

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 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 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**

Boosted by the full resumption of travel and revival of consumption sentiment, the Group’s total revenue grew by 30.9% to HK\$4,823.2 million (2022: HK\$3,684.3 million) during the year ended 31 December 2023 (“Year”). Revenues from Hong Kong and mainland China were HK\$2,510.0 million (2022: HK\$1,652.5 million) and HK\$1,372.9 million (2022: HK\$1,186.3 million), respectively, accounting for 52.0% (2022: 44.9%) and 28.5% (2022: 32.2%) of the total revenue, respectively. In terms of revenue by product segment, the sales revenues from the watch and jewellery segments were HK\$3,480.4 million (2022: HK\$3,017.6 million) and HK\$1,342.8 million (2022: HK\$666.7 million), respectively, accounting for 72.2% (2022: 81.9%) and 27.8% (2022: 18.1%) of the total revenue, respectively.

Gross profit increased by 23.2% to HK\$1,450.3 million (2022: HK\$1,177.3 million). As a result of the improvement in total revenue, the Group’s net profit increased by 34.7% to HK\$299.2 million (2022: HK\$222.1 million) during the Year. Basic earnings per share was HK4.41 cents (2022: HK3.28 cents). The Group has recommended the payment of a final dividend of HK0.56 cent (2022: HK0.62 cent) per share. Together with the interim dividend of HK0.76 cent (2022: HK0.38 cent) per share, the total dividends for the full year are HK1.32 cents (2022: HK1.0 cent) per share.

## MARKET REVIEW

The macro economy has generally recovered from the pandemic. Global outbound travel has normalised, and this together with the resumption of general mobility have contributed to a resurgence in retail activities. According to the Hong Kong Tourism Board, the total number of visitor arrivals was 34.0 million during the Year, which was approximately 61% of the figure in 2019. With the reopening of borders, a boom in consumption fuelled by pent-up demand was seen in the first half of the Year, hence Chinese consumption rebounded significantly, benefiting certain industries such as luxury goods, travel, food and beverage, etc.

In the second half of the Year, the market was disrupted by a global economic slowdown; factors such as tightened monetary policies, inflationary pressure, interest rate hikes, ongoing geopolitical tensions, etc. led to a volatile economic environment. Chinese consumer confidence was softened due to a declining property market and reduced export demand; consumers turned cautious with the uncertain economic outlook. Nevertheless, the consumption sentiment of Hong Kong and Macau markets remained stable.

## BUSINESS REVIEW

### Presence in Prime Retail Locations

As at 31 December 2023, the Group had a total of 93 stores in Hong Kong, Macau, mainland China, Singapore and Malaysia. The distribution was as follows:

	<b>Number of stores</b>
Hong Kong	35
Macau	5
Mainland China	44
Singapore	8
Malaysia	1
<b>Total</b>	<b>93</b>

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, over 80% 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.

During the Year, the Group continued to open jewellery and watch stores in Hong Kong and mainland China. While further expanding its network of stores, the Group will continue focusing on residential areas in Hong Kong and prominent cities in mainland 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 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 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. 2023 is a year of double spring and leap month in the luni-solar calendar, which is said to be good for weddings. The Group has designed a series of exquisite and fashionable products that are suitable for both Chinese and Western weddings, while also embracing the prevailing trend of light luxury weddings:

- The "*Auspicious Dragon and Phoenix*" collection symbolises the natural harmony of a newlywed couple. Every piece of jewellery strives for perfection, with vivid, three dimensional, and meticulous details. The entire collection includes necklaces, bangles, earrings, and rings, embracing the love story of the couple.
- To cater to the growing trend of simpler weddings, "*Emperor Jewellery*" has also created "*The Spotlight*" light luxury collection with romantic and elegant charm. Each piece is made up of 10 diamonds, with nine diamonds surrounding the central diamond, creating a dazzling and perfect combination of light and beauty from any

angle which also suits after wedding.

The Group has also begun more closely collaborating with the artists under Emperor Group, and this is welcomed by its customers. The “*CORE & ENCORE*” collection draws inspiration from Hins Cheung’s passion for music composition, showcasing his unwavering dedication and pursuit of perfection in his creative journey. With dazzling diamond designs, the collection celebrates his commitment to excellence and staying true to what he loves. It embodies a remarkable style that harmonises with the current gender-fluid trend that is popular in European and American fashion circles, exuding a sense of neutrality. The “*CORE & ENCORE*” collection embraces the charm of casual luxury and fashion, making its jewellery perfect for everyday wear or important occasions, whether simply expressing personal style or indulging in glamorous attire.

Besides, the Group has always prioritised customer relationship building. There are multi-faceted activations through exclusive promotions, workshops, festival and birthday gifting to strengthen engagement with customers. During the Year, the Group launched several jewellery promotional events to showcase the products and enhance sales opportunities.

### **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 HKTV Mall, 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**

Around the beginning of 2024, economists generally lowered world growth forecasts and consumer confidence remained weak in the face of an uncertain economic outlook. Nevertheless, China remains a prominent force in the global economy and an indispensable investment market for investors. Leveraging its brand reputation in China, the Group will continue expanding in the Hong Kong and mainland China markets to

seize the ample opportunities. With the ongoing Renminbi fluctuations, it is expected that Chinese consumers will tend to spend within the country and the Group is poised to benefit from it with its established presence in the Hong Kong, Macau and mainland China markets.

The pandemic has resulted in changes to consumer behaviours, and online platforms have become important marketing channels. The Group will step up efforts to promote its brand by enhancing its presence through various online platforms. The Group will observe the market closely, and adjust its strategies and product mix accordingly, in order to maintain stable business performance.

## **FINANCIAL REVIEW**

### **Capital Structure, Liquidity and Financial Resources**

Bank balances and cash on hand of the Group as at 31 December 2023 was HK\$619.6 million (2022: HK\$664.4 million), which were mainly denominated in Hong Kong dollar and Renminbi. As at 31 December 2023, the Group did not have any bank borrowings (2022: 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 (2022: zero). The Group also had available unutilised banking facilities of approximately HK\$1,043.6 million.

As at 31 December 2023, the Group's current assets and current liabilities were approximately HK\$3,859.1 million (2022: HK\$3,505.9 million) and HK\$531.1 million (2022: HK\$433.5 million), respectively. Current ratio and quick ratio of the Group were 7.3 (2022: 8.1) and 1.5 (2022: 1.9), respectively.

In view of the Group's financial position as at 31 December 2023, the Directors considered that the Group had sufficient working capital for its operations and future development plans.