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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

SNAPSHOTS

- Revenue decreased to HK\$1,674.9 million (1H2015: HK\$2,419.6 million), primarily due to weakened consumption sentiment in Hong Kong resulting from a strong local currency and falling Mainland China visitor arrivals
- Gross profit margin reached 24.9% (1H2015: 24.5%), while it was dragged by watch price cuts in Hong Kong during the first half of 2015
- Rental expense was well-managed, along with negative rental reversion and optimisation of Hong Kong retail network
- As a result of streamlined Hong Kong retail network and optimised product portfolio, the overall inventory level further reduced to HK\$2,935.2 million (30 June 2015: HK\$3,531.0 million; 31 December 2015: HK\$3,219.2 million)
- “*Emperor Jewellery*” Wechat shop was commenced in July this year, aiming to capture massive and ever-growing mobile retail market in Mainland China
- Planned to extend store footprint from tourist shopping areas to emerging shopping areas, where consumption is dominated by local demand

The board of directors (the “Board” or “Directors”) of Emperor Watch & Jewellery Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016 (the “Period”) together with the comparative figures for the corresponding period 2015 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 (unaudited) <i>HK\$'000</i>	2015 (unaudited) <i>HK\$'000</i>
Revenue	3	1,674,853	2,419,600
Cost of sales		(1,257,712)	(1,827,667)
Gross profit		417,141	591,933
Other income		3,644	2,430
Selling and distribution expenses		(407,489)	(560,516)
Administrative and other expenses		(78,962)	(87,789)
Loss before taxation	4	(65,666)	(53,942)
Taxation	5	(2,965)	(178)
Loss for the period		(68,631)	(54,120)
Other comprehensive expense for the period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(1,103)	(895)
Total comprehensive expense for the period attributable to owners of the Company		(69,734)	(55,015)
Loss per share – Basic	6	HK(1.00) cent	HK(0.79) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

		As at	
		30 June 2016 (unaudited) <i>HK\$'000</i>	31 December 2015 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		87,429	101,063
Deferred tax asset		11,881	13,731
Rental deposits		144,925	168,192
Deposit paid for acquisition of property, plant and equipment		5,344	–
		<u>249,579</u>	<u>282,986</u>
Current assets			
Inventories		2,935,249	3,219,196
Receivables, deposits and prepayments	8	99,520	124,547
Taxation recoverable		28,990	30,147
Bank balances and cash		1,022,496	809,516
		<u>4,086,255</u>	<u>4,183,406</u>
Current liabilities			
Payables, deposits received and accrued charges	9	119,929	180,480
Amounts due to related companies		3,128	4,036
Taxation payable		6,425	5,824
		<u>129,482</u>	<u>190,340</u>
Net current assets		<u>3,956,773</u>	<u>3,993,066</u>
Non-current liability			
Deferred tax liability		890	856
Net assets		<u>4,205,462</u>	<u>4,275,196</u>
Capital and reserves			
Share capital		3,484,152	3,484,152
Reserves		721,310	791,044
Total equity		<u>4,205,462</u>	<u>4,275,196</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance (Cap. 622).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

The financial information relating to the year ended 31 December 2015 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies and basis of presentation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2015, except for the application of the following new and revised HKFRSs, HKASs and amendments (hereinafter collectively referred to as the “new and revised HKFRSs”) effective from 1 January 2016:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

Notes:

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The application of the above new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ¹
Amendments to HKFRS 2	Classification and measurement of Share-based Payment Transactions ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 7	Disclosure Initiative ³
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ³

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after a date to be determined

The Directors are in process of assessing anticipate the potential impact of the new and revised HKFRSs, and at this stage have not yet determined the effect of the application of these new and revised HKFRSs on the financial performance and financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold less returns and net of trade discounts.

Information reported to the chief operating decision maker of the Group, for the purposes of resource allocation and assessment of segment performance, focuses on the locations of the operations. This is also the basis upon which the Group is arranged and organised. The Group's operating segments under HKFRS 8 "Operating Segments" are operations located in Hong Kong, Macau, and other regions in Asia Pacific. The revenue generated by each of the operating segments is mainly derived from sales of watch and jewellery. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

Notes:

3. REVENUE AND SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the six months ended 30 June 2016

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	Other regions in Asia Pacific (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Revenue					
External sales	1,257,239	101,998	315,616	-	1,674,853
Inter-segment sales*	34,597	8,270	-	(42,867)	-
	<u>1,291,836</u>	<u>110,268</u>	<u>315,616</u>	<u>(42,867)</u>	<u>1,674,853</u>
* Inter-segment sales are charged at cost					
Segment profit (loss)	<u>7,548</u>	<u>2,417</u>	<u>(313)</u>	<u>-</u>	<u>9,652</u>
Unallocated other income					3,644
Unallocated administrative and other expenses					<u>(78,962)</u>
Loss before taxation					<u>(65,666)</u>

For the six months ended 30 June 2015

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	Other regions in Asia Pacific (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Revenue					
External sales	1,911,082	157,343	351,175	-	2,419,600
Inter-segment sales*	58,901	9,291	-	(68,192)	-
	<u>1,969,983</u>	<u>166,634</u>	<u>351,175</u>	<u>(68,192)</u>	<u>2,419,600</u>
* Inter-segment sales are charged at cost					
Segment profit	<u>9,311</u>	<u>17,288</u>	<u>4,818</u>	<u>-</u>	<u>31,417</u>
Unallocated other income					2,430
Unallocated administrative and other expenses					<u>(87,789)</u>
Loss before taxation					<u>(53,942)</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies used in the unaudited condensed consolidated financial statements. Segment profit (loss) represents the profit (loss) generated from each segment including gross profit directly attributable to each segment, net of selling and distribution expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes:

4. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging (crediting):		
Cost of inventories included in cost of sales (included allowance for inventories of HK\$19,164,000) (2015: HK\$3,170,000)	1,250,146	1,821,358
Depreciation of property, plant and equipment	26,371	30,829
Net loss on disposal of property, plant and equipment	695	679
Net exchange (gain) loss	(491)	417
Operating lease payments in respect of rented premises		
– minimum lease payments	236,305	345,584
– contingent rent	14,084	18,460
Staff costs, including Directors' remuneration		
– salaries and other benefits costs	105,727	121,385
– retirement benefits scheme contributions	9,287	10,802
	<u>1,250,146</u>	<u>1,821,358</u>

5. TAXATION

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Profits tax:		
– Hong Kong	(20)	3,986
– Macau	1,135	141
	<u>1,115</u>	<u>4,127</u>
Deferred taxation	1,850	(3,949)
	<u>2,965</u>	<u>178</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company's subsidiaries in the PRC is 25% from 1 January 2008 onwards.

The Macau Complementary Income Tax is calculated at 12% of the estimated assessable profits for both periods.

Notes:

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Trade receivables	38,688	55,336
Other receivables, deposits and prepayments	55,163	63,584
Other PRC tax recoverable	4,746	4,763
Other Singapore tax recoverable	923	864
	<u>99,520</u>	<u>124,547</u>

Retails sales are normally settled in cash or by credit card with the settlement from the corresponding banks or other financial institutions within seven days. Receivables from retail sales in department stores are collected within one month.

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at	
	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Within 30 days	31,907	48,099
31 – 60 days	1,802	3,471
61 – 90 days	1,239	7
over 90 days	3,740	3,759
	<u>38,688</u>	<u>55,336</u>

Receivables that are neither past due nor impaired and relate to receivables from credit card sales and department stores sales for whom there were no history of default.

Included in the Group's trade receivables balance are receivables from department stores with aggregate carrying amount of HK\$6,270,000 (31 December 2015: HK\$4,712,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over nor charge any interest on these balances.

Notes:

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Ageing of trade receivables which are past due but not impaired:

	As at	
	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Overdue 1 – 30 day(s)	1,749	1,394
Overdue 31 – 60 days	1,497	449
Overdue 61 – 90 days	551	–
Overdue more than 90 days	2,473	2,869
	<u>6,270</u>	<u>4,712</u>

Receivables that were past due but not impaired relate to department stores sales that have continuous settlements subsequent to reporting date. The Directors are of opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

9. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at	
	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Trade payables	23,047	63,990
Other payables, deposits received and accrued charges	83,871	108,125
Other PRC tax payables	13,011	8,365
	<u>119,929</u>	<u>180,480</u>

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	As at	
	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Within 30 days	17,883	60,634
31 – 60 days	3,266	3,195
61 – 90 days	1,883	115
Over 90 days	15	46
	<u>23,047</u>	<u>63,990</u>

The Group normally receives credit terms of 30 to 60 days.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading retailer of European-made internationally renowned watches, together with self-designed fine jewellery products under its own brand, “*Emperor Jewellery*”. The Group has extensive retail networks in Hong Kong, Macau, Mainland China and Singapore. The target customers range from middle to high income groups worldwide. With a history of over 70 years, the Company carries a balanced and comprehensive watch dealership list.

FINANCIAL REVIEW

Overall Review

During the Period, the Group’s performance was adversely affected by weakened consumption sentiment in Hong Kong resulting from a strong local currency and falling Mainland China visitor arrivals. The Group’s revenue decreased by 30.8% to HK\$1,674.9 million (1H2015: HK\$2,419.6 million). In spite of the headwinds, the watch segment remained a key revenue contributor, and its revenue inevitably decreased by 31.0% to HK\$1,343.1 million (1H2015: HK\$1,946.8 million), which accounted for 80.2% (1H2015: 80.5%) of the Group’s revenue. The revenue from jewellery segment decreased by 29.8% to HK\$331.8 million (1H2015: HK\$472.8 million). 75.1% (1H2015: 79.0%) of the Group’s total revenue was supported by the Hong Kong market.

Gross profit decreased by 29.6% to HK\$417.1 million (1H2015: HK\$591.9 million). Gross profit margin reached 24.9% (1H2015: 24.5%), while it was dragged by watch price cuts in Hong Kong during the first half of 2015.

The Group recorded LBITDA and a net loss of HK\$39.3 million (1H2015: HK\$23.1 million) and HK\$68.6 million (1H2015: HK\$54.1 million), respectively. Such losses were mainly attributable to the weakening sales momentum and decline of gross profit.

Capital Structure, Liquidity and Financial Resources

During the Period, there was no change in the capital structure of the Group. Bank balances and cash on hand of the Group as at 30 June 2016 amounted to HK\$1,022.5 million (31 December 2015: HK\$809.5 million), which were mainly denominated in Hong Kong dollars (“HKD”) and Renminbi (“RMB”). As at 30 June 2016, the Group had no bank borrowings (31 December 2015: Nil) and its gearing ratio (calculated on the basis of the total borrowings over total equity) was nil (31 December 2015: Nil). The Group also had available unutilised banking facilities of approximately HK\$847.1 million. The strong liquidity with debt-free position and considerable unutilised banking facilities enables the Group to retain high flexibility for future development.

As at 30 June 2016, the Group's current assets and current liabilities were approximately HK\$4,086.3 million (31 December 2015: HK\$4,183.4 million) and HK\$129.5 million (31 December 2015: HK\$190.3 million), respectively. Current ratio and quick ratio of the Group were 31.6 (31 December 2015: 22.0) and 8.9 (31 December 2015: 5.1), respectively.

In view of the Group's financial position as at 30 June 2016, the Board considered that the Group had sufficient working capital for its operations and future development plans.

BUSINESS REVIEW

Presence in Prime Retail Locations

As at 30 June 2016, the Group had 98 stores (31 December 2015: 100) in Hong Kong, Macau, Mainland China and Singapore. The distribution is as follows:

	Number of stores
Hong Kong	20
Macau	6
Mainland China	66
Singapore	6
Total	98

These stores include standalone jewellery stores, specialty outlets for specific watch brands and multi-brand watch stores (with or without jewellery counters) to create a one-stop shopping experience. Given that the market momentum continued to stay weak during the Period, the Group streamlined the retail network in Hong Kong.

The Group's retail stores in Hong Kong are strategically located in major prime shopping areas, including Russell Street in Causeway Bay, Canton Road in Tsim Sha Tsui and Queen's Road Central in Central. Having a solid presence in these prime locations is of paramount importance for a leading retailer of watches, in which the Group enjoys more visitations and brand enhancement. As the Hong Kong consumption sector as a whole continued to show sign of slowing, the Group successfully enjoyed rental cut in several retail spaces. Coupled with the optimisation of Hong Kong retail network, it is expected that it will ease the overall rental pressure.

Enhancing Jewellery Business

The Group continued to offer premium quality “*Emperor Jewellery*” products to customers. With the key focus on quality gem settings and fine jadeites among the comprehensive product range and commitment to high service standards, the Group enriched the design features to satisfy diverse customer tastes and enhanced the charisma of signature “*Emperor Jewellery*” collections to raise brand loyalty. During the Period, the Group rolled out “Crown Your Life 12+1” collection, featuring 12 cartoons of Chinese zodiac animals and an iconic cat. Incorporating Chinese tradition into trendy design, the “Crown Your Life 12+1” gold pieces serve as ideal amulet for youngsters with blessings of prosperity and good fortune. Aiming to enhance the exposure of “Crown Your Life 12+1” collection, the Group has launched a marketing campaign that integrated social and print media, as well as outdoor advertisements. The Group has earlier introduced an exclusive line of “Baby” collection to cover a charming range of gold jewellery items, which represents delightful gifts for infant birthdays and other special occasions. As China’s nationwide two-child policy has been in place since January 2016, the “Baby” collection has been poised to receive a booming response.

In order to capture massive potentials of mobile users, the Group has launched the products of “*Emperor Jewellery*” over WeChat Mall, one of the most popular mobile sales platforms among the Mainland Chinese, subsequent to the Period. Such action marks a significant milestone for the Group to extend its sales coverage beyond the traditional physical stores. During the Period, the Group optimised the coverage for “*Emperor Jewellery*” stores in Mainland China and extended its retail chain with more emphasis on Tier II and III cities, which has been experiencing higher economic growth and rapid expansion in jewellery markets.

Leveraging Group Synergies

The Group enjoys unique advantages by leveraging synergies with other companies within Emperor Group. For example, Emperor International Holdings Limited – another listed company under Emperor Group – owns many premium retail properties in renowned shopping areas. By leasing prime retail locations from it on an “arm’s length basis”, the Group can enjoy guarantee foot traffic. Another synergy arises through Emperor Entertainment Group, a private arm under Emperor Group. The Group invited VIP guests to its movie premieres and sponsored jewellery for the artistes. Such exposure opportunities, with pop artistes and high profile celebrities, serve as an important tool for enhancing the reputation of the “*Emperor*” brand, particularly in Chinese-speaking communities.

PROSPECTS

Ongoing urbanisation and a growing middle-class indicate that growth opportunities still abound in the PRC. The increase of disposable income, in particular among Chinese women, and the rising women's job market participation rate, is the strong force behind the gem set consumption. The Group aims to lead branding and marketing activities in an effective and efficient manner, to maximise the exposure of "*Emperor Jewellery*". Accordingly, the Group will offer more fashionable and affordable jewellery products suitable for wearing in workplace to cater to the trend of popularisation of jewellery consumption and to attract middle-class customers. In light of the ever-changing market, the Group will continue to seek to operate e-commerce through online shopping platforms to capture massive potentials of internet and mobile users.

Against the backdrop of a tough market environment, the Group is planning several strategies for mitigating the potential downside risk. The Group will closely monitor the inventory level and remix the product portfolio in line with market responses, to maximise the use of capital and maintain an adequate cash position. The Group will promptly react to market changes and take appropriate measures to address and improve its overall operating efficiency, to stay competitive in the marketplace and, ultimately, ensure it reaps the greatest potential once market momentum revives.

The Group is planning to extend the coverage from traditional tourist shopping areas in Hong Kong to emerging shopping areas with resilient foot traffic in the second half of 2016. The Group continues to eye further expansion opportunities in Asian markets and beyond, leveraging the compelling potential arising from Mainland China visitors around the world.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in HKD, Macau Pataca, RMB, United States dollars and Singapore dollars. During the Period, the Group did not have any material foreign exchange exposure.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group has 802 salespersons (30 June 2015: 962) and 189 office staff (30 June 2015: 210). Total staff costs (including Directors' remuneration) for the Period were approximately HK\$115.0 million (1H2015: HK\$132.2 million). Employees' remuneration was determined in accordance with individual's responsibility, competence & skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

To provide incentive or rewards to staff, the Company has adopted a share option scheme, particulars of which will be set out in section headed "Share Options" of the Interim Report.

INTERIM DIVIDEND

The Board resolved not to declare payment of any interim dividend for the financial year ending 31 December 2016 (2015: Nil).

REVIEW OF INTERIM RESULTS

These condensed consolidated interim financial statements of the Group for the Period have not been reviewed nor audited by the Company's auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company ("INEDs").

CORPORATE GOVERNANCE

Corporate Governance Code

During the Period, the Company had complied with all code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules, except with the deviation from the code provision A.2.1 which requires the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Ms. Cindy Yeung, also being the Chief Executive Officer of the Group, has been appointed as the Chairperson of the Board who provides the Board with strong and consistent leadership, and at the same time drives the strategic growth of the businesses of the Group. She will ensure that all the Board members are keeping abreast of the conduct, business activities and development of the Group and adequate, complete and reliable information is provided to Directors on issues arising at Board meetings. In addition, the three INEDs, who do not have management contract with the Group, provide independent and impartial opinion on issues to be considered by the Board. The Board considers that the current Board structure functions effectively and does not intend to make any change thereof.

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted throughout the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.emperorwatchjewellery.com>). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 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