

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 2015**

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 2015 (the “Period”) together with the comparative figures for the corresponding period 2014 as set out below:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

		<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
		<b>(unaudited)</b>	(unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
Revenue	3	<b>2,419,600</b>	3,065,974
Cost of sales		<b>(1,827,667)</b>	(2,295,943)
Gross profit		<b>591,933</b>	770,031
Other income		<b>2,430</b>	4,754
Selling and distribution expenses		<b>(560,516)</b>	(552,744)
Administrative expenses		<b>(87,789)</b>	(96,113)
(Loss) profit before taxation	4	<b>(53,942)</b>	125,928
Taxation	5	<b>(178)</b>	(21,274)
(Loss) profit for the period		<b>(54,120)</b>	104,654
Other comprehensive (expense) income for the period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<b>(895)</b>	(15,549)
Total comprehensive (expense) income for the period attributable to owners of the Company		<b>(55,015)</b>	89,105
(Loss) earnings per share – Basic	6	<b>HK(0.79) cent</b>	HK1.50 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		As at	
		30 June 2015 (unaudited) <i>HK\$'000</i>	31 December 2014 (audited) <i>HK\$'000</i>
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment		116,217	123,821
Deferred tax asset		13,281	9,332
Rental deposits		194,664	200,174
Deposit paid for acquisition of property, plant and equipment		–	1,373
		<u>324,162</u>	<u>334,700</u>
<b>Current assets</b>			
Inventories		3,531,001	3,838,528
Receivables, deposits and prepayments	8	114,502	162,927
Taxation recoverable		27,626	16,366
Bank balances and cash		605,780	443,811
		<u>4,278,909</u>	<u>4,461,632</u>
<b>Current liabilities</b>			
Payables, deposits received and accrued charges	9	206,828	331,534
Amounts due to related companies		4,399	4,315
Taxation payable		2,819	2,678
		<u>214,046</u>	<u>338,527</u>
<b>Net current assets</b>		<u>4,064,863</u>	4,123,105
<b>Net assets</b>		<u>4,389,025</u>	<u>4,457,805</u>
<b>Capital and reserves</b>			
Share capital		3,484,152	3,484,152
Reserves		904,873	973,653
<b>Total equity</b>		<u>4,389,025</u>	<u>4,457,805</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 as well as with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on the 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 2014.

The financial information relating to the year ended 31 December 2014 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2015 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 2014 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 2014, except for the application of the following new and revised HKFRSs, HKASs, amendments and interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) effective from 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidated Exceptions <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bear Plants <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>

Notes:

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018  
<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017  
<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the 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 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.

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

### 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>	31,417
Unallocated administrative expenses					(87,535)
Interest income					<u>2,176</u>
Loss before taxation					<u>(53,942)</u>

Notes:

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2014

	Hong Kong (unaudited) <i>HK\$'000</i>	Macau (unaudited) <i>HK\$'000</i>	Other regions in Asia Pacific (unaudited) <i>HK\$'000</i>	Elimination (unaudited) <i>HK\$'000</i>	Consolidated (unaudited) <i>HK\$'000</i>
Revenue					
External sales	2,561,327	185,502	319,145	–	3,065,974
Inter-segment sales*	58,499	10,019	–	(68,518)	–
	<u>2,619,826</u>	<u>195,521</u>	<u>319,145</u>	<u>(68,518)</u>	<u>3,065,974</u>
* Inter-segment sales are charged at cost					
Segment profit	<u>186,269</u>	<u>26,420</u>	<u>4,658</u>	<u>–</u>	217,347
Unallocated administrative expenses					(94,684)
Interest income					<u>3,265</u>
Profit before taxation					<u>125,928</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 represents the gross profit 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) PROFIT BEFORE TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>(Loss) profit before taxation has been arrived at after charging:</b>		
Allowance for inventories	3,170	1,483
Cost of inventories included in cost of sales	1,818,188	2,289,128
Depreciation of property, plant and equipment	30,829	29,890
Loss on disposal of property, plant and equipment	679	1,618
Net exchange loss	417	2,221
Operating lease payments in respect of rented premises		
– minimum lease payments	345,584	330,906
– contingent rent	18,460	19,461
Staff costs, including Directors' remuneration		
– salaries and other benefits costs	121,385	130,579
– retirement benefits scheme contributions	10,802	10,537
	<u>10,802</u>	<u>10,537</u>

**5. TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>The charge comprises:</b>		
Current period:		
– Hong Kong	3,986	19,835
– Macau	141	2,093
	<u>4,127</u>	<u>21,928</u>
Deferred taxation	(3,949)	(654)
	<u>178</u>	<u>21,274</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:

**6. (LOSS) EARNINGS PER SHARE**

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2015</b> <b>(unaudited)</b> <i>HK\$'000</i>	<b>2014</b> <b>(unaudited)</b> <i>HK\$'000</i>
<b>(Loss) earnings</b>		
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	<u><b>(54,120)</b></u>	<u>104,654</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u><b>6,882,448,129</b></u>	<u>6,882,448,129</u>

Diluted (loss) earnings per share is not presented because there were no potential dilutive ordinary shares in issue during both periods.

**7. DIVIDENDS**

	<b>Six months ended 30 June</b>	
	<b>2015</b> <b>(unaudited)</b> <i>HK\$'000</i>	<b>2014</b> <b>(unaudited)</b> <i>HK\$'000</i>
Final dividend of HK0.20 cent per share for the year ended 31 December 2014 paid during the Period (year ended 31 December 2013: HK0.58 cent per share)	<u><b>13,765</b></u>	<u>39,918</u>

The Board did not declare the payment of an interim dividend for the financial year ending 31 December 2015 (2014: HK0.40 cent per share, amounting to approximately HK\$27,530,000).

Notes:

## 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Trade receivables	51,235	63,832
Other receivables, deposits and prepayments	53,455	76,795
Other PRC tax recoverable	6,097	21,518
Other Singapore tax recoverable	3,715	782
	<b>114,502</b>	<b>162,927</b>
	<b>114,502</b>	<b>162,927</b>

Retails sales are normally settled in cash or by credit card with the settlement from the corresponding banks or other financial institutions within 7 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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Within 30 days	40,901	51,054
31 – 60 days	1,970	2,149
61 – 90 days	744	119
91 – 120 days	273	–
Over 120 days	7,347	10,510
	<b>51,235</b>	<b>63,832</b>
	<b>51,235</b>	<b>63,832</b>

Receivables that are neither past due nor impaired 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\$10,990,000 (31 December 2014: HK\$12,778,000) 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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Overdue 1 – 30 day(s)	2,591	2,149
Overdue 31 – 60 days	778	119
Overdue 61 – 90 days	609	2,617
Overdue more than 90 days	7,012	7,893
	<b>10,990</b>	<b>12,778</b>

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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Trade payables	81,490	190,754
Other payables, deposits received and accrued charges	125,127	140,562
Other PRC tax payables	211	218
	<b>206,828</b>	<b>331,534</b>

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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Within 30 days	79,768	171,940
31 – 60 days	1,722	17,113
61 – 90 days	–	1,027
Over 90 days	–	674
	<b>81,490</b>	<b>190,754</b>

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, the PRC 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.

### FOREWORD

The Period proved extraordinary because of various market challenges. Market sentiment in Hong Kong stayed weak, in response to the continued austerity initiatives and unfavourable tourism environment following local protests in the previous year. Growth in numbers of Mainland China visitors, who have for long been the mainstay of Hong Kong and Macau tourism revenue, has started to slow, in terms of both visitations and spending power. Coupled with the weakening of foreign currencies against the US dollar, and therefore against the Hong Kong dollar, some of the consumption demand has shifted to overseas markets. The Hong Kong luxury sector as a whole shows signs of slowing after years of rapid growth.

Hong Kong retail space continues to rank as the world’s most expensive, although rents started moderating in recent months. Hong Kong retailers are set to face an even worse situation at the operating level.

Against the backdrop of a tough market environment, the Group implemented the following strategies to mitigate the potential downside risk:

- The Group has been planning to streamline the retail network in Hong Kong, in order to reduce rental pressure and enhance the overall efficiency at operating level;
- The Group further strengthened the marketing efforts of the jewellery business, to mitigate the decline of the overall gross profit margin, despite the decline of watch gross profit margin in tandem with the watch price cuts in Hong Kong; and
- The Group closely monitored the inventory level and remixed the product portfolio in line with market responses, to maximise the use of capital and maintain an adequate cash position.

## **FINANCIAL REVIEW**

### **Overall Review**

During the Period, the Group's performance was adversely affected by various macro headwinds. The Group's revenue decreased by 21.1% to HK\$2,419.6 million (1H2014: HK\$3,066.0 million). In spite of the headwinds, the watch segment remained a key revenue contributor, and its revenue inevitably decreased, by 21.9% to HK\$1,946.8 million (1H2014: HK\$2,492.5 million), which accounted for 80.5% (1H2014: 81.3%) of the Group's revenue. The revenue from jewellery segment decreased by 17.6% to HK\$472.8 million (1H2014: HK\$573.5 million). 79.0% (1H2014: 83.5%) of the Group's total revenue was supported by the Hong Kong market.

Gross profit decreased by 23.1% to HK\$591.9 million (1H2014: HK\$770.0 million). Due to the watch price cuts in Hong Kong during the Period, the overall gross profit margin decreased to 24.5% (1H2014: 25.1%). Nevertheless, this gross profit margin decline was mitigated by the enhanced mix of the jewellery business.

The Group recorded LBITDA and a net loss of HK\$23.1 million (1H2014: EBITDA of HK\$155.8 million) and HK\$54.1 million (1H2014: net profit of HK\$104.7 million), respectively. Such losses were mainly attributable to an increase in rental expenses, coupled with the weakening sales momentum and decline of gross profit margin.

### **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 2015 amounted to HK\$605.8 million (31 December 2014: HK\$443.8 million), which were mainly denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB"). As at 30 June 2015, the Group had no bank borrowings (31 December 2014: Nil). The Group also had available unutilised banking facilities of approximately HK\$853.0 million. The strong liquidity with debt-free position and considerable unutilised banking facilities enable the Group to retain high flexibility for future development.

As at 30 June 2015, the Group's current assets and current liabilities were approximately HK\$4,278.9 million (31 December 2014: HK\$4,461.6 million) and HK\$214.0 million (31 December 2014: HK\$338.5 million), respectively. Current ratio and quick ratio of the Group were 20.0 (31 December 2014: 13.2) and 3.5 (31 December 2014: 1.8), respectively.

In view of the Group's financial position as at 30 June 2015, the Board considered that the Group had sufficient working capital for its operations and future development plans.

## BUSINESS REVIEW

### Foothold in Prime Retail Locations

As at 30 June 2015, the Group had 97 stores (31 December 2014: 88) in Hong Kong, Macau, the PRC and Singapore. Details are as follows:

	Number of stores
Hong Kong	24
Macau	6
The PRC	61
Singapore	6
	<hr/>
<b>Total</b>	<b>97</b>
	<hr/> <hr/>

These stores include standalone jewellery shops, specialty outlets for specific watch brands and multi-brand watch shops (with or without jewellery counters) to create a one-stop shopping experience.

The Group's retail stores in Hong Kong are strategically located in major high-end 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. The Group enjoys a high penetration rate amongst visitors and brand enhancement through its presence in prime areas.

During the Period, the Group reshuffled the jewellery business in the PRC and further extended its retail network in Singapore.

### Jewellery Business Expansion

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 newly launched "Signature Series", "Blooming Heart Series" and "Move My Heart Series" for its "Heartbeat Journey" collections, to boost loyalty of sophisticated customers and target new shoppers in different income groups. During the Period, the Group optimised the coverage for "*Emperor Jewellery*" stores in the PRC and extended its retail chain in Tier II and III cities, which are experiencing higher economic growth and rapid expansion in jewellery markets.

## **Reinforcing Emperor Jewellery Brand Positioning**

The Group also made special use of numerous celebrity endorsements, print advertisements and social media to promote its jewellery products and build brand equity. The Group hosted a variety of jewellery shows to consolidate VIP customers and widen the new customer base. By capturing ever-expanding opportunities via online and social media, the Group also strengthened its related marketing efforts and enhanced brand awareness of “*Emperor Jewellery*” through various cost-effective advertising campaigns. During the Period, a holistic advertising campaign has been launched with Ms. Charlene Choi, a renowned artist in Asia, featuring the Group’s “Hearbeat Journey” collections.

## **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 guaranteed 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**

The Group holds a cautiously optimistic view regarding the consumption power of the middle class, which is driven by the gradual improvement of the economic environment and their growing wealth. Subsequent to the successful expansion to Singapore, where the Group has a sound and proven track record since 2013, the Group continues to eye further expansion opportunities in Asian markets and beyond, leveraging the compelling potential arising from Chinese travellers around the world.

Ongoing urbanisation and a growing middle-class indicate that growth opportunities still abound in the PRC. The Group aims to lead branding and marketing activities in an effective and efficient manner, to maximise the exposure of “*Emperor Jewellery*”. The Group intends to increase the sales capacity of the jewellery business and enhance brand awareness of “*Emperor Jewellery*” by optimising the retail network of “*Emperor Jewellery*” stores, especially in the mainland.

In spite of the challenges in the market environment, the Group will continue to focus on Greater China while reinforcing its leadership position throughout the region. 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. Chinese consumers are exhibiting increasingly sophisticated tastes in all major categories, as a result of a general increase in education level and an ease of information access. The Group remains steadfast in its commitment to delivering the best products and experience to its customers. The Group will maximise its efforts in different areas to further enhance its distinctive strengths in both watch and jewellery businesses.

## **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 2015, the Group did not have any material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2015, the Group has 962 salespersons (30 June 2014: 979) and 210 office staff (30 June 2014: 217). Total staff costs (including Directors' remuneration) for the Period were approximately HK\$132.2 million (1H2014: HK\$141.1 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.

## **INTERIM DIVIDEND**

The Board did not declare the payment of an interim dividend for the financial year ending 31 December 2015 (2014: HK0.40 cent per share).

## **REVIEW OF INTERIM RESULTS**

These condensed consolidated interim financial statements of the Group have not been audited nor reviewed 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.

## **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 code provision A.2.1 which requires the roles of chairman and chief executive officer be separate and not be performed by the same individual. Taking up the role of Chairperson and Managing Director, Ms. Cindy Yeung provides the Group with strong and consistent leadership, and at the same time drives the strategic growth of the Group. As the Board members are keeping abreast of the conduct, business activities and development of the Group and as the day-to-day business operations of the Group are properly delegated to the management team of the Company as formalized 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.

## **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.hkex.com.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, 27 August 2015

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  
Mr. Chan Hon Piu  
Ms. Lai Ka Fung, May