

Emperor Watch & Jewellery Limited (“Company”) together with its subsidiaries (collectively referred to as “Group”) is a leading retailer of European-made internationally renowned watches, together with 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 over 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.

RESULTS

Despite the market uncertainties and weak consumption sentiment, the Group’s total revenue increased by 8.4% to HK\$5,230.3 million (2023: HK\$4,823.2 million) during the year ended 31 December 2024 (“Year”). Revenue from Hong Kong was up by 16.5% to HK\$2,923.2 million (2023: HK\$2,510.0 million), accounting for 55.9% (2023: 52.0%) of the total revenue, and the revenue from Mainland China was HK\$1,350.8 million (2023: HK\$1,372.9 million), accounting for 25.8% (2023: 28.5%) of the total revenue. In terms of revenue by product segment, the revenue from the watch segment was HK\$3,337.3 million (2023: HK\$3,480.4 million), accounting for 63.8% (2023: 72.2%) of the total revenue, and the revenue from the jewellery segment increased significantly by 41.0% to HK\$1,893.0 million (2023: HK\$1,342.8 million), accounting for 36.2% (2023: 27.8%) of the total revenue, mainly attributable to the increase in revenue from gold products.

During the Year, the Group’s gross profit was HK\$1,480.9 million (2023: HK\$1,450.3 million) and the net profit was HK\$256.7 million (2023: HK\$299.2 million). Basic earnings per share was HK3.79 cents (2023: HK4.41 cents). The Group has recommended the payment of a final dividend of HK0.45 cent (2023: HK0.56 cent) per share. Together with the interim dividend of HK0.65 cent (2023: HK0.76 cent) per share, the total dividends for the full year are HK1.10 cents (2023: HK1.32 cents) per share.

MARKET REVIEW

During the Year, market uncertainties arising from factors such as geopolitical tensions, global monetary policy and the pace of United States interest rate cuts continued posing challenges to the general business environment. Chinese consumer confidence remained soft due to the volatile stock market and weakened property market. Hong Kong's retail market was impacted by the changes in the consumption patterns of inbound visitors as well as domestic consumers. Given the strong Hong Kong dollar, more domestic consumers tended to travel and purchase luxury items outside Hong Kong.

BUSINESS REVIEW

Presence in Prime Retail Locations

As at 31 December 2024, the Group had a total of 82 stores in Hong Kong, Macau, mainland China, Singapore and Malaysia. The distribution was as follows:

	Number of stores
Hong Kong	31
Macau	8
Mainland China	34
Singapore	8
Malaysia	1
Total	82

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 75% of its stores are located in first tier and new first tier cities, aligning with 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.

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 leverages its strong customer database to organise unique co-marketing campaigns and events with the watch brands, highlighting new products and delivering professional services and special customer experiences in a personalised way, in order to understand and engage the customers.

Enhancing the Jewellery Business

The Group offers premium quality “*Emperor Jewellery*” products with a dedication to design excellence and craftsmanship covering diamond and jadeites, fine gold, pearl and color stones. “*Emperor Jewellery*” unveils unique collections of exquisite designs that embrace and nurture different clusters of customers.

The exquisite and fashionable collections such as the “*Antique Gold*” and “*Dashing Aura*” collections, represent a harmonious fusion of modern elegance and craftsmanship, and capture the strong demand for fine gold products in the youth market. “*Flare*” collection, a sparkling collection that features diamonds set in innovative illusion settings, crafted to create large and eye-catching appearance, offers maximum sparkle in this affordable luxury piece. “*ColourfulMe*” collection, one of its signature collections, unveils the true colours and exquisite array of jewellery adorned with colour stones.

To cater the lifestyles and independency of the Group’s targeted segment of the “millennials” and “Gen Z” consumers, the strategies and positioning in the jewellery wedding market have evolved to address the shifting trends and expectations. Building upon the foundation of traditional wedding celebrations, the Group will expand the diversity and personalisation of its products, and increase the brand exposure through wedding activations.

The Group has been elevating its brand positioning to increase its brand desirability and build revenue resilience. By focusing on enhancing brand identity and equity, the Group aims to prioritise the expansion of its market share in the wedding market and enhancing the customer relationship building.

Strengthening the E-commerce Business

With the growing popularity of the internet, the Group has established a jewellery presence on several online shopping platforms – including HKTVmall, Tmall and jd.com – in order to capture the massive potential of internet and mobile users and enhance customer experience, and expand its revenue source and enhance brand visibility at the same time. To formulate an effective product strategy, the Group analyses the database and internet behaviour of the users.

Currently, the Group's official website showcases a diverse range of watch brands, with a focus on *Patek Philippe*, *Rolex*, *Tudor* and *Cartier*, helping to promote the brands and their signature collections. The Group will continue identifying opportunities for collaboration with other watch brands.

PROSPECTS

Looking ahead, considering the pick-up in foot traffic after the resumption of the multiple-entry Individual Visit Scheme for Shenzhen permanent residents and the increase of disposal income after several United States interest rate cuts in the past six months – as well as the economic stimulus measures introduced by the Central Government and the tourism blueprint launched by the local government, the Group is confident that the general retail market will regain its growth momentum. Affected by the volatile property and stock markets, the Group expects that gold jewellery, being an alternative investment, will continue to be well received by Chinese consumers.

In response to the dynamic market situation, the Group will promptly react to market changes and proactively optimise product offerings. The Group will continue enhancing its competitive edge and further expand its market presence, and strive to seize the opportunities arising through the revival of market momentum.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Bank balances and cash on hand of the Group as at 31 December 2024 increased to HK\$949.8 million (2023: HK\$619.6 million), which were mainly denominated in Hong Kong dollar and RMB. As at 31 December 2024, the Group did not have any bank borrowings (2023: zero) 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 (2023: zero). The Group also had available unutilised banking facilities of approximately HK\$1,043.3 million.

As at 31 December 2024, the Group's current assets and current liabilities were approximately HK\$4,071.8 million (2023: HK\$3,859.1 million) and HK\$531.2 million (2023: HK\$531.1 million), respectively. Current ratio and quick ratio of the Group were 7.7 (2023: 7.3) and 2.0 (2023: 1.5), respectively.

In view of the Group's financial position as at 31 December 2024, the Directors considered that the Group had sufficient working capital for its operations and future development plans.