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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO CRIMINAL PROCEEDINGS INVOLVING A FORMER EMPLOYEE

This announcement is made by the board of directors of the Company (the "**Board**") of Tse Sui Luen Jewellery (International) Limited (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

The Board has noted that recent open court proceedings and relevant media reports regarding the criminal proceedings involving a former procurement manager of the Group (the "**Former PM**"). In light of public interest in the matter, the Board wishes to provide shareholders and potential investors with certain information relating to the incident.

BACKGROUND

The Former PM has pleaded guilty in criminal proceedings related to the misappropriation of diamonds obtained from certain suppliers of the Group, which he resold for personal gain between 2017 and 2023. Having joined the Group in 1988, the Former PM had established familiarity and trust with some of the Group's suppliers over the course of more than three decades.

According to the Group's internal control policy, each supplier is responsible for entering the details of the diamonds into the Group's vendor management system prior to delivery and obtaining receipt confirmation by the Group (the "**Internal Control Procedures**"). However, the Internal Control Procedures were not strictly followed for the diamonds involved.

Leveraging his familiarity with these suppliers, the Former PM obtained diamonds under the false pretense of ordering them on behalf of the Group. Following the Former PM's voluntary confession, the Group reported the matter to the police in March 2024. The Group has fully cooperated with the authorities throughout the investigation and subsequent legal proceedings.

* *For identification purpose only*

FINANCIAL IMPACT ON THE GROUP

As the ownership of the relevant diamonds was held by the suppliers, the case primarily concerns the Group's liability for the inventory losses incurred by the suppliers rather than direct loss of assets to the Group itself. After thorough investigations and fair assessments on the Group's liability, the Group has substantially resolved matters arising from the incident by compensating a portion of the suppliers' losses. After taking into account some insurance compensation received and/or receivable, the Group's estimated net financial exposure arising from the incident is approximately HK$3 million. The entire process took place during the period from the financial year ended 31 March 2025 to the second quarter of the financial year ending 31 March 2027.

The Board is of the view that the incident does not have any material adverse effect on the Group's financial position, business operations or liquidity.

INTERNAL CONTROL REVIEW AND REMEDIAL ACTIONS TAKEN

To prevent the recurrence of such kind of incidents, the Group immediately conducted a comprehensive internal control review as soon as the incident was revealed and considered that the control design was appropriate. The Group has further strengthened the execution of the Internal Control Procedures by reinforcing, among others, the following measures: (i) the Group has formally reminded all of its suppliers that they are demanded to comply with the Internal Control Procedures; (ii) the suppliers are also demanded to immediately report any delivery discrepancy found in the Group's vendor management system; (iii) the Group will only accept delivery of and/or assume responsibility for the diamonds delivered by suppliers who have fully complied with and completed the relevant Internal Control Procedures; and (iv) at least two personnel of the Group are required to confirm delivery from its suppliers, without which the Group reserves the right to deny the acceptance and responsibilities involved.

The Board believes that measures implemented are appropriate to further strengthen the Group's internal control procedures in the relevant operational areas.

The Group will continue to monitor its internal control and risk management systems and implement further enhancements where appropriate.

As at the date of this announcement, the Board is not aware of any information indicating that the incident has resulted in any material adverse impact on the Group's ongoing business operations.

The Company will make further announcement(s) as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Tse Sui Luen Jewellery (International) Limited
Annie Yau TSE
Chairman

Hong Kong, 14 August 2026

At the date of this announcement, the Board comprises:

Executive Director:
Mrs. Annie Yau TSE, *JP*

Independent Non-executive Directors:
Mr. CHAN Yue Kwong, Michael
Mr. CHOW Chee Wai, Christopher
Mr. Alex CHAN