALTUS

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024 MLAs and the transactions contemplated thereunder (including the Aggregate Tenancy Annual Caps), which has been prepared for the purpose of incorporation into this Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

25 April 2023

To the Independent Board Committee and the Independent Shareholders

Emperor Watch & Jewellery Limited

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

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS 2024 MASTER LEASING AGREEMENTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 MLAs and the transactions contemplated thereunder (including the Aggregate Tenancy Annual Caps), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 25 April 2023 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As the Group intends to continue to lease properties (including but not limited to offices and retail shops) from Emperor International Group (including Emperor E Hotel Group), and with the upcoming expiration of the 2020 MLAs, the Company entered into the 2024 MLAs with Emperor International and Emperor E Hotel respectively on 23 March 2023 to regulate arrangements for the Tenancy Transactions between the respective parties for a successive term of three years from 1 April 2024.

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LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company, Emperor International and Emperor E Hotel are all indirectly controlled by the respective private discretionary trusts which are all set up by Dr. Yeung, who is the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, each of Emperor International and Emperor E Hotel is a connected person of the Company and accordingly, the transactions contemplated under the 2024 MLAs constitute continuing connected transactions of the Company.

As the highest applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Tenancy Annual Caps of the Company are more than 5% and exceed HK\$10,000,000, the 2024 MLAs and the Aggregate Tenancy Annual Caps are subject to the announcement, reporting and annual review requirements and Shareholders' approval under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Chan Sim Ling, Irene, Mr. Liu Hing Hung and Ms. Chan Wiling, Yvonne, has been established to consider and advise the Independent Shareholders as to (i) whether the terms of the 2024 MLAs and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions contemplated under the 2024 MLAs are on normal commercial terms and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated under the 2024 MLAs are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the AGM, after taking into account the recommendation of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the 2024 MLAs and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions contemplated under the 2024 MLAs are on normal commercial terms and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated under the 2024 MLAs are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the AGM.

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We have not acted as an independent financial adviser or financial adviser for other transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the 2024 MLAs and the Aggregate Tenancy Annual Caps is at market level and not conditional upon successful passing of the relevant resolution to be proposed at the AGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the 2024 MLAs; (ii) the 2020 MLAs; (iii) the annual results announcement of the Company for the year ended 31 December 2022 (the “**2022 Annual Results**”); (iv) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); (v) the interim report of Emperor International for the six months ended 30 September 2022 (the “**Emperor International 2022 Interim Report**”); (vi) the interim report of Emperor E Hotel for the six months ended 30 September 2022 (the “**Emperor E Hotel 2022 Interim Report**”); and (vii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the AGM.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading at the time they were made or will be untrue, inaccurate or misleading at the date of the AGM, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Information of the Group

The Company is an investment holding company. The Group is a leading retailer of European-made internationally renowned watches, together with fine jewellery products under its own brand, “***Emperor Jewellery***”. The Group has established a retail network of 93 stores as at 31 December 2022 across Hong Kong, Macau, Mainland China, Singapore and Malaysia, as well as several online shopping platforms.

1.2 Information of Emperor International

Emperor International is an investment holding company and its subsidiaries are principally engaged in property investment, property development and hospitality in Greater China and overseas. According to Emperor International 2022 Interim Report, Emperor International’s property portfolio covers a total area of over 5,400,000 square feet in Hong Kong, Mainland China and the United Kingdom. The Emperor International Group’s investment properties portfolio primarily focuses on commercial buildings and quality street-level retail spaces in prominent locations. The issued shares of Emperor International are listed on the Main Board of the Stock Exchange (Stock Code: 163).

1.3 Information of Emperor E Hotel

Emperor E Hotel is an investment holding company and its subsidiaries are principally engaged in the provision of hospitality services. According to Emperor E Hotel 2022 Interim Report, Emperor E Hotel’s portfolio covers six hotels and serviced apartments in Hong Kong and Macau, namely (i) The Emperor Hotel, The Unit Morrison Hill, The Unit Happy Valley and The Unit Davis in Hong Kong; and (ii) Grand Emperor Hotel and Inn Hotel in Macau. The issued shares of Emperor E Hotel are listed on the Main Board of the Stock Exchange (Stock Code: 296).

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2. Rationale for entering into the 2024 MLAs

As disclosed in the “Letter from the Board” of the Circular, the Group currently leases properties from Emperor International Group (including Emperor E Hotel Group) pursuant to the 2020 MLAs for its business operations. As at the Latest Practicable Date, the Group had 19 existing tenancy/lease/license agreements entered into between members of the Group and the respective members of Emperor International Group and Emperor E Hotel Group with sizes ranging from a signboard space to a retail shop with a gross floor area of 5,762 sq. ft. We understand from the Management that the Group intends to continue to lease these properties in the future. With the upcoming expiration of the 2020 MLAs, the entering into of the 2024 MLAs will continue to govern the Tenancy Transactions between the Group and Emperor International Group (including Emperor E Hotel Group), and also serves to streamline the relevant process of reporting, announcement and Shareholders’ approval, if necessary, whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and Emperor International Group (including Emperor E Hotel Group). Besides, the obtaining of the Aggregate Tenancy Annual Caps will help reduce the relevant administrative burden and costs on the Company in complying with the requirements under the Listing Rules. According to the 2024 MLAs as further elaborated below, the Definitive Leasing Agreements will be agreed on an arm’s length basis, on normal commercial terms or on terms no less favourable to the Group than those terms offered by independent third parties as landlords.

Having considered that (i) the Group has been leasing properties from Emperor International Group (including Emperor E Hotel Group) for over 30 years without encountering into any material tenancy issues; (ii) the leasing of properties from Emperor International Group (including Emperor E Hotel Group) are vital and integral for the business operations of the Group given their good locations and adequate layout which meet the Group’s requirement; and (iii) the 2024 MLAs and the Aggregate Tenancy Annual Caps allow the Group to streamline the process and reduce the relevant administrative burden and costs in complying with the relevant requirements under the Listing Rules, we concur with the Management that the entering into the 2024 MLAs and the adoption of the Aggregate Tenancy Annual Caps are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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3. Principal terms of the 2024 MLAs

Set out below is a summary of the principal terms of the 2024 MLAs, details of which are set out in the “Letter from the Board” of the Circular.

	2024 MLAs	Parties	Scope
(1)	2024 EIHL MLA	the Company; and Emperor International	Governing the Tenancy Transactions between the Group and Emperor International Group
(2)	2024 EEH MLA	the Company; and Emperor E Hotel	Governing the Tenancy Transactions between the Group and Emperor E Hotel Group

3.1 Terms

1 April 2024 – 31 March 2027. Subject to compliance with the then relevant requirements of the Listing Rules, or any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2024 MLAs shall be automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2024 MLAs.

3.2 Key terms and conditions

Relevant members of the Group and the relevant members of Emperor International Group (including Emperor E Hotel Group) may from time to time enter into Definitive Leasing Agreement(s) in relation to any Tenancy Transactions upon, and subject to, the terms and conditions in compliance with the 2024 MLAs, provides that:

- (a) all the Tenancy Transactions have been and shall be conducted in the usual and ordinary course of business of both the Group and Emperor International Group (including Emperor E Hotel Group) and are in the interest of their respective shareholders as a whole;
- (b) the terms of each Definitive Leasing Agreement have been and shall be on normal commercial terms or on terms which are no less favourable to the Group than terms offered by independent third parties;
- (c) the terms of the Tenancy Transactions have been and shall be arrived at after arm’s length negotiation and the amount of rental thereunder the respective Definitive Leasing Agreements shall be determined based on the condition of the properties and with reference to the then prevailing market rents on premises comparable in location, area and permitted use;
- (d) all the Tenancy Transactions have been and shall be concluded in compliance with all applicable provisions of the Listing Rules, the applicable laws, 2024 MLAs and relevant Definitive Leasing Agreements; and

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- (e) the Group has/shall have the option to consider third party landlords and premises other than the properties of Emperor International Group (including Emperor E Hotel Group).

We noted that the Group has established internal control measures for governing the terms and conditions of the Definitive Leasing Agreement(s) of the Tenancy Transactions to ensure that the Definitive Leasing Agreement(s) are on an arm's length basis, on normal commercial terms or on terms no less favourable to the Group than those terms offered by independent third party landlords. We understand from the Management that the Group will follow a series of procedures in selecting the premises and determining the rentals and terms of the tenancies. When the Management is about to renew the existing tenancy or open a new retail shop which requires new premises, the operation team of the Group will conduct site visits and source available properties in the selected location. The Group will then collect rental quotations of not less than three shortlisted properties from different landlords if there are such number of available properties in the selected location. Furthermore, the Group will further assess the rental and obtain comparable information for the determination of terms of tenancy.

In the event of the number of shortlisted properties in the selected location is less than three, the Company will assess the fairness and reasonableness of the rental rate and terms with reference to similar properties in the vicinity which do not fall strictly into the selection criteria of the Group or are not available to the Group but which remain to be reasonable reference. Should there be no comparable information obtained, the Company will engage independent property appraiser to prepare valuation reports. The Group may engage independent property appraiser to prepare valuation reports; conduct internal research to assess the valuation; and/or assess the valuation with reference to previous tenancy agreements for renewal cases. After the operation team gathers and analyses the aforesaid information of the proposed tenancy, the Management will review and approve the tenancy.

We considered that the above measures for determining the terms and conditions of the tenancy agreements, which has taken into account either (i) the terms offered by independent third party landlords; or (ii) comparable information of similar properties in the vicinity; and/or (iii) information from valuation report prepared by independent property appraiser, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In order to assess whether the above measures have been adhered to for the Tenancy Transactions, we have obtained and reviewed five samples of internal approval documents in respect of the leasing of properties from Emperor International Group (including Emperor E Hotel Group) under the 2020 MLAs (the "**Leasing Samples**"). The Leasing Samples are randomly selected and they cover the three geographical regions (Hong Kong, Macau and Mainland China) where the Group leases properties from Emperor International Group (including Emperor E Hotel Group) during the term of the 2020 MLAs. The Leasing Samples also cover the different types of property leased (retail stores and/or office) at each geographical region. Considering the above coverage, we are of the view that the size of the Leasing Samples is sufficient and adequate.

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Based on our review, we noted that the Group had obtained comparable information of similar properties in the vicinity, such as rental rate and location for the purpose of determining the terms of the Tenancy Transactions. We noted that the relevant terms of the Tenancy Transactions (in particular the rental) were comparable to the then market. In light of the above, we are of the view that the Group's internal control measures had been adhered to and comply with the aforementioned measures for governing the Tenancy Transactions entered into between members of the Group and members of Emperor International Group and Emperor E Hotel Group. We also believe that there exist adequate procedures to ensure the Tenancy Transactions will continue to be carried out on normal commercial terms and with reference to the aforementioned measures and accordingly, the Tenancy Transactions will be fair and reasonable.

4. Proposed Aggregate Tenancy Annual Caps

4.1 Historical transactions amount and utilisation

Set out below is the table summarising (i) the existing annual caps; and (ii) the historical transactions amounts of the (a) right-of-use assets recognised; and (b) Variable Lease Payments and other short term lease payments paid under the Tenancy Transactions between the Group and Emperor International Group/Emperor E Hotel Group for the period of 2020 MLAs:

	For the nine months ended 31 December 2021 HK\$ '000 (Approx.)	For the 12 months ended 31 December 2022 HK\$ '000 (Approx.)	For the two months ended 28 February 2023 HK\$ '000 (Approx.)
Right-of-use assets			
Existing annual caps	100,000	350,000	350,000 (for the year ending 31 December 2023)
Historical transaction amounts	31,037	106,862	3,631
Utilisation rates	31.0%	30.5%	6.2% ^(Note)
Variable Lease Payments and other short term lease payments			
Existing annual caps	4,000	4,500	5,000 (for the year ending 31 December 2023)
Historical transaction amounts	1,705	1,352	411
Utilisation rates	42.6%	30.0%	49.3% ^(Note)

Note: The utilisation rate for the two months ended 28 February 2023 is calculated based on (i) historical transaction amount for the two months ended 28 February 2023; and divided by (ii) the existing annual cap for the two months ended 28 February 2023 on a pro-rata basis.

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Right-of-use assets

In accordance with HKFRS 16 “Leases”, the Group (as the lessee) is required to recognise right-of-use assets, which represent the present value of estimated rental fees and are calculated based on the expected (i) rental fees; (ii) duration of the leases; and (iii) discount rate. Correspondingly, the Group is required to set annual caps on the total value of right-of-use assets relating to leases expected to be entered into by the Group as a lessee.

During the period of 2020 MLAs, the utilisation rates in relation to the annual caps set for right-of-use assets were relatively low at approximately 31.0%, 30.5% and 6.2% for the nine months ended 31 December 2021, the year ended 31 December 2022 and the two months ended 28 February 2023 respectively. In this regard, we have discussed with the Management and understand that the relatively low utilisation rates were primarily attributable to (i) the shorter than expected leasing terms (i.e. one year) that had been entered into by the Group and Emperor International Group (including Emperor E Hotel Group) during the term of the 2020 MLAs, as part of the prudent approach adopted in view of the uncertainty brought about by the COVID-19 pandemic to the retail sector; (ii) the delay of the Group’s development and expansion plan whereby the Group had postponed the opening of new retail stores as compared to its original plan in view of the weak retail consumption sentiment and the pandemic-related travel restrictions in Hong Kong and PRC; and (iii) rental concession offered by the Emperor International Group and Emperor E Hotel Group following the negotiations between the relevant parties amid the protracted COVID-19 pandemic and economic downturn.

Variable Lease Payments and other short term lease payments

According to HKFRS 16 “Leases”, the Variable Lease Payments under Tenancy Transactions will be recognised as expenses incurred by the Group. We understand from the Management that the Variable Lease Payments primarily represent variable lease payments linked to turnover of the relevant retail shops.

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During the period of 2020 MLAs, the utilisation rates in relation to the annual caps set for Variable Lease Payments and other short term lease payments were relatively low at approximately 42.6%, 30.0% and 49.3% for the nine months ended 31 December 2021, the year ended 31 December 2022 and the two months ended 28 February 2023 respectively. In this regard, we have discussed with the Management and understand that the relatively low utilisation rates were mainly attributable to (i) the lower than expected turnover recognised by the relevant retail shops due to the weak consumption sentiment and travel restriction policies implemented in view of the COVID-19 pandemic; (ii) the delay of the Group's development and expansion plan whereby the Group has postponed the opening of new retail stores as compared to the original plan in view of the weak retail consumption sentiment and pandemic-related travel restrictions in Hong Kong and Mainland China; and (iii) the rental concession offered by Emperor International Group and Emperor E Hotel Group following the negotiations between the relevant parties amid the protracted COVID-19 pandemic and economic downturn.

4.2 Proposed Aggregate Tenancy Annual Caps

Set out below are the proposed Aggregate Tenancy Annual Caps under the 2024 MLAs for each of the respective periods:

	For the nine months ending 31 December 2024 HK\$'000	For the 12 months ending 31 December 2025 2026 HK\$'000 HK\$'000		For the three months ending 31 March 2027 HK\$'000
Aggregate Right-of-Use Annual Cap	200,000	280,000	280,000	80,000
Aggregate Rental Expense Annual Cap	2,500	3,500	4,000	1,000

The Aggregate Tenancy Annual Caps represent the estimated respective maximum value of (i) the right-of-use assets relating to leases to be or expected to be entered into by the Group in the respective period(s) of the term under the 2024 MLAs; and (ii) the Variable Lease Payments and other short-term lease payments payable by the Group in respect of Tenancy Transactions in the respective period(s) of the term under the 2024 MLAs.

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In determining the Aggregate Tenancy Annual Caps, we understand from the Management that the Group has taken into account the following factors for consideration: (i) the historical transaction amounts; (ii) the number of existing Tenancy Transactions; (iii) assuming all the above tenancies will be renewed upon expiry for not more than three years during the term of 2024 MLAs and taking into account the possible oncoming adjustment in rental rates; (iv) the business development and expansion of the Group; (v) the location and usage of the properties of the existing portfolio of Emperor International Group (including Emperor E Hotel Group) and potential acquisition of properties by Emperor International Group which can be available for leasing to the members of the Group in the future; and (vi) the prevailing market rents of the properties as compared with similar properties in the vicinity.

In order to assess the fairness and reasonableness of the Aggregate Tenancy Annual Caps, we have obtained and reviewed the relevant workings for the calculations of the proposed Aggregate Tenancy Annual Caps and considered the following factors:

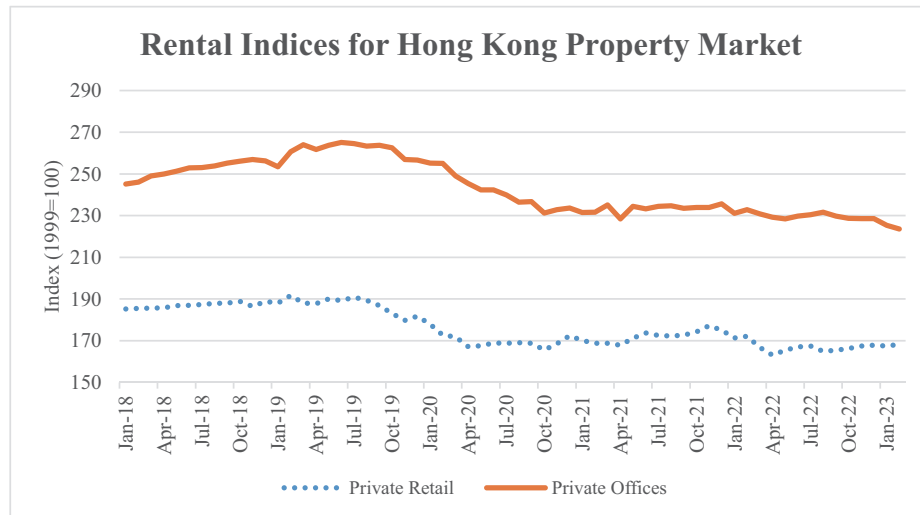
(a) The renewal of existing tenancies and possible rental adjustment

According to the list of existing tenancies obtained from the Management, we noted that as at the Latest Practicable Date, there were 19 existing tenancy/lease/licence agreements entered into between members of the Group and members of Emperor International Group and Emperor E Hotel Group, which mainly comprise office and retail stores. The earliest expiry date of the leases is in December 2023 and the latest one is in October 2025. The monthly rental ranges from a signboard space at HK\$1,700 to a retail shop with a gross floor area of 5,762 sq. ft. at HK\$1,750,000. The duration of the leases are usually one to three years.

In this regard, we have discussed with the Management and understand that since the existing leased properties are vital and integral to the Group's business operations, it is the intention of the Group to renew all the existing leasing agreements upon expiry. Taking into account the recent lifting of travel restrictions and COVID-19 pandemic-related precautionary measures in Hong Kong, Macau and Mainland China, the Management expects that the consumption and retail markets will regain momentum and the economy will recover in the near future, which in turn may potentially lead to an increase in future rental level. In this respect, we understand from the Management that the Group, subject to negotiations among parties, intend to enter into longer term of leases (i.e. three years) upon the expiry of the existing leasing agreements. In addition, we also noted that the Group has taken into account a general increase in rental rates of 10% when calculating the proposed Aggregate Tenancy Annual Caps.

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In order to assess the fairness and reasonableness of the expected rental rates for the lease of properties under the Tenancy Transactions, we have researched on the rental indices for private retail and office sectors of Hong Kong property market. Set out below is the graph illustrating the rental indices for private retail and office sectors of the Hong Kong property market in the past five years from February 2018 to February 2023 published by the Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region:



As illustrated in the graph above, we noted that the rental indices for private retail and office sectors were generally on an upward trend and reached a high of 191.7 and 265.1 respectively before the outbreak of the COVID-19 pandemic. During the period from 2019 to 2022, the rental indices of the private retail and office sectors recorded a substantial downturn and plummeted by over 10% to a low of 163.1 and 228.4 in or around the middle of 2022. Thereafter, the private office rental indices have remained relatively stable while the private retail rental indices showed a slight sign of recovery and recorded 168.2 in February 2023. With this trend observed, as well as the recent lifting of travel restrictions and COVID-19 pandemic-related precaution measures as discussed above, it is reasonable to expect that, during the term of the 2024 MLAs, the market rental rates may rebound along the economic activities gradually regaining momentum.

In light of the above, we consider the assumption of general rental increment of 10% during the term of 2024 MLAs is fair and reasonable.

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(b) The business development and potential expansion of the Group

According to the 2022 Annual Results and our discussion with the Management, we understand that the Group intends to continue to expand its retail network, and expects to open jewellery stores in Tai Wai and Kwun Tong, Hong Kong, as well as in Chengdu and Hebei, Mainland China. It is expected that, with the lifting of the travel restrictions in Hong Kong, Macau and Mainland China as well as the COVID-19 pandemic-related precautionary measures worldwide, the tourism and the retail industries will regain its momentum. We noted from the Management that, in 2022, the Group had opened three jewellery stores in Hong Kong, as well as four jewellery stores and one Rolex store in the Mainland China. In addition, the Group has established a store rollout plan for 2023, focusing on residential areas in Hong Kong and prominent cities in Mainland China. Against this backdrop, we have discussed with the Management and noted that the Group may enter into certain new tenancy agreements with the Emperor International Group during the term of the 2024 MLAs for opening of new stores in Hong Kong and/or the Mainland China.

In light of the above, we consider the assumption of entering into new tenancy agreements with Emperor International Group during the term of 2024 MLAs is fair and reasonable.

(c) The property portfolio of the Emperor International Group (including Emperor E Hotel Group)

According to the Emperor International 2022 Interim Report and based on our discussion with the Management, we noted that the Emperor International Group's investment properties portfolio primarily consisted of commercial buildings and quality street-level retail spaces in prominent locations, with an aggregate gross floor area of over 2,700,000 square feet, including but not limited to a number of premium office, commercial and industrial complexes across different locations. In addition, Emperor International Group stated that it will continue to look out for commercial buildings with redevelopment value and undertake urban renewal projects in suitable districts. We noted that the Emperor International Group has been implementing the above by undertaking redevelopment and revitalisation programmes of commercial and residential properties in various locations across different regions in Hong Kong which offers retails premises for leasing out.

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Having considered the current property portfolio and the potential development of property-related projects of the Emperor International Group which can be available for leasing to the members of the Group in the future, we believe it is reasonable to assume that the Group will enter into certain new Tenancy Transactions with Emperor International Group (including Emperor E Hotel Group) under the 2024 MLAs in the coming years.

Overall, we understand that the significant increase in the proposed Aggregate Tenancy Annual Caps as compared to the historical transaction amounts is mainly due to the combined effects of (i) a lower than expected utilisation of existing annual caps as shorter than expected leasing terms had been entered into by the Group with Emperor International Group (including Emperor E Hotel Group) as the Group adopted a prudent approach on tenure of leases given the uncertainties during the COVID-19 pandemic, as further discussed in the section headed “4.1 Historical transactions amount and utilisation” above; (ii) the Group’s expectation on entering into longer leasing tenures following recent signs of economic recovery as the COVID-19 pandemic subsides and the related precautionary measures and travel restrictions are lifted; (iii) the Group’s upcoming expansion plan for its retail network where it will potentially enter into new tenancy agreements with the Emperor International Group (including Emperor E Hotel Group); and (iv) possible upward rental adjustments, as further discussed above.

In light of the above, we are of the view that the proposed Aggregate Tenancy Annual Caps are fair and reasonable.

5. Internal control measures

We have obtained and reviewed the Group’s internal control procedures in relation to the Tenancy Transactions under the 2024 MLAs. For details of the Group’s internal control procedures, please refer to the section headed “3.2 Key terms and conditions” above.

In addition, to ensure that the Definitive Leasing Agreement(s) will be entered into in accordance with the general terms of the 2024 MLAs and the requirements of Chapter 14A of the Listing Rules, (i) the Management will assess each of the Definitive Leasing Agreements with the aforementioned procedures; (ii) the relevant departments of the Group will record the transaction amount(s) to ensure that the Aggregate Tenancy Annual Caps will not be exceeded; (iii) the Group will engage external auditor to conduct an annual review of the Tenancy Transactions to opine on whether the Aggregate Tenancy Annual Caps have been exceeded; and (iv) the independent non-executive Directors will review the Tenancy Transactions contemplated under the 2024 MLAs annually.

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As discussed in the section headed “3.2 Key terms and conditions” above, we have obtained the Leasing Samples and noted that such samples adhered to and comply with the internal control measures in safeguarding the Tenancy Transactions. We also noted that in the 2021 Annual Report that the independent non-executive Directors and auditors had conducted annual review of the continuing connected transactions of the Company (including the Tenancy Transactions under the 2020 MLAs) and there were no adverse findings during such annual review.

In view of the above, we concur with the Management that the Group’s internal control measures in relation to the Tenancy Transactions under the 2024 MLAs is effective and adequate.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms of the 2024 MLAs and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) the transactions contemplated under the 2024 MLAs are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the transactions contemplated under the 2024 MLAs are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the AGM to approve the 2024 MLAs and the Aggregate Tenancy Annual Caps.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the following Directors and chief executives of the Company were interested, or were deemed or taken to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to (a) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”) to be notified to the Company and the Stock Exchange:

(a) Long positions interests in the Company

(i) Ordinary shares of the Company (“Shares”)

Name of Director	Capacity/Nature of interests	Number of Shares interested	% of issued voting Shares
Ms. Cindy Yeung	Eligible beneficiary of a private discretionary trust	4,298,630,000	63.41

Note: These Shares were held by Emperor Watch & Jewellery Group Holdings Limited, a wholly-owned subsidiary of AY W&J Holdings. AY W&J Holdings was in turn held by First Family Advisors Trust reg. in trust for a private discretionary trust set up by Dr. Yeung under which Ms. Cindy Yeung had deemed interests by virtue of being one of the eligible beneficiaries of the trust.

(b) Long positions interests in associated corporations of the Company

(i) Ordinary shares

Name of Directors	Name of associated corporations	Capacity/Nature of interests	Number of shares interested	% of issued voting shares
Ms. Cindy Yeung	Emperor International	Eligible beneficiary of a private discretionary trust	2,747,611,223 (Note)	74.71
	Emperor E Hotel	- ditto -	851,353,645 (Note)	71.63
	Emperor Culture Group Limited ("Emperor Culture")	- ditto -	2,371,313,094 (Note)	73.80
	Ulferts International Limited ("Ulferts")	- ditto -	600,000,000 (Note)	75.00
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000	0.29

Note: Emperor International, Emperor E Hotel, Emperor Culture and Ulferts are companies with their shares listed on the Stock Exchange. These shares were ultimately owned by the respective private discretionary trusts. Ms. Cindy Yeung had deemed interests in the same shares by virtue of being one of the eligible beneficiaries of such trusts.

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Amount of debentures held
Mr. Wong Chi Fai	Emperor International	Interest of a controlled corporation	HK\$2,000,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (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; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the Shares and underlying Shares would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' 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 is not determinable within one year without payment of compensation other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save as the 2020 MLA(s) and 2024 MLA(s) and the agreement listed below, there was no other contract or arrangement subsisting in which any Director (excluding Ms. Cindy Yeung who has deemed interest) was materially interested and which was significant in relation to the business of the Group:

The consignment agreement dated 1 December 2022 entered into between the Company and Dr. Yeung, details of which were set out in the announcement of the Company dated 1 December 2022.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group 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 by or leased to any member of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who have given opinions or advice which are contained in this circular:

Name	Qualification
Altus	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; or
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2022), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest audited financial statements of the Group were made up.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>) in accordance with the Listing Rules from the date of the circular and up to and including the date of the AGM:

- (a) the 2024 MLAs;
- (b) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (c) the letter from the Independent Board Committee as set out in page 16 in this circular;
- (d) the letter from Altus, the Independent Financial Adviser, as set out from pages 17 to 31 in this circular; and
- (e) this circular.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Chung Ho Ying, Frina, who is a fellow member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute.
- (b) The registered office and principal place of business of the Company is at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.
- (c) The share registrar of the Company in Hong Kong is Tricor Secretaries Limited situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

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 IS HEREBY GIVEN that the annual general meeting of Emperor Watch & Jewellery Limited (the “**Company**”) will be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Thursday, 25 May 2023 at 11:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company for the year ended 31 December 2022 together with the reports of the directors and independent auditor thereon.
2. To declare final dividend for the year ended 31 December 2022.
3. (A) To re-elect Ms. Cindy Yeung as director of the Company (“**Director**”).
(B) To re-elect Ms. Chan Sim Ling, Irene as Director.
(C) To re-elect Ms. Chan Wiling, Yvonne as Director.
4. To authorize the board of directors of the Company (“**Board**” or “**Directors**”) to fix the Directors’ remuneration.
5. To re-appoint Deloitte Touche Tohmatsu as independent auditor and to authorize the Board to fix its remuneration.
6. As special business, to consider and, if thought fit, pass with or without amendments, 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 (as defined in sub-paragraph (iii) of this resolution) of all the powers of the Company to allot and issue additional shares 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 number of shares of the Company 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 (as defined in sub-paragraph (iii) of this resolution) 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 total number of issued shares 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 of which the authority sets out in this resolution is revoked or varied by an ordinary resolution passed 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 recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

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(B) “**THAT**

(i) subject to sub-paragraph (ii) of this resolution below, the exercise by the Directors during the Relevant Period (as defined in sub-paragraph (iii) of this resolution) of all the powers of the Company to buy back issued shares of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;

(ii) the aggregate number of shares of the Company to be bought back pursuant to the approval in sub-paragraph (i) above shall not exceed 10% of the total number of the issued shares of the Company as at the date of this resolution and the said 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 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 passed in general meeting.”

(C) “**THAT** conditional upon resolution nos. 6(A) and 6(B) above being passed, the aggregate number of shares of the Company which are bought back by the Company under the authority granted to the Directors as mentioned in resolution no. 6(B) above shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 6(A) above, provided that such extended number of shares of the Company shall not exceed 10% of the total number of issued shares of the Company as at the date of passing resolution no. 6(B).”

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7. **“THAT**

(i) the Aggregate Tenancy Annual Caps for the 2024 Master Leasing Agreements be and are hereby approved; and (ii) any executive director of the Company be and is hereby authorized to do all such acts and things which he/she may consider necessary, desirable or expedient to implement the transactions contemplated under the 2024 Master Leasing Agreements (with any amendments to the terms of such agreements which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).”

SPECIAL RESOLUTION

8. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“THAT the new Articles of Association (a copy of which has been produced to this meeting and marked “A” and initialed by the chairperson of this meeting for the purpose of identification) be and is hereby approved and adopted as the Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association AND THAT any Director be authorised to do all such acts and things necessary to implement the adoption of the New Articles of Association.”

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

Hong Kong, 25 April 2023

Registered office:

25th Floor

Emperor Group Centre

288 Hennessy Road

Wanchai

Hong Kong

Notes:

- (i) For details regarding resolution nos. 3, 6 and 8, please refer to the circular of the Company dated 25 April 2023 regarding “(1) Notice of Annual General Meeting (2) Proposals for (A) Re-election of Directors (B) General Mandates to Issue New Shares and Buy Back Shares and (C) Adoption of New Articles of Association”. For details regarding resolution no. 7, please refer to the circular of the Company dated 25 April 2023 in relation to “(I) Continuing Connected Transactions – 2024 Master Leasing Agreements and (II) Notice of Annual General Meeting”. Unless indicated otherwise, capitalised terms used in the respective resolutions shall have the same meanings as those defined in the respective circulars.
- (ii) **No refreshments or drinks will be served and no corporate gifts will be distributed.**

NOTICE OF ANNUAL GENERAL MEETING

- (iii) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the annual general meeting (“AGM”). Where the Chairperson in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by show of hands.
- (iv) A member of the Company entitled to attend and vote at the meeting convened by this 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. The Company strongly encourages shareholders to appoint the Chairperson of the AGM as their proxies to exercise their rights to vote at the AGM. Physical attendance at the AGM by a shareholder is not necessary for the purpose of exercising voting rights.
- (v) 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (“Share Registrar”) 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 or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (vi) 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 AGM, 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.
- (vii) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the AGM or adjourned meeting thereof and in such event, the form of proxy previously submitted shall be deemed to be revoked.
- (viii) In order to qualify for the right to attend and vote at the AGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Share Registrar at the above address before 4:30 p.m. on Friday, 19 May 2023.
- (ix) The AGM will be held on Thursday, 25 May 2023 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if Typhoon Signal No. 8 or above, or a “black” rainstorm warning signal or “extreme conditions after super typhoons” announced by the HKSAR Government is in force at any time after 9:30 a.m. and before the above meeting time, the AGM will be postponed. The Company will post an announcement on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>) to notify shareholders of the date, time and place of the rescheduled meeting.
- (x) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

This circular (in both English and Chinese versions) is available to any shareholder either in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this circular. 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’s Share Registrar, Tricor Secretaries Limited, by post at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at is-ecom@hk.tricorglobal.com.