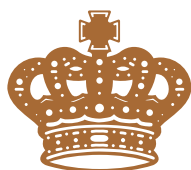


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英皇鐘錶珠寶有限公司
EMPEROR WATCH & JEWELLERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF ENTIRE EQUITY INTEREST IN
TARGET COMPANY

THE ACQUISITION

On 28 February 2025, the Vendor entered into the Sale and Purchase Agreement with the Purchaser in relation to the sale and purchase of the entire equity interest in the Target Company and the Sale Loan due from the Target Company to the Vendor at a Consideration of approximately HK\$79.8 million (subject to adjustments), which consists of (1) the net asset value of the Target Group with reference to the fair market valuation of the Property; and (2) the Sale Loan. For details, please refer to the section headed “Consideration and payment terms” in this announcement.

The Acquisition constitutes a discloseable and connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

THE ACQUISITION

The Board announces that on 28 February 2025, after trading hours, the Vendor entered into the Sale and Purchase Agreement with the Purchaser in relation to the sale and purchase of (a) the Sale Share and (b) the Sale Loan.

THE SALE AND PURCHASE AGREEMENT DATED 28 FEBRUARY 2025

The Vendor : Emperor Property Investment

The Purchaser : Emperor W&J (HK & Macau)

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (a) the Sale Share; and (b) the Sale Loan.

Consideration and payment terms

The Consideration payable (subject to adjustments) by the Purchaser to the Vendor was arrived at arm's length negotiations between the Vendor and the Purchaser on normal commercial terms and shall be determined by the following formula:

$$\text{Consideration} = A + B - C$$

where:

“A” means HK\$80.3 million, being the agreed value of the Property;

“B” means the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) as at the Completion Date as shown in the Pro-forma Completion Accounts; and

“C” means the amount of all liabilities of the Target Group, including actual or contingent, accrued and deferred liabilities but excluding the Sale Loan, as at the Completion Date as shown in the Pro-forma Completion Accounts.

In accordance with the formula as set out above, the Consideration is estimated to be approximately HK\$79.8 million with reference to the Management Accounts, consisting of mainly (i) the agreed value of the Property with reference to the preliminary fair market valuation of the Property of HK\$80.3 million as at 13 February 2025 as indicated by an independent professional valuer; (ii) the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment, if any) of approximately HK\$0.1 million as at 31 January 2025; and (iii) the amount of all liabilities of the Target Group (but excluding the Sale Loan) of approximately HK\$0.6 million as at 31 January 2025.

The Consideration (subject to adjustments) shall be paid and satisfied by the Purchaser in the following manner:

- (a) a sum of HK\$7.98 million, being initial deposit, shall be paid by the Purchaser to the Vendor (or its designated party) within 7 days after the date of the Sale and Purchase Agreement; and
- (b) subject to adjustment in accordance with the terms and conditions of the Sale and Purchase Agreement, the remaining balance of the Consideration shall be paid to the Vendor (or its designated party) upon Completion.

The Consideration (or any part(s) thereof) shall be payable by the Purchaser to the Vendor by cash transfer to the designated bank account of the Vendor or such other bank accounts as the Vendor may direct or such other method as mutually agreed by the Vendor and Purchaser in writing.

Pro-forma Completion Accounts and Completion Accounts

Pursuant to the Sale and Purchase Agreement, the Vendor shall deliver to the Purchaser (i) the Pro-forma Completion Accounts at least 5 Business Days prior to Completion; and (ii) the Completion Accounts together with the calculation of the final consideration with reference to the Completion Accounts (“**Final Consideration**”) within 10 Business Days after the Completion Date.

The Consideration payable shall be subject to the adjustments following agreement or determination of the Completion Accounts and the Final Consideration in accordance with the terms of the Sale and Purchase Agreement.

The Consideration shall be adjusted in the following manner:

- (a) If the Final Consideration is less than the Consideration as determined by reference to the Pro-forma Completion Accounts, the Consideration shall be adjusted downward by such difference; or
- (b) If the Final Consideration is higher than the Consideration as determined by reference to the Pro-forma Completion Accounts, the Consideration shall be adjusted upward by such difference.

Such difference shall be settled between Vendor and Purchaser within 5 Business Days after receipt of the Completion Accounts in accordance with the Sale and Purchase Agreement.

Conditions precedent

Completion shall be conditional upon the following conditions precedent have been fulfilled (or waived by the Purchaser, except for conditions (c) and (d) below which cannot be waived):

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and other aspects of the Target Group and is reasonably satisfied with the results thereof;
- (b) the Vendor having proved the good title to the Property in accordance with Section 13 of the Conveyancing and Property Ordinance;
- (c) the approval by the independent shareholders of Emperor International of the Sale and Purchase Agreement and the transactions contemplated thereunder at the special general meeting of Emperor International; and
- (d) the approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder at the extraordinary general meeting of the Company.

In the event that any of the foregoing conditions is not fulfilled (or otherwise waived by the Purchaser, except conditions (c) and (d) above which cannot be waived) in accordance with the Sale and Purchase Agreement on or before the Completion Date, either the Vendor or the Purchaser shall be entitled to terminate the Sale and Purchase Agreement by notice in writing to the other party whereupon, subject to the terms of the Sale and Purchase Agreement, the Vendor shall return to the Purchaser all money paid by the Purchaser to the Vendor under the Sale and Purchase Agreement (if any) forthwith without costs, compensation and interest and neither party shall have any claim against the other thereon save and except for any antecedent breach.

Completion

Subject to the fulfillment of all the above conditions precedent (or waived by the Purchaser, except conditions (c) and (d) above which cannot be waived), Completion shall take place at or before 12:00 noon on the Completion Date or at such time as may be agreed by the Vendor and Purchaser in writing pursuant to the Sale and Purchase Agreement.

Immediately after Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Vendor is a direct wholly-owned subsidiary of Emperor International.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI and indirectly wholly-owned by Emperor International. The principal business of the Target Company is investment holding. The Property Company is a company incorporated in Hong Kong with limited liability and directly wholly-owned by the Target Company. The Property Company is engaged in the business of property investment and holds the Property.

For the two years ended 31 March 2023 and 2024, the unaudited financial information of the Target Group is as follows:

	For the year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	1,183	1,074
Loss before taxation	2,766	6,937
Loss after taxation	2,743	6,989

The unaudited combined total asset value and net liabilities of the Target Group as at 31 January 2025 were approximately HK\$80.3 million and approximately HK\$58.6 million respectively. The Sale Loan amounted to approximately HK\$138.4 million as at 31 January 2025.

INFORMATION OF THE PROPERTY

The Property consists of the space on 2/F to 4/F and the advertising space of Nos. 4-8 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Property is sold on an “as is” basis.

REASONS AND BENEFITS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of European-made internationally renowned watches and jewellery products in Hong Kong, Macau, Mainland China, Singapore and Malaysia. The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Property is located on the second to fourth floors of a 5-storey building located on Canton Road, Tsim Sha Tsui, one of the prominent shopping districts in Hong Kong and around the world. The Group currently owns the shops on the ground and first floors of the same building.

Hong Kong tourism industry continued improving subsequent to the pandemic. According to the statistics of Hong Kong Tourism Board, the total number of visitor arrivals to Hong Kong increased by 30.9% from 34.0 million in 2023 to 44.5 million in 2024, amongst which the number of inbound Mainland tourists increased by 26.9% from 26.8 million to 34.0 million. In addition, the easy accessibility from the High Speed Rail (“**HSR**”) West Kowloon Station to Canton Road has undoubtedly contributed to the increasing number of patronages in Tsim Sha Tsui. According to the statistic of MTR Corporation Limited, HSR patronages increased by 32.8% from 20.1 million in 2023 to 26.7 million in 2024. In the first half of 2024, Tsim Sha Tsui was the most visited place for overnight visitors during their stay in Hong Kong, and the jewellery and watches ranked second amongst the shopping categories based on the per capita spending. Being a tourist hotspot with a considerable foot traffic, Canton Road has been regarded as a popular option of the global and Mainland renowned brands to open their multi-storey flagship stores.

The Board considers it a valuable opportunity for the Group to acquire the remaining storeys of the building, in order to unify the ownership of the entire building and establish a permanent presence at this prime location, thereby enables the Group’s luxury watch brand partners to open its mega flagship store. The Acquisition will also enable the Group to use the façade and advertising board of the building for brand promotion. More importantly, the Group has already identified a potential top-notch luxury watch brand to open a mega flagship store at this 5-storey retail complex for enhancing customer experience and customer engagements.

According to Cushman & Wakefield’s 2024 Main Streets report, Tsim Sha Tsui continued to top the Asia Pacific ranking as the most expensive retail destination in the region, and ranked fourth globally, in terms of rental. Acquiring the Property also implies that the Group no longer bears the risk of rental fluctuation in the future, especially during the economic peak cycles. Amid the current down cycle of Hong Kong property market, the Board considers that the Consideration is fair and reasonable with reference to the valuation.

In conclusion, the Board is of the view that the Acquisition is a valuable opportunity for the Group to strengthen its market position in the industry and boosts its business performance, which is in line with the business development strategy of the Group in the long-run. The Board (excluding independent non-executive Directors of who will provide their views in the circular after considering the opinion of an independent financial adviser) is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, Emperor International and the Company are both indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung, who is a deemed substantial shareholder of the Company. As such, the Vendor (a direct wholly-owned subsidiary of Emperor International) is a deemed connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and an independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Ms. Cindy Yeung, an executive Director and the Chairperson of Board, did abstain from voting on the relevant Board resolution(s) of the Company in view of her deemed interest in the Acquisition by virtue of being one of the eligible beneficiaries of the private discretionary trusts that control the Vendor and the Purchaser. For the sake of prudence, Ms. Fan Man Seung, Vanessa and Mr. Wong Chi Fai, being the executive Directors also taking up a management role in the counter-party to the Sale and Purchase Agreement, abstained from voting on the Board resolution(s) approving the Acquisition and the transactions contemplated under the Sale and Purchase Agreement. Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

GENERAL

A circular containing, among other things, (i) further information on the Acquisition; (ii) a letter from the Independent Board Committee in respect of the Acquisition; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition; (iv) the valuation report of the Property; and (v) a notice convening the extraordinary general meeting of the Company will be sent to the Shareholders by the Company. The Directors expect that the circular will be despatched on or before 31 March 2025 in order to allow the Company sufficient time to prepare the necessary information for inclusion in the circular.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor under the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board” or “Director(s)”	the board of directors of the Company
“Business Day”	a day (other than a Saturday, Sunday, public holiday and a day on which a tropical cyclone No. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are generally open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“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 (Stock Code: 887)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the accounts of the Target Group (on a combined basis) comprising a statement of profit or loss for the period from 1 April 2024 to the Completion Date and a statement of financial position as at the Completion Date
“Completion Date”	On or before 29 August 2025 or within 7 Business Days following satisfaction (or waived by the Purchaser as appropriate, except conditions (c) and (d) under the section headed “Conditions precedent” in this announcement which cannot be waived) of all the conditions precedent to Completion pursuant to the Sale and Purchase Agreement, whichever is the later or such other date as mutually agreed by the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Acquisition
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert

“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 163)
“Emperor Property Investment” or “Vendor”	Emperor Property Investment Limited, a company incorporated in the BVI and directly wholly-owned by Emperor International
“Emperor W&J (HK & Macau)” or “Purchaser”	Emperor Watch & Jewellery (HK & Macau) Holdings Limited, which is a company incorporated in the BVI whose principal business is investment holding and is directly wholly-owned by the Company
“Group”	the Company and its subsidiaries from time to time
“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
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Acquisition
“Independent Shareholder(s)”	the Shareholder(s) who do not have material interest in the transactions contemplated under the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Accounts”	the unaudited management accounts (on a combined basis) of the Target Group comprising a statement of profit or loss of the Target Group for the period from 1 April 2024 up to 31 January 2025 and a statement of financial position of the Target Group as at 31 January 2025
“Pro-forma Completion Accounts”	unaudited pro-forma combined statement of financial position of the Target Group as at the Completion Date and unaudited pro-forma combined statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2024 to the Completion Date prepared in accordance with accounting principles and practices generally accepted in Hong Kong and in compliance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), to be delivered to the Purchaser at least 5 Business Days prior to Completion
“Property”	the property as shown under the section headed “Information of the Property” in this announcement and, based on the information provided by the Vendor, the original acquisition cost of the property was approximately HK\$235.1 million

“Property Company”	the direct wholly-owned subsidiary of the Target Company which was incorporated in Hong Kong with limited liability and holds the legal and beneficial ownership of the Property
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 February 2025 entered into between the Vendor and Purchaser in relation to the Acquisition
“Sale Loan”	all loan, interest and all other sums owing by Target Company to the Vendor as at Completion
“Sale Share”	1 share of US\$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the ordinary share(s) 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)
“Target Company”	King Hero Investments Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of Emperor International
“Target Group”	Target Company and its subsidiary (i.e. the Property Company)
“%”	per cent.

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

Hong Kong, 28 February 2025

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

Executive Directors:

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

Independent Non-executive Directors:

Ms. Chan Sim Ling, Irene
Mr. Liu Hing Hung
Mr. Law, Michael Ka Ming