
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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) CONTINUING CONNECTED TRANSACTIONS
– 2020 MASTER LEASING AGREEMENTS
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

VINCO 
Vinco Capital Limited

A letter from the Board is set out from pages 8 to 16 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on page 17 of this circular. A letter from Vinco Capital, the Independent Financial Advisor, containing its advice to the Independent Board Committee and Independent Shareholders in relation to the 2020 MLAs and Aggregate Tenancy Annual Caps is set out from pages 18 to 32 of this circular.

A notice convening the EGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 2 February 2021 at 11:45 a.m. is set out from pages EGM-1 to EGM-3 of this circular. Whether or not you intend to attend the EGM 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 Level 54, 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 EGM (by Sunday, 31 January 2021, before 11:45 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 EGM 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.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the coronavirus disease 2019 ("COVID-19"), the following precautionary measures will be implemented at the EGM:

- (1) **Compulsory temperature screening/checks;**
- (2) **Compulsory health declaration;**
- (3) **Compulsory wearing of surgical face mask – no mask will be provided at the EGM venue;**
- (4) **No refreshment or drinks will be served and no corporate gift will be distributed; and**
- (5) **A designated seat will be assigned at the EGM venue.**

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the EGM venue, at the absolute discretion of the Company to the extent permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairperson of the EGM as their proxy and to return their forms of proxy by the time specified therein, instead of attending the EGM in person.

Subject to the development of COVID-19, the Company may implement further procedures and precautionary measures at short notice and may issue further announcement as appropriate. Shareholders should check the Company's website for updates on the latest arrangement of the EGM.

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PRECAUTIONARY MEASURES FOR THE EGM

In light of the situation of COVID-19, the Company would like to advise the Shareholders on the following precautionary measures for the EGM:–

(A) BEFORE THE EGM

- (1) **Voting by proxy in advance of the EGM:** The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19. For the health and safety of Shareholders, **the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairperson of the EGM as their proxy instead of attending the EGM in person.** Physical attendance is not necessary for the purpose of exercising Shareholder's rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is Sunday, 31 January 2021 at 11:45 a.m. Completed forms of proxy must be returned to the Share Registrar of the Company, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The form of proxy can be downloaded from the websites of the Company (<https://www.emperorwatchjewellery.com>) or the Stock Exchange.

- (2) **Appointment of proxy by non-registered Shareholders:** Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.
- (3) **Limiting attendance in person at the EGM venue:** The Company will limit attendance in person at the EGM venue subject to strict compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation at any one time in the EGM venue. The Board reserves the right to change this maximum attendance number at any time depending on the public health situation at the time of the EGM and the guidance of the HKSAR Government.

PRECAUTIONARY MEASURES FOR THE EGM

Shareholders who wish to attend the EGM in person or by proxy (whether or not the relevant forms of proxy have been completed and submitted) must register their intention and provide the following details by email to cosec@emperorgroup.com or alternatively in person to 28/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from Friday, 29 January 2021 to Sunday, 31 January 2021 at 11:45 a.m.:

1. full name (as shown on Hong Kong Identity Card or passport); and
2. contact phone number; and
3. email address.

The application for the admission of the EGM venue in person will be allocated on a first-come first-served basis. Duplicated registrations will be disregarded. Registered Shareholders will be notified by email and by phone (if reachable) on Monday, 1 February 2021 if such right of admission will be allocated. No notification will be sent to those Shareholders who are not successful to obtain the right of admission to the EGM venue in person.

Shareholders are reminded that physical attendance is not necessary for the purpose of exercising Shareholder's rights. The Company strongly encourages Shareholders to appoint the Chairperson of the EGM as their proxy by submitting their form of proxy as stated above as soon as possible before the above deadline. In case Shareholders wish to attend the EGM in person or by a proxy of their choice, they or their proxy of their choice can still attend the EGM in person if such Shareholders are successful in registering to attend.

- (4) **Questions at or prior to the EGM:** The EGM proceedings will be conducted with a view to focusing on the proposed resolutions as set out in the Notice of EGM. Shareholders are advised to contact the Company by email to ir@emperorgroup.com if they have any question about the relevant resolutions or about the Company, or any matter for communication with the Board, as early as possible before the EGM date. The Company will endeavour to reply as soon as practicable.

(B) AT THE EGM

- (1) Compulsory temperature screening/checks will be carried out on every attendee. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or exhibiting flu-like symptoms or any HKSAR Government prescribed quarantine may be denied entry into the EGM venue.

PRECAUTIONARY MEASURES FOR THE EGM

- (2) Every attendee will be required to submit a completed and signed health declaration form (“**Form**”) prior to being admitted to the EGM venue. Please bring along the completed Form to the EGM venue to ensure smooth registration and certification processing. Any person who has given a positive confirmation to any of the questions asked in the Form may not be admitted to the EGM venue. The Form can be downloaded from the website of the Company (<https://www.emperorwatchjewellery.com>).
- (3) Every attendee will be required to wear a surgical face mask throughout the EGM (including queuing for registration). Please note that no masks will be provided at the EGM venue and attendees should wear their own masks.
- (4) Every attendee will be assigned a seat in order to ensure appropriate social distancing and facilitate close contact tracing.
- (5) No refreshments, drinks or corporate gift will be served or distributed to attendees at the EGM venue.
- (6) Physical attendance by the Directors at the EGM venue will also be limited. Directors who will not be attending the EGM in person will participate through electronic means.

In addition, attendees are requested to observe and practise good personal hygiene at all times at the EGM venue. To the extent permitted by law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM.

Due to the constantly evolving COVID-19 situation in Hong Kong, the Company may be required to change the EGM arrangements with short notice. Shareholders should check the website of the Company (<https://www.emperorwatchjewellery.com>) for future announcements and updates on the EGM arrangements.

DEFINITIONS

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

“2018 EIHL MLA”	the master leasing agreement dated 24 May 2018 entered into between the Company and Emperor International
“2018 EEH MLA”	the master leasing agreement dated 24 May 2018 entered into between Company and Emperor E Hotel
“2018 MLA(s)”	2018 EIHL MLA and 2018 EEH MLA
“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 the Company and Emperor E Hotel
“2020 MLA(s)”	2020 EIHL MLA and 2020 EEH MLA and “2020 MLA” shall mean any one of them
“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 2020 MLAs
“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 period(s) during the term under the 2020 MLAs
“Aggregate Tenancy Annual Cap(s)”	Aggregate Right-of-Use Annual Cap and Aggregate Rental Expense Annual Cap
“associates”	has the same meaning as ascribed thereto in the Listing Rules

DEFINITIONS

“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. Albert 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 Group) 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 2018 MLAs and 2020 MLAs (as the case may be)
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert, a deemed substantial Shareholder of the Company
“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 whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 296), which is indirectly owned as to approximately 70.07% 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 investments, property development and hospitality in the Greater China and overseas and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 163)

DEFINITIONS

“Emperor International Group”	Emperor International and its subsidiaries from time to time, including Emperor E Hotel Group
“EGM”	an extraordinary 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 Tuesday, 2 February 2021 at 11:45 a.m. to consider and, if think fit, approve the Aggregate Tenancy Annual Caps
“Existing Tenancy Annual Caps”	the previously obtained annual caps of the transactions contemplated under the 2018 MLAs for each of the three financial years ended/ending 31 December 2018, 2019 and 2020 and the 3 months ending 31 March 2021
“Fixed Lease Payments”	Fixed amount of periodic rental/licence fees paid or payable to Emperor International Group by the Group under the Definitive Leasing Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“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 terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps
“Independent Financial Adviser” or “Vinco Capital”	Vinco Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the terms of the 2020 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 2020 MLAs

DEFINITIONS

“Latest Practicable Date”	18 December 2020, 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
“Shareholder(s)”	holder(s) of the 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 Transactions”	all existing and future tenancy/licence transaction(s) between members of the Group as tenants and Emperor International Group (including Emperor E Hotel Group) as landlords regarding the leasing of properties as contemplated under the 2018 MLAs or 2020 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. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

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

Registered Office:

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

24 December 2020

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS 2020 MASTER LEASING AGREEMENTS

INTRODUCTION

Reference is made to the announcement of the Company dated 3 December 2020 whereby the Board announced that the Company entered into 2020 MLAs with Emperor International and Emperor E Hotel Group respectively, which set 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 (i) further information on the 2020 MLAs; (ii) a letter from the Independent Board Committee in respect of the 2020 MLAs; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the 2020 MLAs; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM to be convened for the purpose of considering and, if think fit, approving the Aggregate Tenancy Annual Caps.

LETTER FROM THE BOARD

2020 MLAs

The Group shall continue to lease properties (including offices, retail shops, warehouses, carparking spaces, signage or signboard spaces) from Emperor International Group (including Emperor E Hotel Group). In light of (1) the amendment to annual caps for the Group under the Listing Rules; and (2) the setting of a successive term of 3 years from 1 April 2021, the Board announces that with the upcoming expiration of the 2018 MLAs, the Company entered into the 2020 MLAs with the following respective counter-parties on 3 December 2020 to recite their agreement regarding the subject matter.

	Master Leasing Agreements	Parties	Scope
(1)	2020 EIHL MLA	the Company and Emperor International	Governing the Tenancy Transactions between the Group and Emperor International Group
(2)	2020 EEH MLA	the Company and Emperor E Hotel	Governing the Tenancy Transactions between the Group and Emperor E Hotel Group

Term

1 April 2021 – 31 March 2024. 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 2020 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 2020 MLAs.

Key terms and conditions

The 2020 MLAs mainly serve to amend certain definitive terms in light of the changes in the Listing Rules and to state the new term of 3 years from 1 April 2021.

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 Transaction(s) upon, and subject to, the terms and conditions in compliance with the 2020 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;

LETTER FROM THE BOARD

- (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 thereinunder 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, 2020 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 transaction amounts

Set out below are the historical amounts of rental/licence fee paid under the Tenancy Transactions between the Group and Emperor International Group/Emperor E Hotel Group:

	For the year ended		From
	31 December		1 January
	2018	2019	up to
	HK\$'000	HK\$'000	30 September
			2020
			HK\$'000
Emperor International Group	171,567	116,021	56,159
Emperor E Hotel Group	<u>4,141</u>	<u>4,713</u>	<u>2,125</u>
Total	<u><u>175,708</u></u>	<u><u>120,734</u></u>	<u><u>58,284</u></u>

The Existing Tenancy Annual Caps under the 2018 MLAs are HK\$222.0 million for each of the 3 years ended/ending 31 December 2018, 2019 and 2020, and HK\$55.5 million for the 3 months ending 31 March 2021.

LETTER FROM THE BOARD

Aggregate Tenancy Annual Caps

According to HKFRS 16 Leases which was adopted by the Group effective from 1 January 2019, the Group is required to recognize a right-of-use asset and a lease liability, which are measured at the present value of the Fixed Lease Payments, discounted using the lessee's incremental borrowing rate in the year of entering into the lease where the relevant member of the Group acts as a lessee. Correspondingly, the Company is required to set annual caps for the maximum amount of the total value of right-of-use assets relating to leases to be or expected to be entered into by the relevant member of the Group as a lessee for each of the respective period(s) in each year under the 2020 MLAs.

In addition, according to HKFRS 16, the Variable Lease Payments under Tenancy Transactions will be recognized as expenses incurred by the Group. The Company will set the annual caps for Variable Lease Payments and other short-term lease payments recognised as expenses which are determined with reference to the estimated annual maximum amount of the Variable Lease Payments and other short-term lease payments payable by the Group in respect of Tenancy Transactions for each of the respective period(s) in each year under the 2020 MLAs.

Set out below are the proposed Aggregate Tenancy Annual Caps under the 2020 MLAs for each of the respective periods:

	For the 9 months ending 31 December 2021 HK\$'000	For the year ending 31 December 2022 2023 HK\$'000 HK\$'000		For the 3 months ending 31 March 2024 HK\$'000
Aggregate Right-of-Use Annual Cap (note)	100,000	350,000	350,000	75,000
Aggregate Rental Expense Annual Cap (note)	4,000	4,500	5,000	1,250

Note: including the Tenancy Transactions between Emperor E Hotel Group and the Group

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 2020 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 2020 MLAs.

LETTER FROM THE BOARD

The Aggregate Right-of-Use Annual Cap (i.e. aggregates all Tenancy Transactions to be or expected to be entered with Emperor International Group (including Emperor E Hotel Group) and the right-of-use assets to be recognized regardless of their location and usage) and the Aggregate Rental Expense Annual Cap (i.e. aggregates all short term Tenancy Transactions entered/to be or expected to be entered with Emperor International Group (including Emperor E Hotel Group) and the Variable Lease Payments to be paid by the Group regardless of their location and usage) 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;
- (ii) the number of existing Tenancy Transactions:

As at the Latest Practicable Date, members of the Group are leasing properties from Emperor International Group (including Emperor E Hotel Group) in the following areas in Hong Kong, Macau and Mainland China:

Hong Kong

Location

- (1) Emperor Group Centre, No. 288 Hennessy Road, Wanchai
- (2) Nos. 50-56 Russell Street, Causeway Bay
- (3) No.5 Canal Road East, Causeway Bay
- (4) Harilela Mansion, No.81 Nathan Road, Kowloon
- (5) Nos. 4-8 of Canton Road, Tsim Sha Tsui, Kowloon

Macau and Mainland China

Location

- (1) Emperor Nam Van Centre, Nos. 71-75, Avenida do Infante, D., Henrique and Nos. 514-540, Avenida da Praia Grande, Macau
- (2) Grand Emperor Hotel, No. 288 Avenida Commercial De Macau
- (3) EM Macau, Avenida Do Infante D., Henrique No.65-A, Macau
- (4) Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, PRC

LETTER FROM THE BOARD

There are 20 existing tenancy/lease/licence agreements entered into between members of the Group and members of Emperor International Group and Emperor E Hotel Group. The earliest expiry date of the leases is in December 2020 and the latest one is in January 2023. The monthly rental ranges from HK\$2,000 to HK\$2,900,000 and the size ranges from a signboard space to a retail shop with a gross floor area of 5,762 sq. ft. The duration of the leases are usually 2 to 3 years with the exception of office complex in Emperor Group Centre located in Beijing with market practices of 5 years lease term.

- (iii) assuming all the above tenancies will be renewed upon expiry 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 2020 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.

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 selected location. The Group will then collect rental quotations of shortlisted properties from different landlords. Furthermore, the Group will further assess the rental and obtain comparable information for the determination of terms of tenancy. 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, management will review and approve the tenancy. With such internal approval, the Definitive Leasing Agreement(s) will be entered into between relevant parties.

The Directors consider that adequate procedures have been in place to ensure the Definitive Leasing Agreements are to be entered into under normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

LETTER FROM THE BOARD

Should there be any future Definitive Leasing Agreement with lease term exceeding three years and subject to announcement/circular and/or shareholders' approval requirements according to applicable percentage ratios (as defined in the Listing Rules), the Company will, when entering into such Definitive Leasing Agreement, a) in compliance with Rule 14A.52 of the Listing Rules, appoint an independent financial adviser to explain why such agreement requires a longer period of lease term and to confirm that it is normal business practice for agreement of this type to be of such duration; and b) publish announcement(s) to disclose the opinion of the independent financial adviser according to the Listing Rules.

REASONS FOR AND BENEFITS FOR 2020 MLAs

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of European-made internationally renowned watches and self-designed 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 2018 MLAs, and shall continue to lease the properties in the future. With the upcoming expiration of the 2018 MLAs, entering into the 2020 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 terms of 2020 MLAs and the transactions contemplated thereunder have been 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 Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company and the counter-parties of the 2020 MLAs, namely Emperor International and Emperor E Hotel are all indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Albert Yeung, who is a 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 deemed connected person of the Company and accordingly, the transactions contemplated under the 2020 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, 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 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 as they also take up a management role in the relevant counter-parties of the 2020 MLAs.

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 ADVISOR

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 2020 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 resolutions. Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

EGM

A notice convening the EGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Tuesday, 2 February 2021 at 11:45 a.m. is set out from pages EGM-1 to EGM-3 of this circular. Ordinary resolution (the "**Resolution**") regarding 2020 MLAs will be proposed at the EGM for the Independent Shareholders to approve the relevant transaction.

As at the Latest Practicable Date, the counter-parties to the 2020 MLAs were indirectly wholly owned by the private discretionary trust which was set up by Dr. Albert Yeung who is a deemed substantial Shareholder of the Company. Accordingly, Dr. Albert Yeung and his associates 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 EGM will be published after the EGM.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM 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 54, 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 EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (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.

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

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 Branch Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Wednesday, 27 January 2021.

RECOMMENDATION

The Board is of the view that the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps have been 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 EGM. Before deciding how to vote on the Resolution at the EGM, you are advised to read (i) the Letter from the Independent Board Committee on page 17 of this circular; and (ii) the Letter from Vinco Capital from pages 18 to 32 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the 2020 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 2020 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)

24 December 2020

To the Independent Shareholders of Emperor Watch & Jewellery Limited

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS
2020 MASTER LEASING AGREEMENTS

We refer to the circular of the Company to the Shareholders dated 24 December 2020 (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 2020 MLAs and the Aggregate Tenancy Annual Caps. Vinco Capital 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 18 to 32 of the Circular. Your attention is also drawn to the “**Letter from the Board**” and the “**Letter from Vinco Capital**” in the Circular and the additional information set out in the Appendix thereto.

Having considered the advice given by Vinco Capital, in particular the principal factors, reasons and recommendation as set out in its letter, we consider that (i) the entering into the 2020 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 2020 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 resolutions to be proposed at the EGM to approve the Aggregate Tenancy Annual Caps.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Emperor Watch & Jewellery Limited

Chan Sim Ling, Irene

Liu Hing Hung
Independent Non-executive Directors

Chan Wiling, Yvonne

LETTER FROM VINCO CAPITAL

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in respect of the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps, and has been prepared for the purpose of incorporation in this circular.



Vinco Capital Limited

Unit 2610, 26/F., The Center
99 Queen's Road Central, Hong Kong

24 December 2020

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS 2020 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 terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps, details of which are set out in the "Letter from the Board" (the "**Board Letter**") in the circular (the "**Circular**") issued by the Company to the Independent Shareholders dated 24 December 2020 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement issued by the Company dated 3 December 2020, in relation to the 2020 MLAs entered into by the Company with Emperor International and Emperor E Hotel Group respectively, which set out a framework of the terms governing the Tenancy Transactions between the Group and Emperor International Group (including Emperor E Hotel Group).

LETTER FROM VINCO CAPITAL

The Group shall continue to lease properties (including offices, retail shops, warehouses, carparking spaces, signage or signboard spaces) from Emperor International Group (including Emperor E Hotel Group). In light of (1) the amendment to annual caps for the Group under the Listing Rules; and (2) the setting of a successive term of 3 years from 1 April 2021, the Board announces that with the upcoming expiration of the 2018 MLAs, the Company entered into the 2020 MLAs with Emperor International Group (including Emperor E Hotel Group) on 3 December 2020 to recite their agreement regarding the subject matter.

As at the Latest Practicable Date, the Company and the counter-parties of the 2020 MLAs, namely Emperor International and Emperor E Hotel are all indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Albert Yeung, who is a 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 deemed connected person of the Company and accordingly, the transactions contemplated under the 2020 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 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, 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 as they also take up a management role in the relevant counter-parties of the 2020 MLAs.

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

THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Ms. Cindy Yeung, Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa as the executive Directors; and Ms. Chan Sim Ling, Irene, Mr. Liu Hing Hung and Ms. Chan Wiling, Yvonne as the independent non-executive Directors.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders whether, among other things, the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM VINCO CAPITAL

OUR INDEPENDENCE

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of the Listing Rules, our role is to give an independent opinion as to whether, among other things, the entering into the 2020 MLAs is in ordinary and usual course of business of the Group, 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 Company and the Shareholders as a whole. We, Vinco Capital, have been appointed and approved by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, 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. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rule to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps.

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence.

During the past two years, we have not acted as the Independent Financial Adviser on any other transactions for the Company. Accordingly, we consider that we are eligible to give independent advice on, among other things, the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or

LETTER FROM VINCO CAPITAL

referred to in the Circular were true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, the management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions. The Company has been separately advised by its own professional advisers with respect to the transactions and the preparation of the Circular (other than this letter).

We have assumed that the transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

We consider that we have reviewed all currently available information and documents, among others: (i) the annual report of the Company for the year ended 31 December 2019, (ii) the interim report of the Company for the six months ended 30 June 2020; (iii) the announcement of the Company dated 3 December 2020 in relation to the 2020 MLAs; (iv) documents related to historical transactions between the Group and the relevant members of Emperor International Group (including Emperor E Hotel Group); and (v) the basis and assumptions of the transactions contemplated under the 2020 MLAs which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

LETTER FROM VINCO CAPITAL

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in respect of the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole in part, nor shall this letter be used for any other purposes, without our prior written consent.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the terms of the 2020 MLAs, the transactions contemplated thereunder and the Aggregate Tenancy Annual Caps, we have taken into account the following principal factors:

1. Background information of the parties

1.1 Information of the Company

The Company is an investment holding company. The Company together with its subsidiaries is a leading retailer of European-made internationally renowned watches, together with self-designed fine jewellery products under its own brand, “*Emperor Jewellery*”.

The Group has established a retail network of approximately 100 stores across Hong Kong, Macau, mainland China, Singapore and Malaysia, as well as several online shopping platforms. With a history of over 75 years, the Company carries a balanced and comprehensive watch dealership list. The target customers range from middle to high income groups worldwide. The Group’s core strategy focuses on maintaining its position as the leading watch and jewellery retailing group in Greater China, coupled with an eye on expansion beyond the region.

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, owning properties with a total area of over 6 million sq. ft.. The issued shares of Emperor International are listed on the Main Board of the Stock Exchange (Stock Code: 163). Emperor International Group has a tri-engine business model – owning and managing investment properties in prime locations that generate stable income; developing residential projects to drive earnings visibility; and operating hospitality services with steady recurrent cash flow. Emperor International Group has been recognised by BCI Asia as one of the “Top 10 Developers in Hong Kong 2019” for its sustainability efforts and achievements in developing high quality, innovative properties.

LETTER FROM VINCO CAPITAL

As set out in the interim results announcement of Emperor International for the six months ended 30 September 2020, the key investment properties owned by Emperor International Group in Hong Kong include the retail shops and shopping malls in Causeway Bay, Tsim Sha Tsui, Repulse Bay, Mid-levels, North Point and Tuen Mun. It also owns office, commercial and industrial complexes in Wanchai, Central, Sheung Wan, Kwai Chung, Kwun Tong, Tuen Mun and Sha Tin.

1.3 Information about Emperor E Hotel

Emperor E Hotel is an investment holding company and its subsidiaries are principally engaged in provision of entertainment and hospitality services in Macau. The issued shares of Emperor E Hotel are listed on the Main Board of the Stock Exchange (Stock Code: 296). Emperor E Hotel currently operates two hotels, Grand Emperor Hotel and Inn Hotel Macau, in Macau.

Grand Emperor Hotel is the flagship project of Emperor E Hotel Group on the Macau Peninsula. It is an award-winning 26-storey gaming hotel with a gross floor area of approximately 655,000 sq. ft. and 311 guest rooms. It has six gaming floors, covering over 130,000 sq. ft.. Inn Hotel Macau is a 17-storey hotel located at the heart of Macau's Taipa Island with a gross floor area of approximately 209,000 sq. ft., and 287 guest rooms.

2. Reasons for and benefits of the entering into of the 2020 MLAs

As disclosed in the Board Letter, the Group currently leases properties from Emperor International Group (including Emperor E Hotel Group) pursuant to the 2018 MLAs, and shall continue to lease the properties in the future. With the upcoming expiration of the 2018 MLAs, entering into the 2020 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 to 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 terms of the 2020 MLAs and the transactions contemplated thereunder 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 Company and the Shareholders as a whole.

LETTER FROM VINCO CAPITAL

As discussed with the management of the Group, we understand the Group would continue to lease the properties from Emperor International Group (including Emperor E Hotel Group) in the future and hence it is reasonable for the Group to obtain the Aggregate Tenancy Annual Caps in order to reduce the relevant administrative burden and costs on the Company in complying with the requirements under the Listing Rules. Having considered the above, we are of the view that the entering into of the 2020 MLAs, together with the adoption of the Aggregate Tenancy Annual Caps, is conducted in the ordinary and usual course of the Group's business and is in the interests of the Company and the Shareholders as a whole.

3. The 2020 MLAs

3.1 Principal terms of the 2020 MLAs

Master Leasing Agreements

Parties

Scope

(1)	2020 EIHL MLA	The Company and Emperor International	Governing the Tenancy Transactions between the Group and Emperor International Group
(2)	2020 EEH MLA	The Company and Emperor E Hotel	Governing the Tenancy Transactions between the Group and Emperor E Hotel Group

Term

1 April 2021 – 31 March 2024. 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 2020 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 2020 MLAs.

Key terms and conditions

The 2020 MLAs mainly serve to amend certain definitive terms in light of the changes in the Listing Rules and to state the new term of 3 years from 1 April 2021.

LETTER FROM VINCO CAPITAL

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 2020 MLAs, provided 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, 2020 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).

As discussed with the management, the Group would follow a series of procedures in selecting the premises and determining the rentals and the terms of the tenancies. When the management of the Group is about to renew an existing tenancy or open a new retail shop which requires new premise, the operation team of the Group will conduct site visits and source available properties in selected location. The Group will then collect rental quotations of shortlisted properties from different landlords.

Furthermore, the Group would further assess the rental and obtain comparable information for the determination of terms of tenancy. The Group may engage independent property appraiser to prepare valuation reports when necessary; conduct internal research to assess the valuation; and/or assess 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 proposed tenancy. The Directors consider that adequate procedures have been in place to ensure the leasing contracts are to be entered into under normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

LETTER FROM VINCO CAPITAL

We have obtained and reviewed samples of procedures in respect of leasing of premises from Emperor International Group (including Emperor E Hotel Group) in different regions and we note that the Group had obtained the comparable information for the purpose of determining the terms of the Tenancy Transactions from the valuation reports prepared by independent property appraiser, and/or conducting internal research to assess the valuation, and/or assessing the valuation with reference to previous tenancy agreements for renewal cases. We also note that the relevant terms of the Tenancy Transactions (in particular the rental) were comparable to the then market. Based on the above, we are of the view that the terms of the Tenancy Transactions under the 2020 MLAs are no less favourable to the Group than those offered by independent third parties if these procedures will be in place accordingly and that the Company will adhere to them before entering into any Tenancy Transactions.

Having considered the above, in particular that there are procedures in place to ensure the Tenancy Transactions will be entered into under normal commercial terms or terms no less favourable to the Group than those offered by independent third parties, we are of the view that the terms of the 2020 MLAs and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and Independent Shareholders are concerned.

3.2 Proposed Aggregate Tenancy Annual Caps

As extracted from the Board Letter, set out below is the proposed Aggregate Tenancy Annual Caps under the 2020 MLAs for each of the respective periods:

	For the 9 months ending 31 December 2021 HK\$'000	For the year ending 31 December 2022 2023 HK\$'000 HK\$'000		For the 3 months ending 31 March 2024 HK\$'000
Aggregate Right-of-Use Annual Cap (note)	100,000	350,000	350,000	75,000
Aggregate Rental Expense Annual Cap (note)	4,000	4,500	5,000	1,250

Note: including the Tenancy Transactions between Emperor E Hotel Group and the Group

LETTER FROM VINCO CAPITAL

As advised by the Directors, the proposed Aggregate Tenancy Annual Caps are calculated based on a series of factors, among other things, the (i) historical transaction amounts, (ii) assumption that existing tenancy agreements stated in the Board Letter will be renewed at market rent and (iii) possible new tenancy agreements to be entered under the business development and expansion of the Group.

Pursuant to the Board Letter, 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 2020 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 2020 MLAs.

The Aggregate Right-of-Use Annual Cap (i.e. aggregates all Tenancy Transactions to be or expected to be entered with Emperor International Group (including Emperor E Hotel Group) and the right-of-use assets to be recognized regardless of their location and usage) and the Aggregate Rental Expense Annual Cap (i.e. aggregates all short term Tenancy Transactions entered/to be or expected to be entered with Emperor International Group (including Emperor E Hotel Group) and the Variable Lease Payments to be paid by the Group regardless of their location and usage) 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;
- (ii) the number of existing Tenancy Transactions;
- (iii) assuming all the existing tenancies will be renewed upon expiry 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 2020 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.

LETTER FROM VINCO CAPITAL

In assessing the fairness and the reasonableness of the basis in determining the proposed Aggregate Tenancy Annual Caps, we have considered the following factors:

(a) The historical transaction amounts

Set out below are the historical amounts of the Tenancy Transactions between the Group and Emperor International Group/Emperor E Hotel Group:

	For the year ended 31 December		From 1 January up to 30 September
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Emperor International Group	171,567	116,021	56,159
Emperor E Hotel Group	4,141	4,713	2,125
Total	175,708	120,734	58,284
Utilisation rate	79%	54%	26%

The historical amounts of the Tenancy Transactions between the Group and Emperor International Group and Emperor E Hotel Group decreased from approximately HK\$175.7 million for the year ended 31 December 2018 to approximately HK\$120.7 million for the year ended 31 December 2019, and further decreased to approximately HK\$58.3 million for the nine months ended 30 September 2020. Such decrease was mainly attributable to the delay of opening new shops after considering the weaker consumption sentiment in the market caused by the Sino-US trade dispute and local social issues in 2019 and the COVID-19 pandemic in 2020, and the rental concession offered by Emperor International Group and Emperor E Hotel Group. Pursuant to the circular of Emperor International in relation to the disposal of equity interest in Perfect Raise Holdings Limited dated 12 November 2018, the property located at Canton Road, Kowloon (which consists of shops and the advertising space on the external wall) was originally leased by the member of Emperor International Group to members of the Group that its tenancy had been distributed to the Existing Tenancy Annual Caps until it was purchased by the Group. As such, the utilisation rate of the Existing Tenancy Annual Caps has been dropping since 2019.

LETTER FROM VINCO CAPITAL

As advised by the management of the Company, the Group considered the above factors of the drop in rental for the forecast of Tenancy Transactions in the forthcoming years. We have also obtained the forecast of Tenancy Transactions for the period from 1 April 2021 to 31 March 2024 from the Company and noted that the historical transaction amounts and the assumption of decreasing trend of rental has been taken as reference for estimating the value of right-of-use assets and the rental expenses under the 2020 MLAs. Apart from the offices, warehouses, carparking spaces, signage or signboard spaces related rental, we found that the Group applied discount rates of approximately 20% to 45% on the estimated transaction amounts compared with the historical transaction amounts, according to the district and size of the corresponding properties. We consider the discount rates adopted by the Group is reasonable as it falls within the range of the market rates pursuant to the reference found from certain real estate agencies for the past two years. Moreover, as advised by the Directors, the Group will consider to expand its retail network and there is high possibility that new Tenancy Transactions would be entered into with Emperor International Group and Emperor E Hotel Group under the 2020 MLAs in the forthcoming years.

Accordingly, the relevant transaction amounts with Emperor International Group and Emperor E Hotel Group are expected to increase from 2022 when the consuming power would recover from the COVID-19 pandemic recession. We understand from the Company that the members of the Group would be likely to enter into the leasing contracts with the members of Emperor International Group and Emperor E Hotel Group for a term of one year in 2021 for a prudent approach due to the uncertainty of the rental level next year. The increase in the Aggregate Right-of-Use Annual Caps in 2022 and 2023 is based on the assumption of renewing the existing tenancies for a term of three year from 2022 when the rental is expected to rebound to pre COVID-19 pandemic condition. For Aggregate Rental Expense Annual Caps, most of the historical lease payments are paid according to the turnover, therefore the estimated rental expenses for 2021 is expected to be similar with those in 2020 due to the impact caused by the COVID-19 pandemic until 2022 when the performance of luxury sales is expected to start improving. As such, the Company takes into account this assumption for the Aggregate Rental Expense Annual Caps by projecting an increase of approximately 10% in the estimated rental expenses from 2022.

(b) The number of existing Tenancy Transactions

According to the list of existing tenancies obtained from the Company, there are 20 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 cover ten properties in Hong Kong, four properties in Macau and six properties in mainland China. It is intended that these tenancies would be renewed upon expiry. The earliest expiry date of the existing leases is in December 2020 and the latest one is in January 2023. The monthly rental ranges from HK\$2,000 to HK\$2,900,000 and the size ranges from a signboard space to a retail shop with a gross floor area of 5,762 sq. ft.. The duration of the leases are usually 2 to 3 years with the exception of office complex in Emperor Group Centre located in Beijing with market practices of 5 years lease term.

LETTER FROM VINCO CAPITAL

(c) The assumption of renewing existing tenancies

As advised by the Company, it intends to renew the relevant agreements upon their expiry and some have already been under negotiation for the coming years. We are of the view that this is not an uncommon practice for the Group to renew the existing tenancies upon the expiry of the leasing contracts for its operation of business.

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

According to the interim report of the Company dated 27 August 2020, the Group will adhere to its prudent approach, promptly react to market changes and take appropriate measures to improve its overall operating efficiency for the challenges caused by the COVID-19 pandemic. It is expected that Hong Kong remains one of the region's hottest shopping destinations and is among the best places to benefit from a recovery in consumption sentiment supported by the expansion of the middle-income group and more comprehensive transportation linkages. As such, we understand the need of continuing to lease the properties from Emperor International Group (including Emperor E Hotel Group) especially upon the time when the travel restrictions and health quarantine measures are eased in future. We have also discussed with the management of the Company that there are possible new tenancy agreements to be entered as part of the Group's strategy to expand its business.

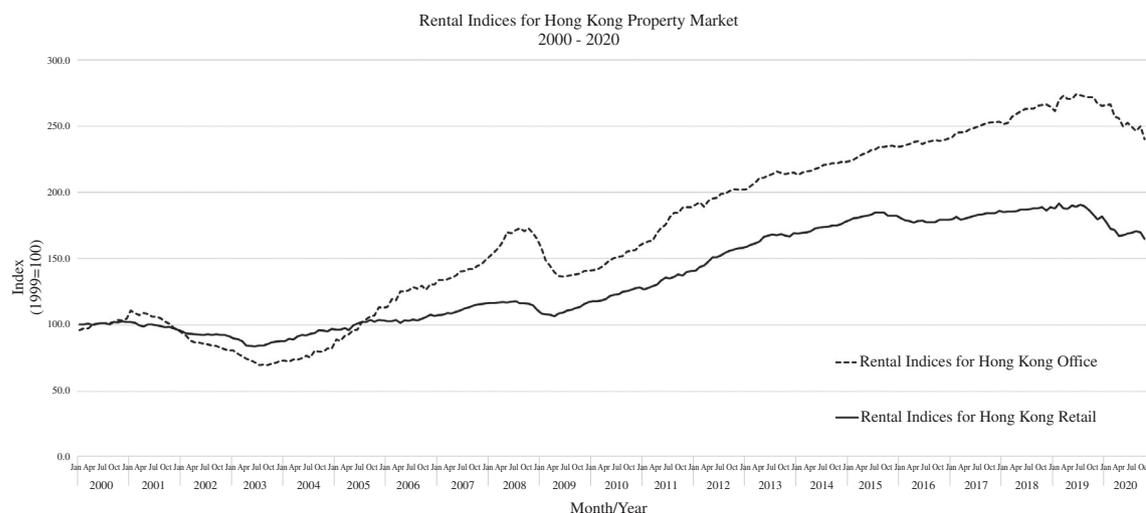
(e) The potential acquisition of properties by Emperor International Group

Pursuant to the interim report of Emperor International dated 25 November 2020, Emperor International remains cautiously optimistic about the industry outlook in the long term and will continue to look out for commercial buildings with redevelopment value and undertake urban renewal projects in suitable districts, with an aim of maintaining a more balanced investment property portfolio. Also, as disclosed in the annual report of Emperor International for the year ended 31 March 2020, Emperor International continually undertakes various redevelopment and revitalisation programmes in various locations including countries where currently the retail shops and commercial office of the Group locate at including but not limited to Hong Kong and mainland China, such as site at Nos. 75-85 Lockhart Road, Wanchai which will be transformed into Grade-A office building by 2021, and industrial building located at No.4 Kin Fat Lane, Tuen Mun which will be transformed into a commercial building by 2020. Having considered the current property portfolio and the potential development of the property related projects of Emperor International Group which can be available for leasing to the members of the Group in the future, there is possibility of entering into new Tenancy Transactions with Emperor International Group and Emperor E Hotel Group under the 2020 MLAs in the forthcoming years.

LETTER FROM VINCO CAPITAL

(f) The recent rental market in Hong Kong

Set out below is the graph of rental indices for Hong Kong property market of private retail and private office from January 2000 to October 2020 with reference to the Hong Kong Property Review issued by Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region:



It is noted that the rental index for private retail properties was in a general increasing trend before the COVID-19 pandemic but reached to the lowest of 240.3 for private office and 164.8 for private retail in October 2020 respectively. Despite of the recent downward pressure in the rental indices due to the COVID-19 pandemic, as indicated by the average retail rental for districts in Hong Kong in October 2020 is higher than those in May 2020 and the average retail rental for districts in Kowloon in October 2020 is higher than those in August 2020 which may symbolize an early sign of stabilization of the retail rental. This may imply a tendency of the retail rental in districts where the Group would have Tenancy Transactions in the forthcoming years to rebound and recover. Moreover, according to the research on global office impact study and recovery timing issued by the leading global real estate services firm, Cushman & Wakefield in September 2020, the political tensions with the U.S. ease while civil unrest in Hong Kong lessens after social distancing measures are lifted, the real GDP would return to pre COVID-19 pandemic levels by 2020 Q2 in mainland China and by 2021 Q1 in Hong Kong. Furthermore, Cushman & Wakefield predicted the rents would be rebounded from the negative rate of 5.2% in 2021 to the positive rate of 0.1% in 2022 in the region of Greater China including Hong Kong and mainland China. In this circumstance, we are of the view that, while the COVID-19 pandemic had significant impact on the rental, the situations would be turned around with recovery upon the time when the vaccine is available for the public next year.

LETTER FROM VINCO CAPITAL

Based on the factors and reasons discussed above, we are of the view that each of the Aggregate Tenancy Annual Caps for the continuing connected transactions contemplated under the 2020 MLAs were set by the Company after due and careful consideration and are reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES GOVERNING THE 2020 MLAS

As confirmed by the Director, the Company will conduct the same internal control procedures as stated in the circular in relation to 2018 MLAs to govern the continuing connected transactions of the Company under the 2020 MLAs. We have also obtained samples of internal control documents such as the approval form before entering into the tenancy transactions and the rental comparison table to ensure the proposed rental would be aligned with the market rate. Since the series of internal control measure and risk management arrangement for the transactions remain unchanged, we believe the Group will adopt the same procedures to govern the continuing connected transactions are sufficient and adequate to ensure that such transactions will be conducted under normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the entering into of the 2020 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 2020 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 advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM approving the Aggregate Tenancy Annual Caps under the 2020 MLAs of the term of three years from 1 April 2021.

Yours faithfully,
For and on behalf of
Vinco Capital Limited
Alister Chung
Managing Director

Note: Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

1. 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 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 interest in the Company

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

Name of Director	Capacity/Nature of Interests	Number of issued Shares interested	Approximate % holding
Ms. Cindy Yeung	Eligible beneficiary of a private discretionary trust	4,290,850,000	63.29%

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 held by First Family Advisors Trust reg. in trust for a private discretionary trust under which Ms. Cindy Yeung had deemed interests by virtue of being one of the eligible beneficiaries.

(b) Long position interests in associated corporations**(i) Ordinary shares**

Name of Director	Name of associated corporation	Capacity/ Nature of Interests	Number of ordinary shares interested	Approximate % holding
Ms. Cindy Yeung	Emperor International	Eligible beneficiary of a private discretionary trust	2,747,610,489 (Note)	74.71%
	Emperor E Hotel	Eligible beneficiary of a private discretionary trust	851,352,845 (Note)	70.07%
	Emperor Culture Group Limited (“Emperor Culture”)	Eligible beneficiary of a private discretionary trust	2,371,313,094 (Note)	73.80%
	Ulferts International Limited (“Ulferts”)	Eligible beneficiary of a private discretionary trust	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, by virtue of being one of the eligible beneficiaries of such trusts, had deemed interests in the same shares.

(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 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.

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 has 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 2018 MLA(s) and 2020 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 15 November 2019 entered into between the Company and Dr. Albert Yeung, details of which were set out in the announcement of the Company dated 15 November 2019.

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 2019 (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 are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Vinco Capital	A corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, Vinco Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report (as the case may be) and references to its names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Vinco Capital:

- (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 any shares, convertible securities, warrants, options or derivatives which carry voting rights 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 2019), 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, save as disclosed in the interim report of the Company for the six months ended 30 June 2020, 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 2019, being the date to which the latest audited financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. on any weekday (except for Saturdays and public holidays) at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from the date of the circular and up to and including the date of the EGM:

- (a) the 2020 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 17 in this circular;
- (d) the letter from Vinco Capital, the Independent Financial Adviser, as set out in pages 18 to 32 in this circular; and
- (e) this circular.

10. MISCELLANEOUS

The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

NOTICE OF EXTRAORDINARY 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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary 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 Tuesday, 2 February 2021 at 11:45 a.m., for the purpose of considering and, if think fit, passing with or without modification the following resolution of the Company:–

ORDINARY RESOLUTION

“**THAT** (i) the Aggregate Tenancy Annual Caps for 2020 EIHL MLA and 2020 EEH MLA be and are hereby ratified, confirmed and approved; and (ii) any one 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 2020 EIHL MLA and 2020 EEH MLA (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).”

Remarks:–

The Aggregate Tenancy Annual Caps for 2020 EIHL MLA and 2020 EEH MLA are bundled into one resolution as Emperor E Hotel is a subsidiary of Emperor International, thus the Tenancy Transactions conducted under such agreements are regarded as between the Group and Emperor International Group (including Emperor E Hotel Group).

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

Hong Kong, 24 December 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

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

Notes:

- (i) Unless indicated otherwise, capitalized terms used in this Notice shall have the same meanings as those defined in the circular of the Company dated 24 December 2020.
- (ii) Considering the outbreak of COVID-19, certain measures will be implemented at the Extraordinary General Meeting (“EGM”) with a view to addressing the risk to attendees of infection, including, without limitation (i) all attendees being required to (a) undergo compulsory body temperature check; (b) submit compulsorily health declaration form; and (c) wear surgical face masks prior to admission to the EGM venue (no mask will be provided at the EGM venue) and throughout the EGM; (ii) no corporate gifts being distributed; (iii) no refreshments or drinks being provided; and (iv) all attendees will be assigned designated seat at the EGM venue in order to ensure approximate social distancing and facilitate contact tracing. The Company reminds attendees that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances.

The Company will keep the evolving COVID-19 situation under review and may change measures, where appropriate. Shareholders should check the website of the Company (<https://www.emperorwatchjewellery.com>) for future announcements and updates on the EGM arrangements.

- (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 EGM. Where the Chairperson/Chairman 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 EGM 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 needs not be a member of the Company.
- (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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (“**Share Registrar**”) together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, not less than 48 hours before the time for holding the EGM 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 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (vii) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM 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 EGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Share Registrar, Tricor Secretaries Limited at the above address before 4:30 p.m. on Wednesday, 27 January 2021.
- (ix) The EGM will be held on Tuesday, 2 February 2021 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 is in effect at any time after 9:30 a.m. and before the meeting time, the EGM will be postponed. The Company will post an announcement on the website of 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 or the Company’s Share Registrar, Tricor Secretaries Limited, by post at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.