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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)

- (1) PROPOSED RE-ELECTION OF DIRECTORS**
(2) PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND BUY BACK SHARES
(3) PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND
(4) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM of the Company to be held at Emperor Watch and Jewellery, Shop 16, G/F & LG/F, New World Tower, 16-18 Queen's Road Central, Central, Hong Kong on Wednesday, 23 May 2018 at 11:30 a.m. is set out on pages 22 to 26 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 and return it to the Company's Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time of the AGM 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 in person at the AGM or adjournment thereof (as the case may be) should you so wish.

9 April 2018

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DEFINITIONS

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

“Adoption Date”	the date on which the Scheme becomes unconditional upon fulfillment of the conditions set out on page 6 of this circular
“AGM”	the annual general meeting of the Company to be held at Emperor Watch and Jewellery, Shop 16, G/F & LG/F, New World Tower, 16-18 Queen’s Road Central, Central, Hong Kong on Wednesday, 23 May 2018 at 11:30 a.m., or where the context so admits, any adjournment thereof
“Articles of Association”	the Articles of Association of the Company as may be amended from time to time
“Board”	the board of Directors of the Company
“Business Day”	the day on which the Stock Exchange is open for the business of dealings in securities
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors to enable them to buy back Shares of not exceeding 10% of the total number of Shares in issue as at the date of passing the relevant resolution at the AGM
“Buy-back Resolution”	the proposed ordinary resolution as referred to in resolution number 5(B) of the Notice of the AGM
“Company”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any person who may be invited by Directors to take up Options pursuant to the Scheme (a summary of which is set out in Appendix III of this circular)
“Exercise Price”	the price per Share at which a grantee may subscribe for Shares on the exercise of an Option pursuant to the terms of the Scheme, subject to adjustment in accordance with the Scheme
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by the Company on 19 June 2008
“Extension Mandate”	a general mandate proposed to be granted to the Directors to the effect that any Shares bought back under the Buy-back Mandate will be added to extend the Issue Mandate

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares of not exceeding 20% of the total number of Shares in issue as at the date of passing the relevant resolution at the AGM
“Latest Practicable Date”	29 March 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme” or “Scheme”	the new share option scheme proposed to be conditionally adopted by the Company at the AGM, a summary of its principal terms is set out in Appendix III of this circular
“Notice of AGM”	the notice dated 9 April 2018 convening the AGM as set out on pages 22 to 26 of this circular
“Option(s)”	an option to subscribe for Shares granted pursuant to the Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers as amended from time to time
“HK\$”	Hong Kong dollars
“%”	per cent.

LETTER FROM THE BOARD



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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

Executive Directors:

Cindy Yeung (*Chairperson*)
Wong Chi Fai
Fan Man Seung, Vanessa

Independent Non-Executive Directors:

Chan Sim Ling, Irene
Liu Hing Hung
Chan Wiling, Yvonne

Registered office:

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

9 April 2018

To the Shareholders

Dear Sir/Madam,

INTRODUCTION

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

RE-ELECTION OF DIRECTORS

Retirement and re-election of Directors

In accordance with Article 80(1) and (3) of the Articles of Association, Ms. Fan Man Seung, Vanessa (“Ms. Vanessa Fan”) and Ms. Chan Sim Ling, Irene (“Ms. Irene Chan”) shall retire by rotation at the AGM. Ms. Vanessa Fan and Ms. Irene Chan, being eligible, offer themselves for re-election thereat.

Ms. Irene Chan, being an Independent Non-Executive Director who is eligible for re-election at the AGM, has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules.

LETTER FROM THE BOARD

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

Recommendations of the Nomination Committee

During the meeting held on 13 March 2018, the Nomination Committee of the Company, comprising a majority of Independent Non-executive Directors, considered that Ms. Vanessa Fan and Ms. Irene Chan have been contributing to the Group effectively and is committed to their role as Directors. Accordingly, as recommended by the Nomination Committee, the Board recommended the Shareholders to vote for the re-election of them as Directors at the AGM.

Nomination by Shareholders

Any Shareholder who wishes to nominate a person to stand for election as a Director of the Company at the AGM must lodge with the Company at its registered office at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong within the period from 13 April 2018 (Friday) to 23 April 2018 (Monday), both days inclusive (i) his/her written nomination of the candidate; (ii) written confirmation from such nominated candidate of his/her willingness to seek for election as Director and consent to the publication of his/her personal data; and (iii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules.

GENERAL MANDATES TO ISSUE NEW SHARES AND BUY BACK SHARES

(I) General mandates granted at the last annual general meeting held on 24 May 2017 (“2017 AGM”)

At the 2017 AGM, ordinary resolutions were passed, among other things, to grant general mandates to the Directors to:

- (i) issue up to 20% of the aggregate number of Shares in issue (i.e. a maximum of 1,376,489,625 Shares) (the “Previous Issue Mandate”);
- (ii) buy back up to 10% of the aggregate number of Shares in issue (the “Previous Buy-back Mandate”); and
- (iii) extend the Previous Issue Mandate by an additional number of Shares bought back by the Company pursuant to the Previous Buy-back Mandate.

No Shares have been issued nor bought back pursuant to the above mandates.

LETTER FROM THE BOARD

(II) Proposal refreshment of the general mandates at the AGM

As at the Latest Practicable Date, there were 6,882,448,129 Shares in issue. At the AGM, ordinary resolutions will be proposed to grant the Directors:

- (A) the Issue Mandate to allot, issue and deal with Shares of up to an aggregate of not exceeding 20% of the issued Shares as at the date of the AGM (i.e. of not exceeding 1,376,489,625 Shares assuming no further Shares will be issued or bought back between the Latest Practicable Date and the date of the AGM);
- (B) the Buy-back Mandate to buy back Shares of up to an aggregate number of not exceeding 10% of the issued Shares as at the date of the AGM; and
- (C) the Extension Mandate to increase the total number of Shares which may be allotted and issued under the Issue Mandate by an additional number of Shares which may be bought back under the Buy-back Mandate.

Such proposed resolutions are set out in resolution nos. 5(A), 5(B) and 5(C) in the Notice of AGM respectively. The previous mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek approval from the Shareholders at the AGM to grant fresh general mandates to the Directors.

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

NEW SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme will lapse automatically upon its expiry on 18 June 2018 and no further options can be granted thereafter. There is no outstanding share options as at the Latest Practicable Date.

Adoption of the New Share Option Scheme

In view of the expiry of the Existing Share Option Scheme, the Board proposes to seek for the Shareholder's approval to adopt the New Share Option Scheme at the AGM.

The purpose of the New Share Option Scheme is to grant Options to participants as incentives or rewards for their contributions to the Group and enables the Group to attract, retain and motivate talented Eligible Participants to perform their best in achieving the goals of the Group and provides the Eligible Participants with an opportunity to have a personal stake in the Company which motivates the Eligible Participants to optimize their performance and efficiency for the benefit of the Group. The Directors therefore consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

Conditions

The adoption of the New Share Option Scheme is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares to be issued by the Company pursuant to the exercise of the Options which may be granted under the New Share Option Scheme; and
- (ii) the passing of an ordinary resolution by the Shareholders at the AGM to approve and adopt the New Share Option Scheme and to authorize the Board to grant the Options thereunder and allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued and allotted pursuant to the exercise of the options in accordance with the terms and conditions of the New Share Option Scheme.

If the conditions set out above are not satisfied on or before the date following 90 days after the New Share Option Scheme is approved by the Shareholders at the AGM, the New Share Option Scheme shall be cancelled immediately and any Option agreed to be granted pursuant to the New Share Option Scheme shall be of no effect and no person shall be entitled to any rights or benefits or obligations under or in respect of the New Share Option Scheme.

Under the New Share Option Scheme, the Board has the authority to set the terms and conditions in the grant of the Options (e.g. to set conditions in relation to the minimum period of the Options to be held before such Options can be exercised and the requirement for a minimum Exercise Price). With such authority and flexibility, the Directors may impose different conditions in the grant of the Options to the Eligible Participants as they consider appropriate with a view to achieving the purpose of the New Share Option Scheme as stated above.

Interest of Directors

None of the Directors is a trustee of the New Share Option Scheme nor has any direct or indirect interests in such trustees.

Maximum number of Shares to be issued

Shares which may fall to be issued upon the exercise of all options to be granted under the New Share Option Scheme at any time may not exceed 10% of the Shares in issue as at the Adoption Date.

On the basis of 6,882,448,129 Shares in issue as at the Latest Practicable Date and assuming that no further Shares be issued or repurchased by the Company prior to the AGM, the maximum number of Shares that can be issued under the Scheme will be 688,244,812 Shares under Rule 17.03(3) of the Listing Rules, should the New Share Option Scheme be adopted.

LETTER FROM THE BOARD

Value of the Options

The Company considers that it would not be appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they have been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the Option value are yet to be determined. Such variables include the Exercise Price payable for the Shares, exercise period and any lock-up period. The Company believes that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would be misleading to the Shareholders.

ANNUAL GENERAL MEETING

The Notice of AGM is set out on pages 22 to 26 of this circular. Resolutions in respect of the re-election of Directors, the granting of Issue Mandate, the Buy-back Mandate and the Extension Mandate as well as the adoption of the New Share Option Scheme will be proposed at the AGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time of the AGM or adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or adjournment thereof (as the case may be) should you so wish.

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

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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 document misleading.

RECOMMENDATION

The Directors are of the opinion that the proposed ordinary resolutions for (a) the re-election of Directors; (b) the granting of Issue Mandate, the Buy-back Mandate and the Extension Mandate; and (c) the adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant resolutions as set out at the AGM Notice.

LETTER FROM THE BOARD

GENERAL INFORMATION

A copy of the New Share Option Scheme is available for inspection during normal business hours at the registered office of the Company at 25th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong during the 14-day period immediately preceding the AGM.

Your attention is also drawn to the additional information set out in Appendix I (Details of Retiring Directors Proposed for Re-election), Appendix II (Explanatory Statement on Buy-back Mandate) and Appendix III (Summary of the Principal Terms of the New Share Option Scheme) to this circular.

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

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

Ms. Fan Man Seung, Vanessa

Executive Director

Ms. Vanessa Fan, aged 55, an Executive Director of the Company. Ms. Vanessa Fan has been involved in the management of the Group since November 1998. She is also the Chairperson of the Corporate Governance Committee, a member of the Executive Committee and the Nomination Committee of the Company as well as a director of certain subsidiaries of the Company. Ms. Vanessa Fan is also a director of four listed companies in Hong Kong, namely Emperor International Holdings Limited (Stock Code: 163), Emperor Entertainment Hotel Limited (Stock Code: 296), Emperor Culture Group Limited (Stock Code: 491) and Ulferts International Limited (Stock Code: 1711), all being associated companies of the Company. Having over 29 years of corporate management experience, Ms. Vanessa Fan possesses diversified experience in different businesses ranging from retailing of watch and jewellery, wholesaling and retailing of furniture, property investment and development, hotel and hospitality, financial and securities services, entertainment production and investment, cinema development and operation, artiste management as well as media and publication. She is a lawyer by profession in Hong Kong and a qualified accountant, and holds a Master's Degree in Business Administration. Save as disclosed above, Ms. Vanessa Fan did not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

The term of service of Ms. Vanessa Fan is subject to retirement by rotation at the annual general meetings of the Company at least once every 3 years in accordance with the Articles of Association and the Listing Rules. The remuneration of Ms. Vanessa Fan was recommended by the Remuneration Committee and determined by the Board as authorized by the Shareholders at the annual general meeting, with reference to the duties and responsibilities undertaken by her, the prevailing market conditions, her performance and contribution to the Group. Ms. Vanessa Fan is entitled to receive a Director's fee of HK\$250,000 per annum (adjusted from HK\$150,000 per annum with effect from 1 April 2018).

Ms. Vanessa Fan confirmed that she does not have any relationship with any Director, senior management or substantial or controlling Shareholder of the Company, nor does she have other interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

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

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

Ms. Irene Chan, aged 55, was appointed as Independent Non-executive Director of the Company in May 2016. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and the Corporate Governance Committee of the Company. Ms. Irene Chan is a retired solicitor with over 19 years' of experience as independent non-executive director of listed companies. She is also an independent non-executive director of another two Hong Kong listed companies, namely Chinlink International Holdings Limited (Stock Code: 997) and Emperor Culture Group Limited (Stock Code: 491) (being an associated company of the Company). Ms. Irene Chan graduated from The University of Hong Kong with Bachelor's Degree in Laws. Save as disclosed above, she did not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or oversea in the last three years.

The term of service of Ms. Irene Chan is subject to retirement by rotation at least once every 3 years at the annual general meetings of the Company in accordance with the Articles of Association and the Listing Rules. Ms. Irene Chan is entitled to receive a Director's fee of HK\$220,000 per annum (adjusted from HK\$200,000 per annum with effect from 1 April 2018), which was recommended by the Remuneration Committee and determined by the Board as authorized by the Shareholders at the annual general meeting, with reference to the duties and responsibilities undertaken by her.

Ms. Irene Chan confirmed that she does not have any relationship with any Director, senior management or substantial or controlling Shareholder of the Company, nor does she have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

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

APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK MANDATE

EXERCISE OF THE BUY-BACK MANDATE

As at the Latest Practicable Date, the total number of Shares in issue was 6,882,448,129 Shares. Subject to the passing of the Buy-back Resolution and on the basis that no further Shares are issued or bought back by the Company prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 688,244,812 Shares (representing 10% of the number of Shares in issue) during the period from the date of the AGM up to:

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

whichever occurs first.

REASONS FOR THE BUY-BACK OF SHARES

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

FUNDING OF BUY-BACK

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

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited accounts contained in the annual report of the Company for the year ended 31 December 2017) in the event that the proposed Buy-back Mandate, if so approved, were to be exercised in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing level, which in the opinion of the Directors, is from time to time appropriate for the Company.

APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK MANDATE

SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous 12 months up to the Latest Practicable Date were as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2017		
April	0.380	0.330
May	0.350	0.310
June	0.360	0.330
July	0.355	0.300
August	0.400	0.335
September	0.410	0.355
October	0.435	0.380
November	0.400	0.350
December	0.370	0.325
2018		
January	0.405	0.350
February	0.395	0.335
March (up to and including the Latest Practicable Date)	0.495	0.360

BUY-BACK OF SHARES MADE BY THE COMPANY

No buy-back of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

UNDERTAKING AND DISCLOSURE OF INTEREST

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make buy back of Shares pursuant to the Buy-back Mandate in accordance with the Listing Rules, the applicable laws and regulations of Hong Kong and the Articles of Association.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to the Company in the event that the Buy-back Mandate is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company of a present intention to sell Shares to the Company nor has undertaken not to do so in the event that the Buy-back Mandate is approved by the Shareholders.

APPENDIX II EXPLANATORY STATEMENT ON BUY-BACK MANDATE

EFFECT OF TAKEOVERS CODE

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

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Emperor Watch & Jewellery Group Holdings Limited ("Emperor W&J Holdings"), held 3,630,950,000 Shares in the Company, representing approximately 52.76% of the total number of Shares in issue. In the event that the Directors exercise in full the power to buy back Shares which was proposed to be granted pursuant to the Buy-back Resolution, assuming no further Shares will be issued or bought back between the Latest Practicable Date and the date of the AGM and there is no alteration to the existing shareholding of Emperor W&J Holdings, the shareholding of Emperor W&J Holdings in the Company would be increased to approximately 58.62% of the total number of Shares in issue. The Directors are not aware of any consequence that would give rise to an obligation on the part of Emperor W&J Holdings to make a mandatory offer under the Takeovers Code in the event of any buy-back of Shares pursuant to the Buy-back Mandate.

The Directors do not have any present intention to exercise the Buy-back Mandate to the extent that will result in the number of Shares in public hands fall below the prescribed minimum percentage of 25% of the total number of issued Shares.

The following is a summary of the principal terms of the Scheme proposed to be adopted by the Shareholders which serves to summarize the terms of the New Share Option Scheme, but does not constitute the full terms of the same:

(a) Purpose

The purpose of the Scheme is to enable the Group to grant Options to Eligible Participants as incentives or rewards for their contributions to the Group.

(b) Conditions

The Scheme is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the options granted under the Scheme; and
- (ii) the passing of an ordinary resolution by the Shareholders to adopt the Scheme at a general meeting.

(c) Scope of Eligible Participants

The Board may, at its discretion, invite:

- (i) any executive or non-executive Director including any independent non-executive Director or any full time employee or part time employee with weekly working hours of 10 hours or above of any member of the Group;
- (ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group; or
- (iii) business associates including (a) any advisor or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group; (b) any provider of goods and/or services to the Group; or (c) any other person who, at the sole determination of the Board, has contributed to the Group (the assessment criterion of which are (i) such person's contribution to the development and performance of the Group; (ii) the quality of work performed by such person for the Group; and (iii) the initiative and commitment of such person in performing his or her duties; and (iv) the length of service or contribution of such person to the Group).

In determining the basis of eligibility of each Eligible Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

(d) Duration of the Scheme

The Scheme will remain valid and effective for a period of 10 years commencing from the date on which the Scheme is adopted, after which period no further Options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

(e) Acceptance of offer

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company within 28 days from the date of the offer.

(f) Exercise Price

The Exercise Price payable on exercise of the Options granted under the Scheme shall be a price determined by the Board at its sole discretion and notified to the Eligible Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted; and (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date on which an Option is granted.

(g) Maximum number of Shares available for subscription

- (i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 688,244,812 Shares, being 10% of the total number of Shares in issue as at the date of the passing of the relevant ordinary resolution.
- (ii) Subject to (iv) below, the Company may seek approval from its Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of the Shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, the Company may seek separate approval from its Shareholders in general meeting for granting Options to specified Eligible Participants beyond the 10% limit provided that the Options granted in excess of such limit are specially approved by

the Shareholders in general meeting and the Eligible Participants are specifically identified by the Company before such approval is sought. In such case, our Company shall send a circular to its Shareholders containing the information required under the Listing Rules for their approval.

- (iv) Notwithstanding any other provisions of the Scheme, the maximum number of Shares in respect of which Options may be granted under the Scheme together with any options outstanding and yet to be exercised under the Scheme and any other share option schemes of our Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No Options may be granted under the Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

(h) Conditions, restrictions or limitations on offers of Options

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there are neither any performance targets that need to be achieved by the grantee before an Option could be exercised nor any minimum period for which an Option must be held before the Option can be exercised. Subject to the provisions of the Scheme and the Listing Rules, the Board may when making the offer of Options impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

(i) Maximum entitlement of Shares of each Eligible Participant

- (i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Notwithstanding (i) above, any further grant of Options to an Eligible Participant in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such Eligible Participant and his or her associates abstaining from voting. The number and the terms of the Options to be granted to such Eligible Participant shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

(j) Grant of Options to connected persons

- (i) Any grant of Options to an Eligible Participant who is a Director, chief executive or substantial Shareholder (as defined under the Listing Rules) of the Company or their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is an Eligible Participant).

(ii) Where the Board proposes to grant any Option to an Eligible Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, and such Option which if exercised in full, would result in such Eligible Participant becomes entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued and issuable to him or her pursuant to all Options granted and to be granted (including Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant; and
- (2) having an aggregate value, based on the closing price of the Shares as at the date of such grant, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such case, our Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. The participant concerned and all connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

(k) Exercise of Options

An Option may be exercised in accordance with the terms of the Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

(l) Transferability of Options

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favor of any third party over or in relation to any Option.

(m) If a grantee ceased to be an Eligible Participant by reason other than death or misconduct

If the grantee ceases to be an Eligible Participant for any reason other than on the grantee's death or the termination of the grantee's employment or directorship on one or more of the grounds specified in paragraph (o) below, the grantee may exercise the Option up to his entitlement at the date of cessation (to the extent exercisable as at the date of cessation and not already exercised) within the period of 9 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company in our Group whether salary is paid in lieu of notice or not, or the last date of appointment as director of the relevant company in our Group, as the case may be, failing which it will lapse.

(n) On the death of a grantee

If the grantee dies before exercising the Option in full and none of the events which would be a ground for termination of the grantee's employment or directorship under paragraph (o) below arises, the personal representative(s) of the grantee shall be entitled to exercise the Option up to the entitlement of such grantee at the date of death (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months or such longer period as the Board may determine from the date of death, failing which it will lapse.

(o) Termination of employment of a grantee by reason of misconduct

An Option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceased to be an Eligible Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

(p) Voluntary winding-up of the Company

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees. Each grantee (or his or her legal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than 4 Business Days prior to the proposed general meeting) exercise the Option (to the extent exercisable as at the date of the notice and not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(q) Rights on a general offer or partial offer

If a general or partial offer whether by way of take-over offer, share re-purchase offer, or scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent exercisable as at the date on which such

offer becomes or is declared to be unconditional and not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under the scheme of arrangement, as the case may be. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(r) Rights on a compromise or arrangement

If a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options (to the extent exercisable as at the date of the notice and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Scheme.

(s) Rank pari passu

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu with the fully paid Shares in issue as from the date of allotment and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof is before the date of allotment.

(t) Alteration in capital structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, excluding any alteration in the capital structure of the Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to our Company or any employee, consultant or adviser to the Group or in the event of any distribution of the Company's legal assets to its

Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its Shareholders for each financial year of the Company, such corresponding alterations (if any) shall be made to:

- (i) the number of Shares subject to the Option so far as unexercised; or
- (ii) the Exercise Price or any combination thereof, as an independent financial adviser or the auditors of the Company shall certify in writing, either generally or as regards any particular grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that any such adjustment shall be in compliance with the relevant provisions of the Listing Rules or such other guidelines or the supplemental guidance as may be issued by the Stock Exchange from time to time, but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

(u) Cancellation of Options granted

The Board may at any time at its absolute discretion cancel any Option previously granted to, but not exercised by the grantee. Where the Company cancels Options and offers Options to the same grantee, the offer of the grant of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in paragraph (g) above. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by the Board as provided above.

(v) Termination of the Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Scheme and in such event no further Options will be offered but in all other respects the provisions of the Scheme in relation to any outstanding Options shall remain in full force and effect.

(w) Alteration of provisions of the Scheme

The provisions of the Scheme may be altered in any respect by resolution of the Board except that provisions relating to matters set out in Rule 17.03 of the Listing Rules cannot be altered to extend the class of person eligible for the grant of Options or to the advantage of the Eligible Participants without the prior approval of the Shareholders in general meeting. Any alterations to the terms and conditions of the Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Stock Exchange and the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Scheme. The amended terms and conditions of the Scheme must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

(x) Restrictions on the time of grant of Options

No offer shall be made after inside information has come to the Company's knowledge until the Company has announced the information and, in particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no Option may be granted.

The terms of the Scheme are in compliance with Chapter 17 of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Emperor Watch & Jewellery Limited (the “Company”) will be held at Emperor Watch and Jewellery, Shop 16, G/F & LG/F, New World Tower, 16-18 Queen’s Road Central, Central, Hong Kong on Wednesday, 23 May 2018 at 11:30 a.m. for the following purposes:

1. To receive and adopt the Audited Consolidated Financial Statements of the Company for the year ended 31 December 2017 together with the Reports of the directors and independent auditor (“Auditor”).
2. To declare final dividend for the year ended 31 December 2017.
3. (A) To re-elect Ms. Fan Man Seung, Vanessa as a director of the Company (“Director”).

(B) To re-elect Ms. Chan Sim Ling, Irene as Director.

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

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the aggregate 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 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 in general meeting.

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

(B) “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 buy back 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;

NOTICE OF ANNUAL GENERAL MEETING

(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 in general meeting.

(C) “**THAT** conditional upon resolution nos. 5(A) and 5(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. 5(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. 5(A) above, provided that such extended number of shares of the Company shall not exceed 10% of the total number of issue shares of the Company as at the date of passing resolution no. 5(B).”

6. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in shares in the capital of the Company which fall to be issued pursuant to the exercise of subscription rights attaching to any options granted under the new share option scheme (the principal terms of which are set out in the circular despatched to the shareholders of the Company with this notice, a copy of which is produced to the meeting marked “A” and signed by the Chairperson of this meeting for the purpose of identification) (the “New Share Option Scheme”), the New Share Option Scheme be approved to be the share option scheme of the Company and that the Board be authorized to grant options thereunder and to allot, issue and deal with shares in the capital of the Company pursuant to the exercise of subscription rights attaching to any options granted under the New Share Option Scheme, provided that the total number of shares which may

NOTICE OF ANNUAL GENERAL MEETING

be allotted or issued upon exercise of all share options granted under the New Share Option Scheme and any share option schemes of the Company shall not exceed 10% of shares in issue as at the date of passing of this resolution (share options previously granted including those outstanding, cancelled, lapsed or exercised shall not be counted in this 10% limit), and to do all such acts and execute all such documents as may be necessary or desirable to give full effect to the New Share Option Scheme.”

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

Hong Kong, 9 April 2018

Registered Office:

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

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies (if he/she is a holder of more than one share) to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (ii) In order to be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company's Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (iii) Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.

