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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 NEW CONSIGNMENT AGREEMENT**

On 4 November 2016 (after trading hours), the Company entered into the New Consignment Agreement with Dr. Albert Yeung for the renewal of the continuing connected transactions under the Existing Consignment Agreement (which is about to expire on 31 December 2016) in relation to the consignment arrangements with the Yeung Family.

Under Chapter 14A of the Listing Rules, Dr. Albert Yeung and members of the Yeung Family are connected persons of the Company and accordingly, the Transactions constitute continuing connected transactions for the Company.

As the applicable percentage ratios calculated with reference to the New 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 the approval of the independent shareholders of the Company under Chapter 14A of the Listing Rules.

**THE NEW CONSIGNMENT AGREEMENT**

On 4 November 2016 (after trading hours), the Company entered into the New Consignment Agreement with Dr. Albert Yeung pursuant to which the Group may at its discretion make consignment arrangements with members of the Yeung Family during the period from 1 January 2017 to 31 December 2019.

Same as the Existing Consignment Agreement, pursuant to the New Consignment Agreement, the Group may consider accepting consignment jewellery items from members of the Yeung Family for sale as and when the Group considers the sale of such consigned jewellery items is profitable for the Group. Upon acceptance by the Group, members of the Yeung Family will consign jewellery items to the Group at the Consignment Value and the Group will sell the consigned jewellery items at its retail shops. The Group is free to determine the retail prices of the consigned jewellery items and they are normally priced above the Consignment Value. When the consigned jewellery items are sold to its customers, the Group shall pay the consignors the Consignment Value and the Group shall

make profit from the mark-up amount above the agreed Consignment Value. Upon the expiry or early termination of the new Consignment Agreement, all the unsold consigned jewellery items, if any, can be returned to the relevant consignor(s) within 14 days.

The New Consignment Agreement provides that the Consignment Value and other specific terms of each consignment shall be specified in each individual contract to be agreed between the Group and the individual member of the Yeung Family on case by case basis. The Consignment Value shall be determined based on normal commercial terms after arm's length negotiation and on such terms that are no less favourable to the Group than those applicable 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 or 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 jewellery items by the Group from any Yeung Family member(s).

### **Historical Consignment Value, Existing and New Consignment Annual Caps**

Set out below are the Historical Consignment Value, the Existing Consignment Annual Caps and the New Consignment Annual Caps under the Existing Consignment Agreement and the New Consignment Agreement respectively:

#### **Historical Consignment Value**

During the period from 1 September 2014 to 31 October 2016 (the "Period"), a jewellery item with Consignment Value of HK\$10,000,000 consigned from Dr. Albert Yeung's associate was recorded and no sale of such item was made during the Period. Historical Consignment Value under the Existing Consignment Agreement (with effect from 1 September 2014) recorded during each of the four months ended 31 December 2014, the year ended 31 December 2015 and the ten months ended 31 October 2016 are set out below:

	<b>4 months ended 31 December 2014</b>	<b>Year ended 31 December 2015</b>	<b>10 months ended 31 October 2016</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Historical Consignment Value	10,000,000	10,000,000	10,000,000

#### **Existing Consignment Annual Caps**

The Existing Consignment Annual Caps for the transactions contemplated under the Existing Consignment Agreement for each of the financial years ended / ending 31 December 2014, 2015 and 2016 are set out below:

	<b>For the years ended /ending 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Existing Consignment Annual Caps	81,000,000	102,000,000	102,000,000

The Directors have been monitoring the transaction amounts contemplated under the Existing Consignment Agreement, and for the four months ended 31 December 2014, the year ended 31 December 2015 and the ten months ended 31 October 2016, the annual caps for each respective

period / year has not been exceeded. The Existing Consignment Annual Cap under the Existing Consignment Agreement for the year ending 31 December 2016 is not expected to be exceeded.

### **New Consignment Annual Caps**

The New Consignment Annual Caps for the transactions contemplated under the New Consignment Agreement for each of the financial years ending 31 December 2017, 2018 and 2019 are set out below:

	<b>For the years ending 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
New Consignment Annual Caps	65,000,000	65,000,000	65,000,000

In determining the New Consignment Annual Caps, the Directors have considered the following factors:

- (i) the total Consignment Value of the jewellery items estimated to be consigned to the Group by members of the Yeung Family for each of the financial years ending 31 December 2017, 2018 and 2019, regardless the consigned jewellery items will be sold or not during the relevant year;
- (ii) the internal control policy of the Group governing the aggregated 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 2017, 2018 and 2019;
- (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 2016 expecting that the inventory level shall remain stable after the consignment.

### **REASONS AND BENEFITS FOR THE NEW 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, the PRC and Singapore.

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 Dr. Albert Yeung and members of the Yeung Family under the Existing Consignment Agreement. The New Consignment Agreement shall continue to maintain flexibility for the Group to include connected consignors as and when the Group thinks fit, especially considering the quality of the consigned jewellery 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 New 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 the daughter of Dr. Albert Yeung and a member of the Yeung Family.

## **LISTING RULES IMPLICATIONS**

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

As the applicable percentage ratios calculated with reference to the New Consignment Annual Caps (which is the total Consignment Value of the jewellery items estimated to be consigned to the Group by members of the Yeung Family for each 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 the approval of the independent shareholders of the Company under Chapter 14A of the Listing Rules.

## **TERMS USED IN THIS ANNOUNCEMENT**

“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
“Consignment Value”	the price of the consigned jewellery item(s) to be agreed between the Group and the relevant member(s) of the Yeung Family and to be paid by the Group to the consignor(s) upon the selling of the relevant consigned jewellery item(s) to customer(s)
“Director(s)”	the director(s) of the Company
“Existing Consignment Agreement”	the agreement dated 1 September 2014 entered into between the Company and Dr. Albert Yeung governing the consignment arrangements between the Company and the Yeung Family during the period from 1 September 2014 to 31 December 2016, details of which are set out in the announcement of the Company dated 1 September 2014

“Existing Consignment Annual Cap(s)”	the agreed maximum aggregate amount of Consignment Value for the consignment transactions contemplated under the Existing Consignment Agreement for each of the financial years ended / ending 31 December 2014, 2015 and 2016
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert, the father of Ms. Cindy Yeung who is the Chairperson of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent 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
“New Consignment Agreement”	the agreement dated 4 November 2016 entered into between the Company and Dr. Albert Yeung governing the consignment arrangements between the Company and the Yeung Family during the period from 1 January 2017 to 31 December 2019, details of which are set out in this announcement
“New Consignment Annual Cap(s)”	the agreed maximum aggregate amount of Consignment Value for the consignment transactions contemplated under the New Consignment Agreement for each of the financial years ending 31 December 2017, 2018 and 2019
“PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction(s)”	the transaction(s) contemplated under the New Consignment Agreement
“Yeung Family”	Dr. Albert Yeung and his associates

“%”

per cent

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

Hong Kong, 4 November 2016

As at the date hereof, the Board comprises:

*Executive Directors:*

Ms. Cindy Yeung  
Mr. Chan Hung Ming  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa

*Independent Non-Executive Directors:*

Ms. Yip Kam Man  
Ms. Lai Ka Fung, May  
Ms. Chan Sim Ling, Irene