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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

CONTINUING CONNECTED TRANSACTION
THE 2023-2025 CONSIGNMENT AGREEMENT

On 1 December 2022 (after trading hours), the Company entered into the 2023-2025 Consignment Agreement for the renewal of the continuing connected transactions in relation to the consignment arrangements under the 2020 Consignment Agreement with the Yeung Family commencing 1 January 2023.

Members of the Yeung Family are connected persons of the Company under Chapter 14A of the Listing Rules and accordingly, the Transactions constitute continuing connected transactions for the Company.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the 2023-2025 Consignment Annual Caps are more than 0.1% but less than 5%, the Transactions are subject to the announcement, reporting and annual review requirements, but exempt from obtaining independent Shareholders' approval under Chapter 14A of the Listing Rules.

THE 2023-2025 CONSIGNMENT AGREEMENT

On 1 December 2022 (after trading hours), the Company entered into the 2023-2025 Consignment Agreement for the renewal of the continuing connected transactions in relation to the consignment arrangements under the 2020 Consignment Agreement with the Yeung Family commencing 1 January 2023. Pursuant to the terms and conditions under the 2023-2025 Consignment Agreement, the Group may at its discretion make consignment arrangements with members of the Yeung Family during the period from 1 January 2023 to 31 December 2025.

Same as the 2020 Consignment Agreement, pursuant to the 2023-2025 Consignment Agreement, the Group may accept the Consigned Items from members of the Yeung Family for sale as and when the Group considers that the sale of such Consigned Items may be profitable for the Group. Upon acceptance by the Group, members of the Yeung Family will consign the Consigned Items to the Group at the Consignment Value and the Group will display the Consigned Items at its retail shops for sale. The Group in its sole discretion determines the retail prices of the Consigned Items no less than the Consignment Value. When the Consigned Items are sold to its customers, the Group shall pay the relevant member(s) of the Yeung Family who is/are the consignor(s) of such Consigned Items the Consignment Value and the Group will make profit from the marked up amount above the agreed Consignment Value. Upon the expiry or early termination of the 2023-2025 Consignment Agreement, all the unsold Consigned Items, if any, shall be returned to the relevant member(s) of the Yeung Family within 14 working days.

According to the 2023-2025 Consignment Agreement, the Consignment Value and other specific terms of each consignment shall be specified in each individual contract to be agreed and made between the Group and the relevant member(s) of the Yeung Family on a case-by-case basis. The Consignment Value shall be determined after arm's length negotiation on normal commercial terms, or on terms no less favourable to the Group than those terms offered to Independent Third Parties in the ordinary course of business of the Group. The Consignment Value shall also be determined by both parties with reference to the market price and the particular features of the relevant products (such as the rarity, the design and the popularity of a particular piece of jewellery) upon acceptance of the Consigned Items by the Group from any Yeung Family member(s).

2020 Consignment Annual Caps, Historical Consignment Value and 2023-2025 Consignment Annual Caps

Set out below are the 2020 Consignment Annual Caps, the historical Consignment Value and the 2023-2025 Consignment Annual Caps respectively:

2020 Consignment Annual Caps

The 2020 Consignment Annual Caps for the transactions contemplated under the 2020 Consignment Agreement for each of the financial year ended / ending 31 December 2020, 2021 and 2022 are set out below:

| | For the years ended /ending 31 December | | |
|------------------------------|--|-------------|-------------|
| | 2020 | 2021 | 2022 |
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| 2020 Consignment Annual Caps | 50,000,000 | 50,000,000 | 50,000,000 |

The Directors have been monitoring the transaction amounts contemplated under the 2020 Consignment Agreement under the aforesaid years and the annual caps for each respective year have not been exceeded. It is anticipated that the 2020 Consignment Annual Cap under the 2020 Consignment Agreement for the financial year ending 31 December 2022 would not be exceeded.

Historical Consignment Value

During the period from 1 January 2020 to 30 November 2022 (the "**Period**"), jewellery, watch and accessory items with an aggregate Consignment Value of HK\$15,235,000 consigned from the Yeung Family was recorded and no sale of such items was made during the Period. The historical Consignment Value recorded under the 2020 Consignment Agreement for each of the financial year ended 31 December 2020 and 2021 and the 11 months ended 30 November 2022 are set out below:

| | For the years ended 31 December | | For the 11 months ended 30 November |
|------------------------------|--|-------------|--|
| | 2020 | 2021 | 2022 |
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| Historical Consignment Value | 15,000,000 | 15,235,000 | 15,235,000 |

2023-2025 Consignment Annual Caps

The 2023-2025 Consignment Annual Caps for the transactions contemplated under the 2023-2025 Consignment Agreement for each of the financial year ending 31 December 2023, 2024 and 2025 are set out below:

| | For the years ending 31 December | | |
|-----------------------------------|---|-------------|-------------|
| | 2023 | 2024 | 2025 |
| | <i>HK\$</i> | <i>HK\$</i> | <i>HK\$</i> |
| 2023-2025 Consignment Annual Caps | 35,000,000 | 35,000,000 | 35,000,000 |

In determining the 2023-2025 Consignment Annual Caps, the Directors have considered the following factors:

- (i) the total Consignment Value of the Consigned Items estimated to be consigned to the Group by members of the Yeung Family for each of the financial year ending 31 December 2023, 2024 and 2025, regardless the Consigned Items will be sold or not during the relevant year;
- (ii) the internal control policy of the Group governing the aggregate value of the products under consignment arrangements during the normal course of business to be no more than 35% of the then inventory level of the Group for each of the three financial years ending 31 December 2023, 2024 and 2025;
- (iii) the consignment from all consignors given that the consignment arrangement is profitable for the Group and the 35% policy set out in item (ii) above is observed; and
- (iv) the latest published inventory level of the Group and its scale of business as at 30 June 2022 expecting that the inventory level shall remain stable after the consignment.

REASONS AND BENEFITS FOR THE 2023-2025 CONSIGNMENT AGREEMENT

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 in Hong Kong, Macau, mainland China, Singapore and Malaysia, as well as online shopping platforms.

As part of the normal and ordinary course of business of the Group, the Group had been accepting limited consignment from consignors who were Independent Third Parties and also from members of the Yeung Family under the previous consignment agreement and the 2020 Consignment Agreement. The 2023-2025 Consignment Agreement shall continue to maintain flexibility for the Group to include consignment from connected consignors as and when the Group thinks fit, especially considering the quality of the Consigned Items from members of the Yeung Family are expected to be of high sophistication, rare and unique styles. The showcase of the Yeung Family's collection not only can attract customers but also enrich the Group's collection of fine jewellery without placing undue burden on the resources of the Group.

The Directors (including the Independent Non-Executive Directors) are of the view that the 2023-2025 Consignment Agreement has been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiation; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Ms. Cindy Yeung, the Chairperson of the Company, did abstain from voting on the relevant board resolution(s) of the Company by virtue of being a daughter of Dr. Yeung and a member of the Yeung Family.

LISTING RULES IMPLICATIONS

Dr. Yeung is the father of Ms. Cindy Yeung. Hence, Dr. Yeung and the Yeung Family members are connected persons of the Company under Chapter 14A of the Listing Rules and accordingly, the Transactions constitute continuing connected transactions for the Company.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the 2023-2025 Consignment Annual Caps (which is the total Consignment Value of the Consigned Items estimated to be consigned to the Group by members of the Yeung Family for each financial year) are more than 0.1% but less than 5%, the Transactions are subject to the announcement, reporting and annual review requirements, but exempt from obtaining independent Shareholders' approval under Chapter 14A of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

| | |
|---------------------------------------|--|
| “2020 Consignment Agreement” | the agreement dated 15 November 2019 entered into between the Company and Dr. Yeung, governing the consignment arrangements between the Company and the Yeung Family during the period from 1 January 2020 to 31 December 2022, details of which are set out in the announcement of the Company dated 15 November 2019 |
| “2020 Consignment Annual Cap(s)” | the agreed maximum aggregate amount of Consignment Value for the consignment transactions contemplated under the 2020 Consignment Agreement for each of the financial years ended / ending 31 December 2020, 2021 and 2022 |
| “2023-2025 Consignment Agreement” | the agreement dated 1 December 2022 entered into between the Company and Dr. Yeung governing the consignment arrangements between the Company and the Yeung Family during the period from 1 January 2023 to 31 December 2025, details of which are set out in this announcement |
| “2023-2025 Consignment Annual Cap(s)” | the agreed maximum aggregate amount of Consignment Value for the consignment transactions contemplated under the 2023-2025 Consignment Agreement for each of the financial years ending 31 December 2023, 2024 and 2025 |
| “associates” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consigned Items” | jewellery, watch and accessory items that may be placed by Dr. Yeung and/or the Yeung Family as consignment with the Company |

| | |
|--------------------------------|--|
| “Consignment Value” | the price of the Consigned Item to be determined from time to time by the Group and Dr. Yeung and/or the Yeung Family for each consignment |
| “Director(s)” | the director(s) of the Company |
| “Dr. Yeung” | Dr. Yeung Sau Shing, Albert |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and the connected persons (as defined under the Listing Rules) of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Shareholder(s)” | holder(s) of the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transaction(s)” | the transaction(s) contemplated under the 2023-2025 Consignment Agreement |
| “Yeung Family” | Dr. Yeung and his associates |
| “%” | per cent |

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

Hong Kong, 1 December 2022

As at the date of this announcement, the Board comprises:

Executive Directors:

Ms. Cindy Yeung
Mr. Ng Koon Keung, Ricky
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