

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, Chinese Mainland, 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

During the year ended 31 December 2025 (“Year”), the Group delivered an encouraging performance amidst market uncertainties and challenges. The Group’s total revenue grew by 10.2% to HK\$5,765 million (2024: HK\$5,230 million). Revenue from Hong Kong increased by 13.3% to HK\$3,313 million (2024: HK\$2,923 million), accounting for 57.5% (2024: 55.9%) of the total revenue, and revenue from Chinese Mainland increased by 20.3% to HK\$1,625 million (2024: HK\$1,351 million), accounting for 28.2% (2024: 25.8%) of the total revenue. In terms of revenue by product segment, the revenue from the watch segment increased by 5.8% to HK\$3,529 million (2024: HK\$3,337 million), accounting for 61.2% (2024: 63.8%) of the total revenue, and the revenue from the jewellery segment increased by 18.1% to HK\$2,236 million (2024: HK\$1,893 million), accounting for 38.8% (2024: 36.2%) of the total revenue, with gold products accounting for 72.4% (2024: 72.4%) of the revenue from the jewellery segment.

The Group’s gross profit was up by 20.2% to HK\$1,780 million (2024: HK\$1,481 million) with an improved gross profit margin of 30.9% (2024: 28.3%). The Group’s net profit significantly increased by 67.7% to HK\$431 million (2024: HK\$257 million) during the Year. Basic earnings per share was HK6.34 cents (2024: HK3.79 cents). The Group has recommended the payment of a final dividend of HK1.14 cents (2024: HK0.45 cent) per share. Together with the interim dividend of HK0.55 cent (2024: HK0.65 cent) per share, the total dividends for the full year are HK1.69 cents (2024: HK1.10 cents) per share.

MARKET REVIEW

The business environment remained challenging throughout the Year. The ongoing geopolitical tensions, the persistently stagnant global economy and changes in consumption patterns greatly affected the overall market sentiment. Despite these unfavourable factors, gold prices hit new highs during the Year; fortunately, this did not materially dampen consumer demand for gold products.

Among the full spectrum of Hong Kong retail market, luxury watch consumption was less affected by the intensified northbound travel of local consumers. With the growth of disposal income and expansion of the wealth effect due to several interest rate cuts and an uptick in stock market performance, the appetite for luxury watches was relatively resilient with a rally gaining some momentum.

BUSINESS REVIEW

Expanding the Jewellery Business

During the Year, the Group successfully partnered with Mr. Chan Sai Cheong (“Mr. Chan”), an influential and highly respected jewellery industry veteran with over 40 years of experience, regarding strategic development of the Group’s jewellery business in Chinese Mainland. For details of the cooperation, please refer to “Formation of Joint Venture” under the “Financial and Other Information” section below.

The Group has formulated a product development plan which include the following: (1) launches more themed gold jewellery collections, representing harmonious fusions of modern elegance and craftsmanship, in order to capitalise on the strong demand for fine gold products in the youth market; (2) creates affordable luxury products with unique designs, and explore collaborations with intellectual property (IP) products, to cater to the lifestyles and independent nature of the Group’s targeted segments of “millennials” and “Gen Z” consumers; (3) building on the Group’s product research and development efforts, promotes both modern gold products together with antique-style gold products with traditional cultural elements, thus expanding its product offerings; (4) explores market opportunities and enhances product design sophistication by integrating culture, innovation and commercial value.

In parallel, the Group is actively collaborating with commercial partners to deepen customer engagement through curated events and co-marketing initiatives, including joint promotions with leading Hong Kong payment platforms. The Group is also expanding sales channels beyond physical stores, exploring opportunities such as inflight retail, tourist attractions and major e-commerce platforms, with a view to broadening customer touchpoints and enhancing sales momentum.

The Group has also planned to strengthen its presence in APPs such as Xiaohongshu, Douyin, and WeChat mini-program operations, which will help with increasing brand visibility and driving sales capacity through an online to offline sales model, to effectively reach out to Chinese customers. Further, the Group plans to engage live e-commerce broadcast, for enhancing market exposure.

A Leading Position in the Watch Industry

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 comarketing 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.

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.

Presence in Prime Retail Locations

As at 31 December 2025, the Group had a total of 64 stores in Hong Kong, Macau, Chinese Mainland, Singapore and Malaysia. The distribution was as follows:

	Number of stores
Hong Kong	28
Macau	9
Chinese Mainland	20
Singapore	6
Malaysia	1
Total	64

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, spanning Hong Kong, Macau, Chinese Mainland, Singapore and Malaysia, thus establishing its footprint and brand exposure within Greater China and beyond.

During the Year, in addition to the jewellery stores opened in Chinese Mainland, the Group opened three new jewellery stores in Hong Kong and Macau. Additionally, a *Patek Philippe* flagship store in Hong Kong, an *IWC* boutique in Macau, a *Tudor* boutique and a *Rolex* boutique were opened in the Chinese Mainland, to further enhance the Group’s market presence.

PROSPECTS

Facing the volatile global economy with abundant challenges, the Group expects that consumers will tend to be cautious regarding overall spending. However, gold jewellery, as an alternative form of investment, will continue being well received by Chinese consumers. With the establishment of the strategic partnership with Mr. Chan, the Group will effectively expand its retail network footprint with diversified market segmentation strategies, thereby capturing a share of the enormous opportunities in the Chinese Mainland market. Meanwhile, in light of the enormous spending potential of young consumers on online sales platforms, the Group will continue its endeavours to promote the sales of affordable luxury products, expand its global footprint and strengthen cooperation with various e-commerce platforms.

The Group expects that the pace of recovery of the global luxury retail market, especially in the Chinese Mainland and Hong Kong, will be maintained. Free from the concerns of a potential earthquake and political tensions, Chinese consumers generally regard Hong Kong as the destination for luxury watch shopping. This is also supported by tourism stimulus measures such as high profile concerts and mega international events, which will attract more mid-to-high-end consumers to Hong Kong. Subsequent to opening the *Patek Philippe* flagship store in Central during the Year, the Group plans to open a multi-storey *Rolex* boutique and a multi-brand watch store on Canton Road in Tsim Sha Tsui, one of the world’s prime shopping streets. These stores will further enhance the Group’s competitive edge in the luxury watch retail market and strengthen its market leading position.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Bank balances and cash on hand of the Group as at 31 December 2025 was HK\$1,610 million (2024: HK\$950 million), which were mainly denominated in Hong Kong dollar and Renminbi. As at 31 December 2025, the Group did not have any bank borrowings (2024: nil) and had gold loans of HK\$208 million (2024: nil). Its net cash, being bank balances and cash on hand and pledged bank deposit less gold loans, was HK\$1,598 million (2024: HK\$950 million). As at 31 December 2025, the Group was in a net cash position, hence its net gearing ratio (calculated on the basis of bank borrowings and gold loans less cash and cash equivalents over net asset value) was zero (2024: zero). The Group also had available unutilised banking facilities of approximately HK\$150 million.

As at 31 December 2025, the Group's current assets and current liabilities were approximately HK\$5,002 million (2024: HK\$4,072 million) and HK\$837 million (2024: HK\$531 million), respectively. Current ratio and quick ratio of the Group were 6.0 (2024: 7.7) and 2.3 (2024: 2.0), respectively.

In view of the Group's financial position as at 31 December 2025, the Directors considered that the Group had sufficient working capital for its operations and future development plans.

Placing of Shares and Use of Proceeds

During the Year, the Company successfully placed 477,250,000 shares ("Placing Share(s)") to investors who were independent third parties at HK\$0.167 per Placing Share, which represented approximately 6.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. During the Year, the net proceeds of approximately HK\$79 million from the placing were fully utilised for the expansion of the Group's retail network and general working capital of the Group. Details of the placing of shares were set out in the announcement of the Company dated 9 January 2025.

Acquisition of Property

During the Year, the Group entered into a sale and purchase agreement with a direct wholly-owned subsidiary of Emperor International Holdings Limited (Stock Code: 163), a connected party, to acquire the space on 2/F to 4/F and the advertising space of Nos. 4-8 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong at a consideration of approximately HK\$80 million (“Acquisition”) for a luxury watch brand’s mega flagship store. Details of the Acquisition were set out in the Company’s announcement dated 28 February 2025, the Company’s circular dated 31 March 2025, and the Company’s poll result announcement dated 16 April 2025. This transaction was completed in August 2025.

Formation of Joint Venture

During the Year, the Group entered into a joint venture agreement with an independent third party, for establishing joint venture companies that are principally engaged in design, production and sales of precious metals and jewellery products under the “*Emperor Jewellery*” brand in Chinese Mainland. Details of the agreement were set out in the Company’s announcement dated 3 April 2025.