
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 **Tse Sui Luen Jewellery (International) Limited**, you should at once hand this circular and the accompanying Election Form (if applicable) to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TSE SUI LUEN JEWELLERY (INTERNATIONAL) LIMITED

謝瑞麟珠寶(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 417)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE INTERIM DIVIDEND
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018**

If you **do not** wish to receive your Interim Dividend **wholly in Scrip Shares**, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Thursday, 27 December 2018.

* For identification purpose only

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Tse Sui Luen Jewellery (International) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Election Form(s)”	the form(s) of election in relation to the Scrip Dividend Scheme
“Eligible Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than Non-Qualifying Overseas Shareholders
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Dividend”	an interim dividend of HK\$0.048 per Share for the six months ended 30 September 2018 to be paid to the Shareholders whose names appear on the register of members of the Company on the Record Date
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Record Date”	Wednesday, 5 December 2018, being the date for determining the Shareholders’ entitlement to the Interim Dividend
“Scrip Dividend Scheme”	the scheme proposed by the Directors on 20 November 2018 in relation to the Interim Dividend pursuant to which the Eligible Shareholders will receive the Interim Dividend wholly by way of an allotment and issue of Scrip Shares, in lieu of cash, unless the relevant Eligible Shareholder elects to receive the Interim Dividend wholly in cash or partly in cash and partly in Scrip Shares
“Scrip Share(s)”	the new Share(s) to be allotted, issued and credited as fully paid under the Scrip Dividend Scheme
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company which are listed on the Stock Exchange
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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Executive Directors:

Ms. Yau On Yee, Annie

(Chairman and Chief Executive Officer)

Ms. Ng Yi Kum, Estella

(Deputy Chairman, Chief Strategy Officer &
Chief Financial Officer and Company Secretary)

Non-executive Director:

Mr. Erwin Steve Huang (Deputy Chairman)

Independent Non-executive Directors:

Mr. Chui Chi Yun, Robert

Mr. Chan Yue Kwong, Michael

Mr. Chow Chee Wai, Christopher

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business in

Hong Kong:

Ground Floor, Block B

Summit Building

30 Man Yue Street

Hunghom, Kowloon

Hong Kong

Hong Kong, 10 December 2018

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. INTRODUCTION

On 20 November 2018, the Company announced that the Board had resolved to declare the Interim Dividend. The Interim Dividend would be satisfied wholly in the form of an allotment and issue of Scrip Shares, in lieu of cash, while Shareholders will be given an option to elect to receive the Interim Dividend wholly in cash in lieu of Scrip Shares, or partly in cash and partly in the form of Scrip Shares.

For the purpose of determining the Shareholders' entitlement to the Interim Dividend, the Company's register of members was closed from Tuesday, 4 December 2018 to Wednesday, 5 December 2018 (both dates inclusive). The latest time by which transfers were accepted for registration for participation in the Scrip Dividend Scheme for the Interim Dividend was 4:30 p.m. on Monday, 3 December 2018.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action(s) which should be taken by the Shareholders in relation thereto.

* For identification purpose only

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2. DETAILS OF THE SCRIP DIVIDEND SCHEME

2.1 Election available to Eligible Shareholders

Under the Scrip Dividend Scheme, the Eligible Shareholders have the following choices to receive the Interim Dividend:

- (a) by way of an allotment and issue of Scrip Shares (the number of which is determined as explained below) having an aggregate market value, save for adjustment for fractions, equal to the total amount of the Interim Dividend which such Eligible Shareholder would otherwise be entitled to receive in cash; or
- (b) a cash dividend of HK\$0.048 for each Share held on the Record Date; or
- (c) partly in cash and partly in the form of Scrip Shares.

The Interim Dividend in cash will be paid in Hong Kong dollars regardless of the registered address of the Shareholders as at the Record Date.

2.2 Market value

For the purpose of calculating the number of Scrip Shares to be allotted under (a) and (c) above, the market value of each Scrip Share is determined by reference to the average of the closing prices of a Share traded on the Stock Exchange for the five consecutive trading days immediately prior to and up to and including the Record Date. On the said basis, the market value of each Scrip Share has been fixed at HK\$1.852 (the “**Average Closing Price**”).

2.3 Basis of allotment

Accordingly, the number of the Scrip Shares which the Eligible Shareholders will receive in respect of the Interim Dividend for existing Shares registered in their names as at the Record Date (i.e. 5 December 2018) will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of Scrip} & & \text{Number of existing} & & \text{HK\$0.048} \\ \text{Shares to be received} & & \text{Shares held on the} & & \text{(Interim Dividend per Share)} \\ \text{(rounded down to the} & = & \text{Record Date for} & \times & \\ \text{nearest whole} & & \text{which election for} & & \text{HK\$1.852} \\ \text{number)} & & \text{cash is not made} & & \text{(Average Closing Price)} \end{array}$$

The number of the Scrip Shares to be issued to each Shareholder will be rounded down to the nearest whole number of the Scrip Shares. Fractional entitlements to the Scrip Shares in respect of alternatives (a) and (c) above will be disregarded and cancelled by the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they shall not rank for the Interim Dividend.

Scrip Shares issued to the Eligible Shareholders pursuant to an election to receive some or all of their Interim Dividend in Scrip Shares may be allotted in odd lots (of less than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Scrip Shares issued in odd lots. The Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of the whole board lots.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Directors consider that the Scrip Dividend Scheme will enable the Eligible Shareholders to increase their investment in the Company at market value without incurring

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brokerage fees, stamp duty and related dealing costs and the Company will benefit by retaining the cash which would otherwise have been paid to the Eligible Shareholders for use by the Company for its operation.

4. CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Scrip Shares to be issued in respect of the Interim Dividend.

If this condition is not satisfied, the Scrip Dividend Scheme will not become effective and the completed and returned Election Forms will be treated as void, and the Interim Dividend will then be paid wholly in cash.

5. EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 247,956,970 Shares in issue as at the Record Date, if all Shareholders elect to receive the Interim Dividend in the form of Scrip Shares, not more than 6,426,530 Scrip Shares (representing approximately 2.59% of the existing issued Shares and 2.53% of the issued Shares as enlarged by the issue of the Scrip Shares) will be issued under the Scrip Dividend Scheme. If no Eligible Shareholder elects to receive the Interim Dividend in the form of Scrip Shares, the total cash payable by the Company in respect of the Interim Dividend would be approximately HK\$11.90 million.

Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme for the Interim Dividend may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

6. ELECTION FORM

An Election Form is enclosed with this circular for use by the Eligible Shareholders who wish to elect to receive the Interim Dividend **wholly in cash or partly in cash and partly in the form of Scrip Shares**. If you do not wish to receive your Interim Dividend wholly in the form of Scrip Shares you must complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Thursday, 27 December 2018. No acknowledgement of receipt of the Election Form will be issued.

If any Eligible Shareholder does not complete and return the Election Form by 4:30 p.m. on Thursday, 27 December 2018, the Eligible Shareholder will receive the Interim Dividend wholly in the form of Scrip Shares.

(a) To receive Scrip Shares only

If you wish to receive the Interim Dividend wholly in the form of Scrip Shares, you **DO NOT** need to take any action. Please **DO NOT** return the Election Form.

(b) To receive cash only

If you wish to receive the Interim Dividend wholly in cash, please just **SIGN, DATE** and **RETURN** the Election Form.

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(c) To receive partly in cash and partly in Scrip Shares

If you wish to receive the Interim Dividend partly in cash and partly in Scrip Shares, you should complete **Box C** of the Election Form and fill in the number of registered Shares which you held on the Record Date for which you wish the Interim Dividend to be paid in cash. Please **SIGN, DATE** and **RETURN** the Election Form.

If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the Interim Dividend in cash, or if you elect to receive cash in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive cash in respect of all the Shares of which you were then registered as the holder.

The latest time and date for return of the Election Form will be extended, as the case may be, in accordance with (a) or (b) below if there is a Typhoon Signal No. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on Thursday, 27 December 2018. Instead, the deadline for the submission of Election Form will be 5:00 p.m. on the same business day, i.e. Thursday, 27 December 2018; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Thursday, 27 December 2018. Instead, the deadline for the submission of Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m. i.e. Friday, 28 December 2018 assuming the aforesaid warnings are not in force.

For Shareholders residing outside Hong Kong, please refer to the paragraph headed “Overseas Shareholders” below.

7. OVERSEAS SHAREHOLDERS

No Shareholder receiving a copy of this circular and/or an Election Form in any jurisdiction outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless in that relevant jurisdiction such invitation could lawfully be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities.

Based on the information made available to the Directors, there were 29 Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register that were outside Hong Kong were in Australia, Canada, France, Macau, Malaysia, Singapore, United Kingdom and United States of America (the “**Overseas Shareholders**”). These Overseas Shareholders together held an aggregate of 32,626 Shares, representing approximately 0.01% of the entire issued share capital of the Company. The aggregate amount of the Interim Dividend to which these Shareholders are entitled is approximately HK\$1,566.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board has made enquires with its legal advisers on the laws of Australia, Canada, France, Macau, Malaysia, Singapore, United Kingdom and United States of America in relation to the extension of the Scrip Dividend Scheme to the Overseas Shareholders. Based on the results of such enquiries, the Board is given to understand that there are no legal restrictions or requirements of any regulatory body or stock exchange that would be required to be made in Australia, Canada, France, Macau, Malaysia, Singapore and United Kingdom (the “**Qualifying Overseas Shareholders**”) by the Company to issue Scrip Shares to the Qualifying Overseas Shareholders. Accordingly, the Qualifying Overseas Shareholders will not be excluded from the Scrip Dividend Scheme and the Election Form will be sent to each of the Qualifying Overseas Shareholders together with this circular.

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However, the Election Form has not been sent to Shareholders with a registered address in the United States of America or any of its territories or possessions (the “U.S.”). After making enquiries with its U.S. legal advisers regarding U.S. legal restrictions and regulatory requirements, the Company understands that there are restrictions on inviting Shareholders with a registered address in the U.S. to receive the Interim Dividend in scrip form, either wholly or partly, unless local approval, registration and/or other requirements are satisfied. In light of the foregoing, the Board has decided to prohibit Shareholders with a registered address in the U.S. (the “**Non-Qualifying Overseas Shareholders**”) from receiving the Interim Dividend in scrip form, either wholly or partly. The Non-Qualifying Overseas Shareholders will receive the Interim Dividend wholly in cash. This document will be sent to the Non-Qualifying Overseas Shareholders for information purposes only.

Notice to Shareholders with registered addresses in France

The Scrip Dividend Scheme does not require a prospectus to be submitted for approval to the *Autorité des Marchés Financiers*. Persons or entities referred to in point 2°, Section II of Article L. 411-2 of the French Monetary and Financial Code may elect to take the Scrip Dividend solely for their own account, as provided in Articles D.411-1, D.411-2, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code; the financial instruments thus acquired by the Shareholders cannot be distributed or offered directly or indirectly to the public in France otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Neither this circular nor the Election Form will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong. The participation in the Scrip Dividend Scheme by the Qualifying Overseas Shareholders may be restricted by the laws of their relevant jurisdictions. Notwithstanding the enquiries made by the Company as aforesaid, it is the responsibility of any Shareholder residing outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws and regulations of the relevant jurisdiction including obtaining any registration or approval or consent or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders who receive Scrip Shares in lieu of cash dividend must also comply with any restrictions on the sale of the Scrip Shares which may apply outside Hong Kong. Shareholders with registered addresses outside Hong Kong should consult their own professional advisers as to whether or not they are permitted to receive the Interim Dividend in the form of an issue of Scrip Shares or if any governmental or other consent is required or other formalities which need to be observed and whether there are any other restrictions in relation to the future sale of any Scrip Shares so acquired. Overseas Shareholders residing in jurisdictions where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this circular and/or the Election Form for information only.

8. LISTING AND DEALINGS

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said permission being granted by the Stock Exchange, it is expected that share certificates for the Scrip Shares and/or cheques for cash dividend will be posted by ordinary mail to those entitled Shareholders thereto at their own risk on Monday, 7 January 2019. Dealings of the Scrip Shares on the Stock Exchange are expected to commence on Tuesday, 8 January 2019 after despatch to the Eligible Shareholders of the certificates for the Scrip Shares. One share certificate will be issued for all Scrip Shares an Eligible Shareholder is entitled to.

The Shares are listed, and dealt in, on the Stock Exchange. There is no other stock exchange on which the Shares are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be

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accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

9. RECOMMENDATION AND ADVICE

Whether or not it is to the Eligible Shareholders' advantages to receive Scrip Shares or cash, in whole or in part, it will depend upon their own individual circumstances. The effect on the tax position of any Eligible Shareholder will depend on that Eligible Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Eligible Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

10. EXPECTED TIMETABLE

(Hong Kong time)

Fix the market value of a Scrip Share (Average Closing Price)	Thursday, 29 November 2018 to Wednesday, 5 December 2018 (both dates inclusive)
Last day of dealings in the Shares on a cum-entitlement basis	Thursday, 29 November 2018
Commencement of dealings in the Shares on an ex-entitlement basis	Friday, 30 November 2018
Latest time for lodging transfer of Shares for registration in order to qualify for the Interim Dividend	4:30 p.m. on Monday, 3 December 2018
Closure of the register of members of the Company	Tuesday, 4 December 2018 to Wednesday, 5 December 2018 (both dates inclusive)
Record Date	Wednesday, 5 December 2018
Latest time and date for return of the Election Form	4:30 p.m. on Thursday, 27 December 2018
Despatch of share certificates for the Scrip Shares and/or dividend warrants	Monday, 7 January 2019
Commencement of dealings in the Scrip Shares	Tuesday, 8 January 2019

Yours faithfully,
By Order of the Board
Tse Sui Luen Jewellery (International) Limited
Yau On Yee, Annie
Chairman