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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 TRANSACTION
FORMATION OF JOINT VENTURE

FORMATION OF THE JV COMPANIES

On 3 April 2025 (after trading hours), Emperor China and Xiaoduocai entered into the JV Agreement, pursuant to which both parties agreed to establish the JV Companies owned as to 51% by Emperor China and 49% by Xiaoduocai, respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the formation of the JV Companies exceeds 5% but less than 25%, the formation of the JV Companies constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

FORMATION OF THE JV COMPANIES

The Board is pleased to announce that on 3 April 2025 (after trading hours), Emperor China and Xiaoduocai entered into the JV Agreement, pursuant to which both parties agreed to establish the JV Companies owned as to 51% by Emperor China and 49% by Xiaoduocai, respectively.

The JV Agreement

The principal terms of the JV Agreement are summarised as follows:

Date : 3 April 2025 (after trading hours)

Parties : (1) Emperor China; and
(2) Xiaoduocai

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Xiaoduocai and its ultimate beneficial owners are Independent Third Parties.

Formation of the JV Companies

Pursuant to the JV Agreement, Emperor China and Xiaoduocai agree to set up the JV Companies in accordance with the provisions of the JV Agreement.

Purpose of the formation of the JV Companies

Upon completion of the final industrial and commercial registration, the JV Companies shall be principally engaged in design, production and sales of precious metals and jewellery products under the “*Emperor Jewellery*” brand in Mainland China.

Capital commitment

Pursuant to the JV Agreement, the total cash capital commitment of the JV Companies is no more than RMB346.0 million (equivalent to approximately HK\$370.2 million), of which Emperor China shall contribute no more than RMB168.0 million (equivalent to approximately HK\$179.8 million) and Xiaoduocai shall contribute no more than approximately RMB178.0 million (equivalent to approximately HK\$190.5 million).

Upon formation of the JV Companies, the Group’s jewellery business operations in Mainland China will be taken up by the JV Companies.

Any subsequent working capital requirements of the JV Companies shall require unanimous approval of Emperor China and Xiaoduocai, whereupon both parties shall contribute funds (whether as equity or shareholders’ loans) in proportion to their respective shareholding of the JV Companies.

Distribution of profit and loss

Emperor China and Xiaoduocai shall be entitled to receive the dividend or sharing of profit as to 51% and 49% respectively.

When the initial total investment of the JV Companies has been fully paid up and its accumulated undistributed profits reach or exceed RMB10.0 million (equivalent to approximately HK\$10.7 million), either party may propose to distribute profits not exceeding 50% of the JV Companies’ accumulated undistributed profits provided that the JV Companies shall have sufficient working capital.

For the accumulated losses of the JV Companies not exceeding RMB540.0 million (equivalent to approximately HK\$577.8 million), such losses shall be borne by Xiaoduocai for one-third and by Emperor China for the remaining amount. For the accumulated losses of the JV Companies exceeding RMB540.0 million (equivalent to approximately HK\$577.8 million), the excess portion shall be borne by Emperor China and Xiaoduocai in proportion to their shareholding and/or registered capital of the JV Companies as to 51% and 49% respectively.

Board composition of the JV Companies and corporate governance

Pursuant to the JV Agreement, the board of directors of the JV Companies shall consist of five directors, among which three shall be nominated by Emperor China and two shall be nominated by Xiaoduocai. The legal representative, general manager, and finance manager shall be nominated and appointed by the board of the directors of the JV Companies.

Both parties agree that board resolution shall be passed for material matters, including but not limited to, financial transactions exceeding RMB30.0 million (equivalent to approximately HK\$32.1 million); external investments beyond the scope of ordinary business operations; the annual budget; market positioning strategies; and any litigation or arbitration involving the disputed amount over RMB30.0 million (equivalent to approximately HK\$32.1 million).

Restrictions on transfer of shares

Pursuant to the JV Agreement, neither Emperor China nor Xiaoduocai shall, except with the prior written consent of the other party, sell, transfer or dispose of its interest in the JV Companies to any third party, nor create or permit to subsist any mortgage, charge, pledge, lien, encumbrance, priority rights, restrictions or other security interests or similar arrangements over such interests.

INFORMATION OF THE PARTIES TO THE JV AGREEMENT

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. Emperor China is an indirect wholly-owned subsidiary of the Company principally engaged in jewellery retail business in Mainland China.

Xiaoduocai is principally engaged in proprietary investment activities and is ultimately controlled by Mr. Chan through investment vehicle, which holds approximately 66.67% of Xiaoduocai. The remaining interests are separately owned by six business partners of Mr. Chan.

Mr. Chan, aged 62, served as an executive director of Chow Tai Fook Jewellery Group Limited (Stock Code: 1929) from 26 July 2011 to 31 March 2023 and held the position of managing director in Mainland China from 1 April 2021 to 31 March 2023.

Mr. Chan is a renowned and influential veteran with over 40 years of experience and extensive industry knowledge. Throughout his career, he progressed from a sales associate position to board membership, and has built substantial market resources and a broad network of connections, earning high respect from industry peers. His experience spans across comprehensive areas of the business, from upstream operations including gold jewelry mounting, jewelry processing, and quality control, to downstream operations covering brand management, marketing and promotion, store distribution, and back-end business management systems, accumulating comprehensive industry knowledge and expertise. In 1990, he was assigned to oversee the Mainland China jewellery operations of Chow Tai Fook Jewellery Group Limited. Under his leadership, the enterprise's retail network in Mainland China expanded significantly to over 7,000 stores in 2023.

Mr. Chan holds a pivotal position in the jewellery industry and commands high respect from his peers. He holds positions in various industry associations and committees at national, provincial, and municipal levels in China. He serves as senior advisor to the Gems & Jewelry Trade Association of China, a member of the National Technical Committee on Jewellery and Jade Standardization and Administration of China, a standing council member of the China Gold Association, executive vice president of the Guangdong Gold and Silver Jewellery Association, vice president of the Shenzhen Gold Jewelry Association, executive vice president of the Gold Association of Guangdong Province, and vice chairman of the Guangdong Gold, Silver, Jewellery and Jade Manufacturers Association. He is also a member of the Twelfth Liaoning Provincial Committee of the Chinese People's Political Consultative Conference. Additionally, he serves as a director and visiting professor at the Gemological Institute of China University of Geosciences (Wuhan).

Mr. Chan is not related to any director, senior management, substantial or controlling shareholder of the Company.

REASONS FOR AND BENEFITS OF JV AGREEMENT

The Board considers that the formation of the JV Companies will combine the strength of the “*Emperor Jewellery*” brand with Mr. Chan’s extensive expertise in the industry, thereby greatly enhances the strength and influence of the “*Emperor Jewellery*” brand in the Mainland China. The Board considers the establishment of a strategic partnership with Mr. Chan a valuable opportunity for the Group to expand its jewellery business in Mainland China.

Mr. Chan is a highly respected veteran in the jewellery industry, and has accumulated a wealth of expertise covering the entire industry chain in the past decades. With his early entrance into the Mainland China market, he has a profound understanding of the Mainland China market dynamics, and well-established connections and networks in the Mainland China market. His proven track record in business development and market expansion in Mainland China demonstrates his exceptional capabilities. The Board believes that Mr. Chan’s strategic thinking, extensive industry experience and solid business connections, will bring substantial value to the Company, and Mr. Chan is expected to lead the Group to capture the enormous opportunities in the Mainland China market.

The Board is of the view that the formation of the JV Companies will enable the Group to effectively expand and diversify its retail network footprint and further accelerate its business development in the Mainland China market, creating long-term value for the Shareholders. The Directors consider that the terms of the JV Agreement are fair and reasonable and the transactions thereunder are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board” or “Director(s)”	the board of directors of the Company
“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
“Emperor China”	Emperor Jewellery (China) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and/or its subsidiaries and their respective connected persons (as defined in the Listing Rules)
“JV Agreement”	the joint venture agreement dated 3 April 2025 entered into between Emperor China and Xiaoduocai in relation to the formation of the JV Companies
“JV Company(ies)”	the company(ies) to be formed pursuant to the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Sai Cheong
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of the Company

“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)
“Xiaoduocai”	張家港保稅區曉多才投資管理有限公司 (Zhangjiajie Free Trade Zone Xiaoduocai Investment Management Limited*), a company incorporated in the PRC and an Independent Third Party to the Company
“%”	per cent.

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

Hong Kong, 3 April 2025

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

Executive Directors:

Ms. Cindy Yeung
Ms. Fan Man Seung, Vanessa
Mr. Leung Ho Cheong, Larry

Independent Non-executive Directors:

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

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.070 for illustration purpose only.

* *for identification purpose only*