



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

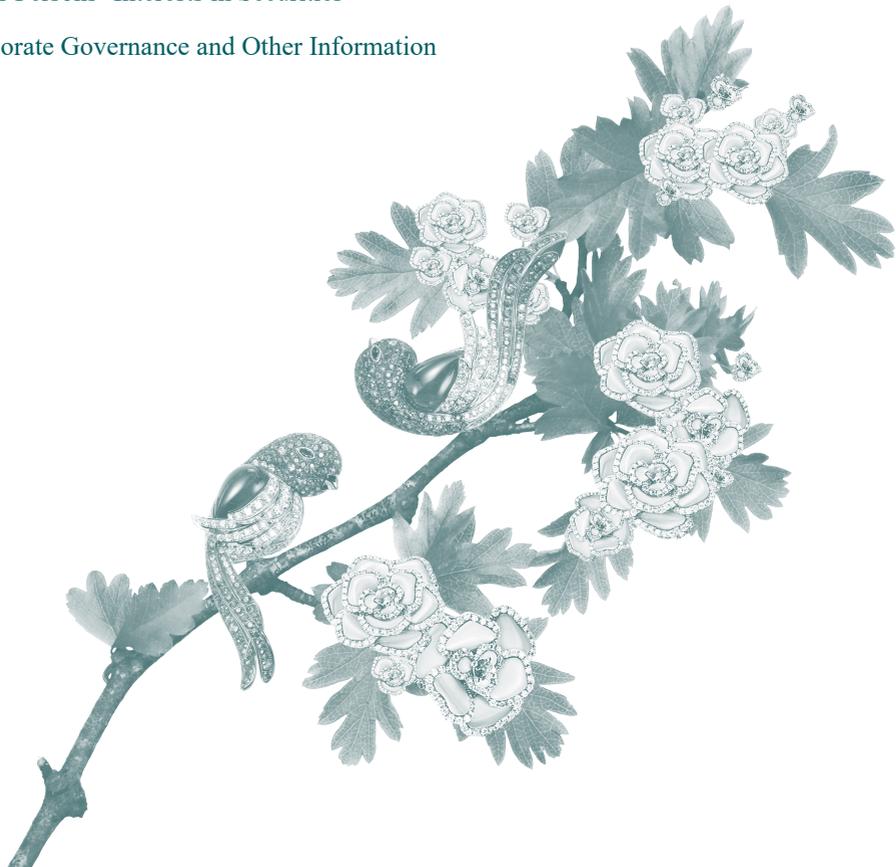
Incorporated in Hong Kong with limited liability (Stock Code: 887)



2022 INTERIM REPORT

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RESULTS SUMMARY

The board of directors (the “Board” or “Directors”) of Emperor Watch & Jewellery Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2022 (the “Period”).

<i>HK\$ million (unaudited)</i>	For the six months ended 30 June	
	2021	2022
Revenue	2,071	1,646
Gross profit	638	525
<i>Gross profit margin</i>	<i>30.8%</i>	31.9%
Adjusted EBITD*	218	154
Net profit	132	86
Basic earnings per share	HK1.95 cents	HK1.27 cents
Interim dividend per share	HK0.55 cent	HK0.38 cent

* Adjusted EBITD represents earnings before interest, tax and depreciation charge on the self-owned flagship store, which reflects the Group’s core operating performance. The Group has fully adopted the HKFRS16, which amortisation of right-of-use assets associated with rental lease agreements were included.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Due to the Covid-19 pandemic resurging to varying extents across the region spanning Hong Kong, Macau and mainland China during the Period, the general consumption sentiment was inevitably affected, and hence the Group's total revenue decreased to HK\$1,645.6 million (2021: HK\$2,071.0 million). Revenues from mainland China and Hong Kong were HK\$431.6 million (2021: HK\$704.7 million) and HK\$769.9 (2021: HK\$857.9 million), respectively, accounting for 26.2% (2021: 34.0%) and 46.8% (2021: 41.4%) of the total revenue. In terms of revenue by product segment, the sales revenue from watch and jewellery segments was HK\$1,353.8 million (2021: HK\$1,746.6 million) and HK\$291.8 million (2021: HK\$324.4 million), respectively, accounting for 82.3% (2021: 84.3%) and 17.7% (2021: 15.7%) of the total revenue.

Gross profit was HK\$524.8 million (2021: HK\$637.5 million) while gross profit margin was 31.9% (2021: 30.8%). As a result of the revenue decline, the Group's net profit decreased to HK\$85.9 million (2021: HK\$132.2 million) during the Period. Basic earnings per share was HK1.27 cents (2021: HK1.95 cents). The Board has declared an interim dividend of HK0.38 cent (2021: HK0.55 cent) per share.

BUSINESS REVIEW

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 Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since July 2008.

The Group has established a retail network across Hong Kong, Macau, mainland China, Singapore and Malaysia, as well as several online shopping platforms. With a history of 80 years, the Group carries a balanced and comprehensive watch dealership list. The target customers range from middle to high income groups worldwide. The Group's core strategy focuses on maintaining its position as the leading watch and jewellery retailing group in Greater China, coupled with an eye on expansion beyond the region.

MANAGEMENT DISCUSSION AND ANALYSIS

Presence in Prime Retail Locations

As at 30 June 2022, the Group had 87 stores in Hong Kong, Macau, mainland China, Singapore and Malaysia. The distribution was as follows:

	Number of stores
Hong Kong	24
Macau	5
Mainland China	49
Singapore	8
Malaysia	1
Total	87

These stores include self-branded “**Emperor Jewellery**” stores, dedicated watch boutiques and multi-brand watch stores (with or without jewellery counters).

Over the years, the Group has built a strategic sales network in prime shopping areas as well as popular residential districts, particularly in Hong Kong and mainland China. Within mainland China, approximately 80% of its stores are located in first tier and new first tier cities, which fits the Group’s customer targeting and market positioning. The Group also successfully expanded its presence in Singapore and Malaysia, to enhance its footprint and brand exposure beyond Greater China.

Subsequent to the Period, the Group newly opened one jewellery store in Hong Kong, as well as one jewellery store and one Rolex store in mainland China. The Group has established a stores rollout plan, focusing on jewellery stores in the residential areas of Hong Kong and prominent cities of mainland China, for the remainder of this year.

MANAGEMENT DISCUSSION AND ANALYSIS

Solidifying Leading Position

With its long-standing history, the Group is a trusted partner of and maintains solid relationships with major high end luxury Swiss watch brand suppliers, thereby continuing to hold a comprehensive portfolio of watch dealerships and maintaining its leading position, especially in Hong Kong. The Group actively participates in co-marketing campaigns and events with brands, highlighting new products and connecting the customers in a personalised way.

Enhancing the Jewellery Business

The Group offers premium quality “**Emperor Jewellery**” products with a dedication to design excellence and craftsmanship. The spectacular “**Emperor Jewellery**” features a variety of precious gem stones with a key focus on diamonds and jadeites. “**Emperor Jewellery**” unveils unique collections of exquisite designs that embrace and nurture different clusters of customers.

During the Period, the Group launched two new contemporary collections — **Dashing Aura**, which is a fashionable, 999 pure gold collection that is crafted with cutting-edge 5G technology, with “5G” standing for Gutsy (in hardness), Glorious (in style), Graceful (in shape), Genius (in craftsmanship), Gentle (in purity of gold). **The Spotlight** features two distinctive craftsmanship techniques. One can be seen in pendants and earrings incorporating a central statement diamond encircled by 9 smaller diamonds, which make the central stone sparkle and shine like a starlet under the spotlight. The other technique employs a base with diamond-like cuts to diffuse light and create the illusion of bigger and shinier diamonds; and features bangles, bracelets, pendants and earrings.

To strengthen engagements with local customers, the Group launched many promotional events during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Though the operating environment remained challenging given the gloom of the Covid-19 pandemic, the Group is expecting a steady rebound resulting from the gradual easing of social distancing measures, and the relaxation of travel restrictions and quarantine requirements for inbound travellers. This particularly applies to the Hong Kong market — as the local economy, including the labour market, has shown signs of improvement. Coupled with the rolling out of consumption vouchers in August, the Group will benefit from the rebound in traffic flows.

Subsequent to the Period, the easing of the pandemic in mainland China provided positive support for market recovery. In tandem with the expansion of the middle-income group and the release of the strong pent-up demand, the Group believes that the mainland China market will be an important driver of the Group's business growth. The Group will reinforce the retail network and business operations through cautious expansion, in order to expand its footprint in mainland China.

As consumer behaviour has been reshaped during the pandemic, the Group will keep a watchful eye on the market changes and continue enhancing its online sales platforms, while showcasing and promoting its products on mobile apps or through social media engagement. In parallel, the Group will promptly react to market changes and implement a prudent financial and capital management policy for enhancing operating efficiency, aiming to strengthen the Group's competitive strength and ability to adapt to changes in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Bank balances and cash on hand of the Group as at 30 June 2022 was HK\$609.0 million (31 December 2021: HK\$556.3 million), which were mainly denominated in Hong Kong dollars and Renminbi. As at 30 June 2022, the Group had total bank borrowings of approximately HK\$36.4 million (31 December 2021: HK\$165.5 million) and was in a net cash position, hence its net gearing ratio (calculated on the basis of bank borrowings less cash and cash equivalents over net asset value) was zero (31 December 2021: zero). The Group also had available unutilised banking facilities of approximately HK\$942.9 million.

As at 30 June 2022, the Group's current assets and current liabilities were approximately HK\$3,380.1 million (31 December 2021: HK\$3,435.6 million) and HK\$429.1 million (31 December 2021: HK\$535.4 million), respectively. Current ratio and quick ratio of the Group were 7.9 (31 December 2021: 6.4) and 1.8 (31 December 2021: 1.4), respectively.

In view of the Group's financial position as at 30 June 2022, the Directors considered that the Group had sufficient working capital for its operations and future development plans.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 633 salespersons (2021: 712) and 180 office staff (2021: 155). Total staff costs (including Directors' remuneration) were approximately HK\$128.3 million (2021: HK\$137.3 million) for the Period. Each employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

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

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.38 cent per share (“Interim Dividend”) (2021: HK0.55 cent) for the Period, amounting to approximately HK\$25,762,000 (2021: HK\$37,287,000). The Interim Dividend will be payable on 28 September 2022 (Wednesday) to shareholders whose names appear on the register of members of the Company on 16 September 2022 (Friday).

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 15 September 2022 (Thursday) to 16 September 2022 (Friday) (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 14 September 2022 (Wednesday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	3	1,645,564	2,070,957
Cost of sales		(1,120,789)	(1,433,453)
Gross profit		524,775	637,504
Other income		5,244	3,260
Selling and distribution expenses		(363,136)	(416,579)
Administrative expenses		(58,145)	(52,801)
Other gains or losses		(812)	1,409
Finance costs		(3,665)	(10,013)
Profit before taxation	4	104,261	162,780
Taxation	5	(18,329)	(30,581)
Profit for the period		85,932	132,199
Other comprehensive (expense) income for the period <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising from translation of foreign operations		(17,940)	27,429
Total comprehensive income for the period attributable to owners of the Company		67,992	159,628
Earnings per share – Basic	7	HK1.27 cents	HK1.95 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		As at	
	Notes	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Non-current assets			
Property, plant and equipment		1,561,422	1,615,723
Right-of-use assets		286,520	207,527
Rental deposits		90,035	85,765
Deposits paid for acquisition of property, plant and equipment		3,983	504
Deferred tax assets		5,103	5,103
		1,947,063	1,914,622
Current assets			
Inventories		2,626,339	2,710,757
Right to returned goods asset		1,553	1,553
Receivables, deposits and prepayments	8	142,622	166,226
Amounts due from related companies	10	565	753
Bank balances and cash		609,015	556,344
		3,380,094	3,435,633

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2022

		As at	
	Notes	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Current liabilities			
Payables and accrued charges	9	132,519	150,137
Lease liabilities		190,654	160,343
Contract liabilities		15,167	18,653
Refund liabilities		2,204	2,204
Amounts due to related companies	10	7,183	2,122
Taxation payable		44,941	36,455
Bank borrowings	11	36,432	165,452
		429,100	535,366
Net current assets			
		2,950,994	2,900,267
Non-current liabilities			
Deferred tax liabilities		3,005	2,988
Lease liabilities		129,998	91,111
		133,003	94,099
Net assets			
		4,765,054	4,720,790
Capital and reserves			
Share capital		3,484,152	3,484,152
Reserves		1,280,902	1,236,638
Total equity			
		4,765,054	4,720,790

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	
As at 1 January 2021 (audited)	3,484,152	(373,003)	(26,195)	2,529	4,040	1,457,595	4,549,118
Exchange differences arising on translation of foreign operations	-	-	-	-	27,429	-	27,429
Profit for the period	-	-	-	-	-	132,199	132,199
Total comprehensive income for the period	-	-	-	-	27,429	132,199	159,628
Final dividend recognised and paid for 2020 (<i>Note 6</i>)	-	-	-	-	-	(10,169)	(10,169)
As at 30 June 2021 (unaudited)	3,484,152	(373,003)	(26,195)	2,529	31,469	1,579,625	4,698,577
As at 1 January 2022 (audited)	3,484,152	(373,003)	(26,195)	2,529	18,473	1,614,834	4,720,790
Exchange differences arising on translation of foreign operations	-	-	-	-	(17,940)	-	(17,940)
Profit for the period	-	-	-	-	-	85,932	85,932
Total comprehensive income for the period	-	-	-	-	(17,940)	85,932	67,992
Final dividend recognised and paid for 2021 (<i>Note 6</i>)	-	-	-	-	-	(23,728)	(23,728)
As at 30 June 2022 (unaudited)	3,484,152	(373,003)	(26,195)	2,529	533	1,677,038	4,765,054

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Net cash from operating activities	356,266	545,208
Net cash (used in) from investing activities	(16,667)	9,194
Net cash used in financing activities	(284,487)	(92,283)
Net increase in cash and cash equivalents	55,112	462,119
Cash and cash equivalents at the beginning of the period	556,344	405,111
Effect of foreign exchange rate changes	(2,441)	5,542
Cash and cash equivalents at the end of the period	609,015	872,772

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 disclosures required under 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 (“CO”).

The financial information relating to the year ended 31 December 2021 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the CO.

The Company’s auditor has reported on those 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 CO.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

Revenue represents sales of products to retail customers and commission income from services provided.

For sales of products to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail shop. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For commission income, revenue is recognised when it expects to be entitled in exchange for arranging for the specified goods provided by the other party to the customers at the retail shop.

All revenue are recognised at a point in time.

Information reported to the chief operating decision maker (“CODM”), the Executive Director and Chief Executive 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, the Peoples’ Republic of China excluding Hong Kong and Macau (“PRC”) and other regions in Asia Pacific (representing Singapore and Malaysia). The revenue generated by each of the operating segments is mainly derived from sales of watch and jewellery. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

All the sales of products and commission income are completed within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2022

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	PRC (unaudited) HK\$'000	Other regions in Asia Pacific (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Revenue						
External sales	766,241	121,440	431,567	322,100	-	1,641,348
Inter-segment sales*	17,192	18,576	-	-	(35,768)	-
Commission income	3,696	520	-	-	-	4,216
	787,129	140,536	431,567	322,100	(35,768)	1,645,564

* Inter-segment sales are charged at cost

Segment profit	72,718	17,640	56,752	60,191	-	207,301
Unallocated other income						5,244
Unallocated corporate expenses						(103,807)
Unallocated other gains or losses						(812)
Unallocated finance costs						(3,665)
Profit before taxation						104,261

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2021

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	PRC (unaudited) HK\$'000	Other regions in Asia Pacific (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Revenue						
External sales	857,864	224,324	704,701	283,992	-	2,070,881
Inter-segment sales*	69,755	12,347	-	-	(82,102)	-
Commission income	52	24	-	-	-	76
	927,671	236,695	704,701	283,992	(82,102)	2,070,957
* Inter-segment sales are charged at cost						
Segment profit	67,742	35,032	119,593	44,220	-	266,587
Unallocated other income						3,260
Unallocated corporate expenses						(98,463)
Unallocated other gains or losses						1,409
Unallocated finance costs						(10,013)
Profit before taxation						162,780

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies stated in the unaudited condensed consolidated financial statements. Segment profit represents the profit earned from each segment without allocation of other income, corporate expenses including depreciation charged on the self-owned flagship shop, other gains or losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Cost of inventories included in cost of sales (included allowance for inventories of HK\$2,534,000) (2021 interim: allowance for inventories of HK\$7,074,000)	1,117,476	1,431,514
Depreciation of property, plant and equipment		
– retail shops	59,560	61,006
– offices	2,899	2,976
	62,459	63,982
Depreciation of right-of-use assets		
– retail shops	111,460	121,259
– offices	5,271	5,824
	116,731	127,083

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. PROFIT BEFORE TAXATION *(Continued)*

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Staff costs including Directors' remuneration		
– salaries and other benefits costs	115,532	125,588
– retirement benefits scheme contributions	12,719	11,690
	128,251	137,278
Included in other gains or losses:		
Loss on disposal/write-off of property, plant and equipment	415	659
Gain arising from leases modification	(58)	–
Net exchange losses (gains)	455	(2,068)
	812	(1,409)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. TAXATION

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The tax charge comprises:		
Profits tax:		
Macau	1,593	3,825
PRC	6,766	19,302
Singapore	9,970	7,454
	18,329	30,581
Deferred taxation	–	–
	18,329	30,581

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. TAXATION *(Continued)*

Under the Law of 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% for both periods.

Singapore Income Tax is calculated at 17% of the estimated assessable profits for both periods.

Malaysia Income Tax is calculated at 24% of the estimated assessable profits for both periods. No provision for Malaysia Income Tax has been made as the Company’s subsidiary did not have any assessable profit arising from Malaysia for both periods.

6. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Interim dividend declared: HK0.38 cent (2021: HK0.55 cent) per share	25,762	37,287
2021 final dividend paid: HK0.35 cent (2020: HK0.15 cent) per share	23,728	10,169

The Board has declared an interim dividend of HK0.38 cent per share for the financial year ending 31 December 2022 (2021: HK0.55 cent), amounting to HK\$25,762,000 (2021: HK\$37,287,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. EARNINGS PER SHARE – BASIC

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

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	85,932	132,199
<hr/>		
	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	6,779,458,129	6,779,458,129

No diluted earnings per share in both periods was presented as there were no potential dilutive ordinary shares in issue during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Trade receivables from contracts with customers	48,863	54,589
Less: Allowance for credit losses	(569)	(585)
	48,294	54,004
Other receivables, deposits and prepayments	77,910	96,531
PRC Value-Added Tax ("VAT") recoverable	16,418	15,691
	142,622	166,226

As at 1 January 2021, trade receivable from contracts with customers amounted to HK\$63,830,000.

Retail sales are normally settled in cash or by credit cards with the settlement from the corresponding banks or other financial institutions within seven days. The credit term of receivables from retail sales in department stores are normally ranged between 15 to 45 days.

Included in other receivables, deposits and prepayments as at 30 June 2022 were advance payments to suppliers of HK\$15,980,000 (31 December 2021: HK\$13,814,000) and rebate receivables of HK\$16,703,000 (31 December 2021: HK\$37,297,000). The remaining items are individually insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	As at	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 30 days	46,766	51,939
31 – 60 days	197	1,222
61 – 90 days	289	200
Over 90 days	1,611	1,228
	48,863	54,589

Included in the trade receivables balance were receivables from department stores with aggregate carrying amount of HK\$1,495,000 (31 December 2021: HK\$636,000) which are past due at the reporting date for which the Group has not provided for impairment loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. PAYABLES AND ACCRUED CHARGES

	As at	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Trade payables	47,634	51,394
Other payables and accrued charges	82,916	96,776
Singapore Goods and Services Tax payables	1,949	1,909
PRC VAT payables	20	58
	132,519	150,137

Included in other payables and accrued charges as at 30 June 2022 were accrued bonus and incentive of HK\$9,393,000 (31 December 2021: HK\$16,605,000) and accrued renovation costs of HK\$22,005,000 (31 December 2021: HK\$30,642,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. PAYABLES AND ACCRUED CHARGES *(Continued)*

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

	As at	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 30 days	46,914	48,716
31 – 60 days	477	2,442
61 – 90 days	93	29
Over 90 days	150	207
	47,634	51,394

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

10. AMOUNTS DUE FROM(TO) RELATED COMPANIES

The amounts due from related companies mainly represent prepayment of operating expenses.

The amounts due to related companies mainly represent the service charge payable to related companies. These amounts are unsecured, interest-free and repayable on demand.

The related companies represent companies which are controlled by a director or private trusts of which another director is one of the eligible beneficiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. BANK BORROWINGS

	As at	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	18,041	18,041
Within a period of more than one year but not exceeding two years	18,391	18,041
Within a period of more than two years but not exceeding five years	–	129,370
	36,432	165,452
Less: Amounts due within one year shown under current liabilities	(36,432)	(165,452)
Amounts shown under non-current liabilities	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. BANK BORROWINGS *(Continued)*

The bank borrowings carry floating interest rate ranged from 0.50% to 1.11% over Hong Kong Interbank Offered Rate (31 December 2021: from 0.50% to 1.14%) per annum.

The Group had pledged a property with carrying amount of HK\$1,473,048,000 (31 December 2021: HK\$1,518,711,000) to secure banking facilities granted to the Group. In addition, corporate guarantee was also issued in favour of the banks by the Company and its subsidiary to secure banking facilities granted to the Group.

12. CAPITAL COMMITMENT

	As at	
	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	8,575	688

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS

During the Period, other than disclosed in Note 10, the Group had the following transactions with related parties:

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(1) Sales of goods to Directors, their close family members and related companies	2,318	3,216
(2) Electricity and air-conditioning expenses paid and payable to related companies	129	113
(3) Service charge in respect of information system and administrative work paid and payable to related companies	6,185	3,101
(4) Advertising expenses paid and payable to related companies	281	47
(5) Financial advisory fee paid and payable to a related company	210	165
(6) Interest expenses on lease liabilities to related companies	1,464	906
(7) Variable lease payments to related companies	1,303	1,337

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS *(Continued)*

The key management personnel of the Company are the Directors and senior management. The remuneration paid to them during the Period was as follows:

	Six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Salaries and other short-term employee benefits	4,777	4,144
Service fee	940	–
Retirement benefits costs	152	114
	5,869	4,258

Notes:

- (a) The related companies are controlled by a Director or private trusts of which another Director is one of the eligible beneficiaries.
- (b) Other than the expenses under items (6) and (7), all other transactions are connected transactions exempt from announcement, reporting and independent shareholders' requirements under Rule 14A.33 of the Listing Rules.

As at 30 June 2022, deposits paid to related companies amounting to HK\$18,191,000 (31 December 2021: HK\$18,223,000) was included in rental deposits under non-current assets.

As at 30 June 2022, the Group had recognised lease liabilities of approximately HK\$41,985,000 (31 December 2021: HK\$31,287,000) for the leases with related companies.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2022, the Director(s) and chief executive(s) of the Company who had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“EWJ Securities Code”) were as follows:

(a) Long position interests in the Company

Ordinary shares of the Company (“Shares”)

Name of Director	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
Ms. Cindy Yeung	Eligible beneficiary of a private discretionary trust	4,298,610,000	63.41%

Note: These Shares were held by Emperor Watch & Jewellery Group Holdings Limited (“Emperor W&J Holdings”), a wholly-owned subsidiary of Albert Yeung Watch & Jewellery Holdings Limited (“AY W&J Holdings”). AY W&J Holdings was in turn held by First Family Advisors Trust reg. (“First Family”) in trust for a private discretionary trust set up by Dr. Yeung Sau Shing, Albert (“Dr. Albert Yeung”) under which Ms. Cindy Yeung had deemed interests by virtue of being one of the eligible beneficiaries of the trust.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(b) Long position interests in associated corporations of the Company

(i) Ordinary Shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of ordinary shares interested	% of issued voting shares
Ms. Cindy Yeung	Emperor International Holdings Limited ("Emperor International")	Eligible beneficiary of a private discretionary trust	2,747,610,489 <i>(Note)</i>	74.71%
	Emperor Entertainment Hotel Limited ("Emperor E Hotel")	– ditto –	851,352,845 <i>(Note)</i>	71.11%
	Emperor Culture Group Limited ("Emperor Culture Group")	– ditto –	2,371,313,094 <i>(Note)</i>	73.80%
	Ulferts International Limited ("Ulferts")	– ditto –	600,000,000 <i>(Note)</i>	75.00%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000	0.29%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(b) Long position interests in associated corporations of the Company *(Continued)*

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/Nature of interests	Amount of debentures held
Mr. Wong Chi Fai	Emperor International	Interest in a controlled corporation	HK\$2,000,000

Note: Emperor International, Emperor E Hotel, Emperor Culture Group and Ulferts are companies with their shares listed on the Stock Exchange. These shares were ultimately owned by the respective private discretionary trusts. Ms. Cindy Yeung had deemed interests in the same shares by virtue of being one of the eligible beneficiaries of such trusts.

Save as disclosed above, as at 30 June 2022, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 30 June 2022, the persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have interests and short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO ("DI Register") were as follows:

Long position in the Shares

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
Emperor W&J Holdings	Beneficial owner	4,298,610,000 (Note)	63.41%
AY W&J Holdings	Interest in a controlled corporation	4,298,610,000 (Note)	63.41%
First Family	Trustee of a private discretionary trust	4,298,610,000 (Note)	63.41%
Dr. Albert Yeung	Founder of a private discretionary trust	4,298,610,000 (Note)	63.41%
Ms. Luk Siu Man, Semon	Interest of spouse	4,298,610,000 (Note)	63.41%
Brandes Investment Partners, L.P.	Investment manager	339,017,288	5.00%

Note: These Shares were the same Shares as those set out under Section (a) of "Directors' and Chief Executives' Interests in Securities" above.

Save as disclosed above, as at 30 June 2022, the Directors or chief executives of the Company were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the DI Register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTIONS

The Company adopted a share option scheme (“Share Option Scheme”) at the annual general meeting of the Company held on 23 May 2018 to provide incentive or rewards to eligible participants including Directors and employees of the Group. No share option was granted under the Share Option Scheme since its adoption.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Corporate Governance Code under Appendix 14 of the Listing Rules throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the EWJ Securities Code as its own code of conduct regarding securities transactions by Directors on no less exacting terms than the required standards of securities dealings as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”). Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings in the EWJ Securities 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the 2021 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

The remuneration of Ms. Cindy Yeung and Mr. Ng Koon Keung, Ricky ("Mr. Ricky Ng") (both being Executive Directors) were revised with effect from 1 April 2022 and 1 January 2022 respectively. The total emoluments for the Period for Ms. Cindy Yeung and Mr. Ricky Ng were HK\$2,600,000 and HK\$1,351,000 respectively. These amounts comprise basic salaries, allowance, service fee, Director's fee accrued in respect of their services during the Period and employer's contribution under retirement benefits scheme during the Period.

Save as disclosed above, the Company is not aware of other changes in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2021 Annual Report.

REVIEW OF INTERIM REPORT

The condensed consolidated interim financial statements of the Group for the Period as set out in this interim report have not been reviewed nor audited by the Company's auditor, Deloitte Touche Tohmatsu (Registered Public Interest Entity Auditor), but this report has been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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

Hong Kong, 30 August 2022

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

Executive Directors:

Ms. Cindy Yeung
Mr. Ng Koon Keung, Ricky
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-Executive Directors:

Ms. Chan Sim Ling, Irene
Mr. Liu Hing Hung
Ms. Chan Wiling, Yvonne

This interim report (in both English and Chinese versions) is available to any shareholder of the Company in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>). In order to protect the environment, the Company highly recommends the shareholders to receive electronic copy of this Interim Report. Shareholders may have the right to change their choice of receipt of our future corporate communications at any time by reasonable notice in writing to the Company's Share Registrar, Tricor Secretaries Limited, by post at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.